



 **WorkCoverWA**



WorkCover WA Annual Report 2010/11



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WorkCover WA Annual Report 2010/11

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Statement of Compliance

To The Hon. Simon O'Brien MLC, Minister for Commerce

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament the report of the WorkCover Western Australia Authority for the financial year ended 30 June 2011.

The annual report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



Greg Joyce
Chair
WorkCover Western Australia Authority
2 September 2011

Michelle Reynolds
Chief Executive Officer
WorkCover Western Australia Authority
2 September 2011

This report is presented to the Minister in accordance with a resolution of the governing body of WorkCover Western Australia.

Availability and accessibility of this report

WorkCover WA's 2010/11 Annual Report is published on the agency's website www.workcover.wa.gov.au. The report adheres to State Government requirements for accessibility and ease in downloading and can be viewed in Word or PDF format as a whole, or in PDF format in sections. Alternative formats are available on request.

The report has been produced in line with the Public Sector Commission's Western Australian Public Sector Annual Reporting Framework for the 2010-2011 Reporting Year and the Department of Treasury and Finance's Model Annual Report Statutory Authorities guide. The report meets these guidelines to keep costs as low as possible for production, graphics, photographs, artwork and printing.

Phone:	08 9388 5555
Cost of local call, all areas in WA:	1300 794 744
TTY (hearing impaired):	08 9388 5537
Facsimile:	08 9388 5550





Overview

Executive Summary

Chair and CEO report

WorkCover WA's overarching vision is "A workers' compensation scheme that is valued by all". It is a vision that is strongly instilled within our organisation and it underpins everything we do.

We have a strong belief in the capacity of our staff and our organisational values – collaboration, customer service, innovation, integrity and respect – to help secure this vision.

Through the dedication and skills of our people, we delivered an ambitious, integrated program of work over the past financial year that saw our organisation strengthen its strategic and operational capacity and we continued working with our stakeholders to ensure the highest possible standards for our workers' compensation scheme.

In particular, the *Workers' Compensation and Injury Management Amendment Bill 2011* introduced in Parliament this financial year, as a result of our 2009 legislative review, marks a transformative change for our scheme. Injured workers in Western Australia will now benefit from a range of scheme enhancements, including:

- the removal of age limits on workers' compensation entitlements
- the creation of a common law safety net to ensure seriously injured workers have a common law remedy in the event their employer is uninsured
- improvements to dispute resolution services.

In an environment as fluid and contested as workers' compensation, we believe the broad support for this Bill is testament to the leadership WorkCover WA has shown, as well as the strength and quality of our relationships with our stakeholders.

Another milestone this year was the completion of an Injured Workers' Survey. The independent survey was commissioned by WorkCover WA in order to assess return to work outcomes and gauge user satisfaction with the services provided under our scheme. Of the 774 workers invited to participate, 704 chose to take part, representing a 91 per cent response rate. It is a pleasure to record the survey results were very positive, with most injured workers identified as being satisfied with their overall experience of the WA workers' compensation scheme.

WA's privately underwritten scheme is unique compared to many other Australian jurisdictions. However, the results of this survey show our model is not only viable, but it is a high performing one, with positive return to work outcomes and an unequivocally strong endorsement from those whom the scheme is designed to protect.

The 2010/11 financial year saw two changes to the WorkCover WA Board with Ms Lisa Biglin and Mr Steve Burns leaving us after six and three years' service respectively. We would like to thank Ms Biglin and Mr Burns for their exemplary service and know they will continue to be strong supporters of our scheme. In their place, we welcome Mr Ian Williams and Ms Karin Lee who have been appointed for three-year terms.

Our Regulatory Services Division, which ensures the workers' compensation and injury management scheme runs effectively, underwent significant reform in 2010/11. This was done to enhance our regulatory credentials, our capacity, and our ability to better report on our compliance activity. The Division is now poised to go from strength to strength.



Overview

Governance was also a major focus for 2010/11. At a procedural level, WorkCover WA achieved the following results:

- 100 per cent of staff completed their performance development agreements
- 92 per cent of staff attended accountability training
- 71 per cent of staff attended misconduct resistance training.

WorkCover WA has a strong emphasis on proactively engaging with external stakeholders to garner their opinions on 'what we do', 'how well we do it' and 'how we can do it better'. During the year, we reviewed our *Customer First Feedback* system. This system invites stakeholders to compliment, complain or suggest improvements based on the level of service they received from WorkCover WA. This feedback is invaluable to WorkCover WA's commitment to continually working harder to provide our stakeholders with the best possible customer service.

In addition to our first Injured Workers' Survey, we conducted surveys regarding our Advisory Services and the Dispute Resolution Directorate (DRD). The results of the Advisory Services survey show stakeholders value the assistance and information WorkCover WA provides with very high levels of satisfaction recorded. The DRD survey results, while still relatively pleasing, highlighted several areas we need to work on. Changes to the dispute resolution process (as a result of legislative changes) should result in improvements in timeliness and accessibility.

We are now approaching the final stages of our three-year strategic planning cycle. The first two years were about developing and maintaining an agency-wide strategic focus, organisational alignment, consolidation and building foundations that will continue to serve us into the future.

We are seeing several benefits of this approach already. For example, our project management has been strengthened by a coherent, coordinated, organisational methodology underpinned by WorkCover WA's strategic goals. The aforementioned legislative reforms, internal reforms and enhanced organisational capacity are likewise milestones from the journey we have undertaken. Our challenge now is to keep achieving and extending ourselves beyond our collective comfort zones. Therefore, organisational 'stretch' will be a key focus for 2011/12.

WorkCover WA is a relatively small organisation with much responsibility. We work in a complex field with many varied expert streams. The dynamics of the scheme we seek to influence are constantly changing and the effects of our activities can be far reaching and in some cases, life changing.

Maintaining our momentum in 2011/12 will revolve around further building the capacity of our people. Certainly a workforce that is keen to learn and challenge themselves is vital if we want to set ourselves apart and make a positive difference for our stakeholders – all the while striving for excellence in our business, in our relationships and in our workplace.

We are ready for the challenge!

Greg Joyce
Chair
WorkCover Western Australia Authority
2 September 2011

Michelle Reynolds
Chief Executive Officer
WorkCover Western Australia Authority
2 September 2011



Overview

Role of WorkCover WA

WorkCover WA is the government agency responsible for overseeing the workers' compensation and injury management system in Western Australia.

This includes monitoring compliance with the *Workers' Compensation and Injury Management Act 1981*, informing and educating workers, employers and other stakeholders about workers' compensation and injury management as well as providing an independent dispute resolution system.

Vision

A workers' compensation scheme valued by all.

Mission

To lead a contemporary, healthy and integrated workers' compensation scheme that is fair, accessible and cost effective for all participants, through:

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



▲ Regulatory Services Principal Consultant Murray Champion.



Overview

Figure 1: Our Values





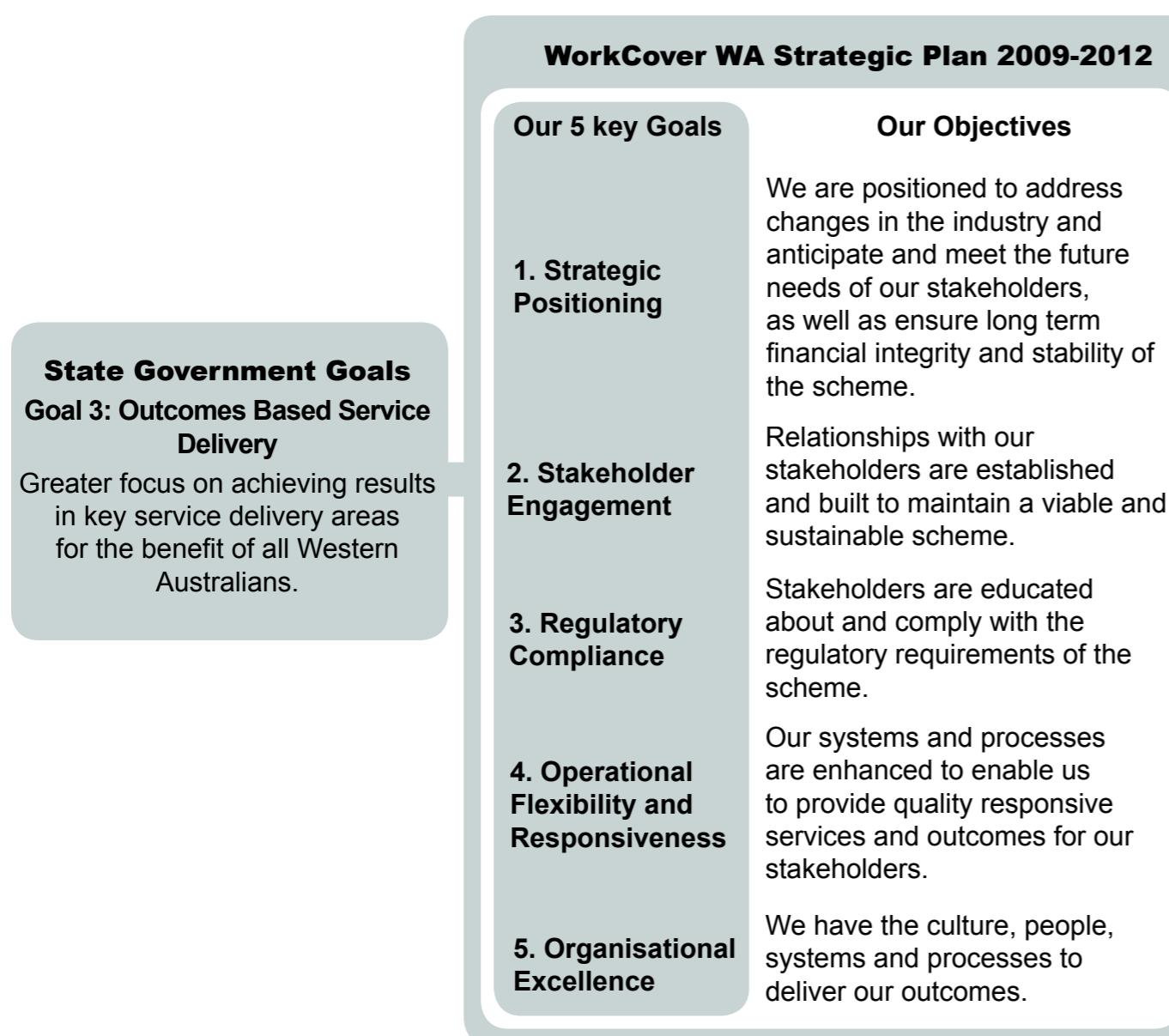
Overview

Performance Management Framework

WorkCover WA delivers services aimed at minimising the social and economic impact of work-related injury and disease on workers, employers and the Western Australian community. In doing this, WorkCover WA contributes to a range of State Government objectives related to **Goal 3: 'Outcomes Based Service Delivery'**.

WorkCover WA does this by implementing projects and initiatives aligned with the goals and objectives of its Strategic Plan 2009-2012 as outlined below. For detailed information on how WorkCover WA achieved these objectives in 2010/11, read the [Performance Highlights \(p.11\)](#) and [Report on Operations \(p.31\)](#) sections.

Figure 2: Alignment of WorkCover Strategic Plan with State Government Goal 3.



Overview

In addition, WorkCover WA also contributes to State Government:

- **Goal 2: 'Financial and Economic Responsibility'** through its work in maintaining a cost/benefit balance as part of managing a viable workers' compensation system
- **Goal 4: 'Stronger Focus on the Regions'** through an ongoing program of providing information, education and services to employers and injured workers in regional areas
- **Goal 5: 'Social and Environmental Responsibility'** by ensuring that the workers' compensation system is managed in a socially responsible manner for the long-term benefit of the State.

WorkCover WA measures its performance through the delivery of two services:

- Service Level 1: Scheme Regulation (regulation of workers' compensation scheme participants for compliance with legislative requirements)
- Service Level 2: Scheme Services (provision of effective and equitable dispute resolution and other services to scheme participants).

These services are linked to key performance indicators (KPIs), which aim to achieve the agency level outcome of "*a cost-effective worker's compensation system that provides workers with financial compensation for, and effective management of, injuries arising out of, or in the course of their employment*". The KPIs comprise:

- effectiveness indicators which show the extent to which WorkCover WA achieved its agency level outcome
 - **Key Effectiveness Indicator 1.1** – the number of non-compliance events identified as a result of a claim on the General Account
 - **Key Effectiveness Indicator 1.2** – the percentage of lost-time injuries with an appropriate injury management response
 - **Key Effectiveness Indicator 1.3** – the percentage of user satisfaction with the dispute resolution system
 - **Key Effectiveness Indicator 1.4** – the timeframes for resolving disputes
- efficiency indicators which represent the cost of the services delivered
 - **Key Efficiency Indicator 2.1** – the average weighted cost per regulation activity
 - **Key Efficiency Indicator 2.2** – the average weighted cost to resolve a dispute and process a Memorandum of Agreement.

For 2010/11 KPI results, read the [Summary of Key Performance Indicators \(p.46\)](#) and [Additional Key Performance Indicator Information \(p.94\)](#) sections.





Overview

Changes to Outcomes Based Management Framework

During the 2010/11 reporting period, the WorkCover WA Board approved a change to the Key Effectiveness Indicator 1.4 (3) description and its target from a percentage figure to an absolute number. The description is now “*Number of common law applications relating to an injury occurring prior to 14 November 2005 resolved within 52 weeks from date an application is received*”.

This change is mainly due to a downward trend in new lodgement claims and, as a result, reporting using a percentage figure no longer provides meaningful information.

The [Summary of Key Performance Indicators \(p.46\)](#) and [Additional Key Performance Indicator Information \(p.94\)](#) sections of this report include the new indicator and target, accompanied by the retrospective provision of actual numbers of disputes resolved in 52 weeks or less for the previous years’ reporting, to enable a comparison.



▲ Claims Coding Staff Colleen Allanson and Glenis White.



Overview

Performance Highlights

In 2010/11, WorkCover WA continued to implement its Strategic Plan 2009-2012, completing 17 key initiatives throughout the year. Performance highlights grouped under the Strategic Plan’s five goals are as follows:

Goal 1: Strategic Positioning

WorkCover WA is positioned to address changes in the industry and anticipate and meet the future needs of its stakeholders as well as ensure long-term financial integrity and stability for the scheme.

During 2010/11, WorkCover WA:

- continued its active participation in the Safe Work Australia Strategic Issues Group – Workers’ Compensation and the Heads of Workers’ Compensation Authorities, progressing efforts towards consistent and improved responses to, and management of, work-related injuries
- developed an improved framework to monitor the health of Western Australia’s workers’ compensation scheme, increasing the use of business intelligence to manage risks.

Goal 2: Stakeholder Engagement

Relationships with WorkCover WA’s stakeholders are established and built to maintain a viable and sustainable scheme.

During 2010/11, WorkCover WA:

- completed an Injured Workers’ Survey to gather data on return to work outcomes, as well as worker satisfaction with claim and injury management services. Approximately 704 workers took part and their satisfaction levels were generally high
- reviewed the information and education it provides to stakeholders on injury management, resulting in a new, easy-to-follow injury management guide for employers
- increased its engagement with insurance brokers by introducing accredited training.



“I think that there seems to be a general consensus between workers, employers and workers comp to get people back to work as soon as possible.”

INJURED WORKERS’ SURVEY COMMENT



Overview

Goal 3: Regulatory Compliance

WorkCover WA's stakeholders are educated about and comply with the regulatory scheme.

During 2010/11, WorkCover WA:

- reviewed and consolidated the hundreds of bulletins provided to insurers and self-insurers to provide information about WorkCover WA administrative requirements and to clarify legislative matters
- continued to monitor employers' compliance with their obligations under the workers' compensation and injury management legislation, conducting more than 9,000 enquiries into lapsed policies, cancellations, new business and new owner checks
- implemented alternative enforcement options to improve voluntary compliance.



▲ **Legislation and Scheme Information**
General Manager Chris White and Principal Legislation Officer Harley White headed the legislative review.

Overview

Goal 5: Organisational Excellence

WorkCover WA has the culture, people, systems and processes to deliver outcomes.

During 2010/11, WorkCover WA:

- implemented a new Financial Management Information System to enhance procurement, budgeting and financial reporting capabilities
- introduced a Workforce Capability Framework, covering succession management, leadership and mentoring, to better ensure staff have the knowledge, skills and expertise that are critical for the agency or for individual roles
- conducted a Staff Climate Survey which received a high response rate (70 per cent staff participation) and identified a number of positive outcomes and opportunities for further improvement
- developed and implemented an online staff induction program to assist new staff and ensure their awareness of our culture, policies and procedures
- completed a major IT infrastructure upgrade resulting in better hosting, storage and back-up of electronic information
- was acknowledged at the annual WS Lonnie Awards for Excellence in Annual Reporting for its 2009/10 Annual Report. WorkCover WA received the Department of Treasury and Finance's Special Award for Performance Reporting and won the Bronze Award in the 100-1000 FTE category.



“While dealing with WorkCover both over the phone and in person, I found everyone to be friendly and helpful. You made a very stressful process so much easier to deal with.”

CUSTOMER FEEDBACK 2010/11





Overview

Outlook for the Future

The 2011/12 financial year will see WorkCover WA focus on several new initiatives as we continue implementing the Strategic Plan 2009-2012.

Goal 1: Strategic Positioning

In 2011/12, WorkCover WA will:

- assess optimum structures for workers' compensation safety net funding
- continue our work with the Safe Work Australia Strategic Issue Group – Workers' Compensation and the Heads of Workers' Compensation Authorities.

Goal 2: Stakeholder Engagement

In 2011/12, WorkCover WA will:

- conduct a survey of WA employers so we can evaluate their knowledge of, views on and experiences with WorkCover WA and the WA workers' compensation system.

Goal 3: Regulatory Compliance

In 2011/12, WorkCover WA will:

- develop a code of practice for insurance brokers with a view to setting out guidelines for the operation of brokers within the WA workers' compensation scheme
- evaluate and improve the processes, systems and controls we use for the monitoring of approved medical specialists (AMS) and impairment assessments.

Goal 4: Operational Flexibility and Responsiveness

In 2011/12, WorkCover WA will:

- manage changes associated with the implementation of the *Workers' Compensation and Injury Management Amendment Bill 2011*. This includes the transition from the Dispute Resolution Directorate (DRD) to the new conciliation and arbitration services
- implement a new Dispute Case Management system that will be designed to accommodate a new conciliation and arbitration services model
- develop a noise induced hearing loss (NIHL) and audio testing framework to streamline processes related to NIHL claims.

Goal 5: Organisational Excellence

In 2011/12, WorkCover WA will:

- enhance online training for staff. The first online module to be developed will focus on Occupational Safety and Health responsibilities for staff, including managers and supervisors
- continue to progress projects identified in the IT Strategic Plan.



Overview

WorkCover WA Operational Structure

Enabling Legislation

The WorkCover WA Authority is constituted under section 94(1) of the *Workers' Compensation and Injury Management Act 1981* (the Act). WorkCover WA's functions and powers are detailed in sections 100 and 101 of the Act. The objectives and constitution of the Dispute Resolution Directorate are detailed in sections 279 and 280 of the Act.

For more information, read the [Legislation Administered \(p.22\)](#) section.

Responsible Minister

The Hon Simon O'Brien MLC, Minister for Commerce.

Agency Funding

Funding for WorkCover WA's activities is provided via an annual levy on workers' compensation premiums paid by employers and by a direct levy on employers who are approved by WorkCover WA to self-insure.

WorkCover WA Board

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

Organisational Structure

WorkCover WA comprises four divisions and a directorate.



▲ WorkCover WA office in Shenton Park.



Overview

WorkCover WA Board

WorkCover WA's Board is responsible for governance of the agency, for providing independent advice to the State Government and for approving certain service providers.

The WorkCover WA Board is constituted under section 94(1) of the *Workers' Compensation and Injury Management Act 1981*. It is authorised to use, and operate under the trading name WorkCover WA.

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



Chairman – appointed by the Governor on the recommendation of the Minister

Mr Greg Joyce has been a member and Chair of WorkCover WA's Board since 1 May 2005, and was reappointed for a further three years from 4 January 2008 and again for a three-year term commencing 4 January 2011. Mr Joyce was the Director General of the Department of Housing and Works from July 2001 until his retirement in January 2005. Mr Joyce is currently a Member of the Liquor Commission of Western Australia, has a law degree from the University of Western Australia and is qualified to practise as a barrister and solicitor in Western Australia.



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

Mr Brian Bradley, PSM is the Director General of the Department of Commerce. He served as Chairman of the former Workers' Compensation and Rehabilitation Commission from 2000 to 2005, and was the Western Australian member of the Australian Safety and Compensation Council from 2005 to April 2009. Mr Bradley is currently the Deputy Chair of the Western Australian Commission for Occupational Safety and Health and a member of the Legal Aid Commission.



Member – Experienced in workers' interests

Ms Linda Morich was appointed to the WorkCover WA Board for a three-year term commencing 30 December 2008. She is currently an Occupational Health and Safety Officer at Unions WA. Ms Morich has a Bachelor of Science (Occupational Health and Safety) from Curtin University. Ms Morich is a member of the WorkSafe WA Commission for Occupational Safety and Health.



Overview

Member – Experienced in employers' interests

Ms Karin Lee was appointed a member of the WorkCover WA Board on 22 February 2011, for a term ending on 3 January 2014. Since 2005, Ms Lee has been employed at the WA Chamber of Commerce and Industry as the Principal Consultant Safety and Risk Services. Prior to this, Ms Lee worked as a Workers' Compensation Case Coordinator for Allianz Australia and a Statutory Claims and Rehabilitation Case Manager for WorkCover Queensland. Ms Lee holds a Bachelor of Laws from James Cook University of North Queensland and a Graduate Certificate in Case Management (Rehabilitation).



Member – Experienced in insurance matters

Mr Ian Williams was appointed a member of the WorkCover WA Board on 1 August 2010, for a term ending 31 July 2013. Mr Williams brings to the Board a wealth of insurance industry experience and an extensive knowledge of workers' compensation, having held senior management positions in Western Australia, Victoria and New South Wales during his 30-year insurance career.



Member – Experienced in accounting and financial management

Mrs Victoria Wilmot was first appointed to WorkCover WA's Board on 4 January 2005, and reappointed again on 4 January 2008 and 4 January 2011. Mrs Wilmot is currently Associate Director, Treasury and Investments at the University of Western Australia, as well as a member of the Institute of Chartered Accountants (CA) in Australia, a Fellow of the Financial Services Institute of Australasia and is on the Board of the University Credit Society Ltd.



Member – Chief Executive Officer of WorkCover WA

Ms Michelle Reynolds has been a member of the Board since December 2008 as the WorkCover WA Chief Executive Officer. She has 25 years' experience in the Western Australian public sector. Ms Reynolds' full profile is available in the [Senior Officers \(p.20\)](#) section.





Overview

Table 1: Board meetings and attendance

Member	No. of meetings eligible to attend	No. of meetings attended
Mr Greg Joyce (Chairman)	13	
Mr Brian Bradley	13	
Ms Linda Morich	13	
Ms Karin Lee*	5	
Mr Ian Williams*	12	
Mrs Victoria Wilmot	13	
Ms Michelle Reynolds	13	
Mr Steve Burns*	1	
Ms Lisa Biqlin*	7	

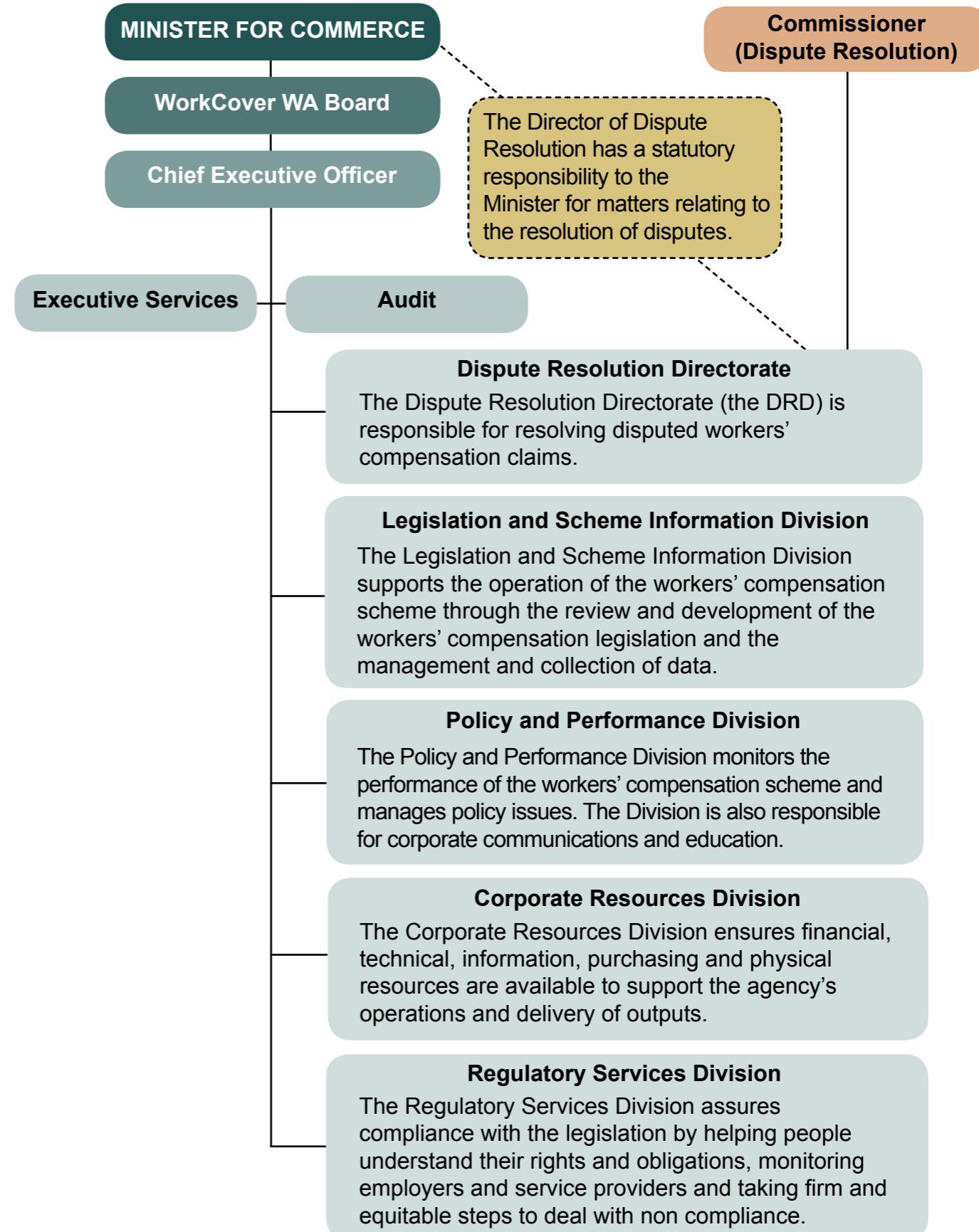
* During 2010/11, Mr Steve Burns and Ms Lisa Biglin stepped down from the Board. Ms Karin Lee and Mr Ian Williams were subsequently appointed.



▲ WorkCover WA publications.

Overview

Figure 3: Organisational Structure





Overview



"I required information relating to legislation for workers' compensation and access to records. Your Advisory team was very helpful and assisted me to navigate the WorkCover WA website to find the information quickly."

CUSTOMER FEEDBACK 2010/11

Senior Officers

The Corporate Executive is WorkCover WA's senior management team. It comprises the Chief Executive Officer and divisional heads.

Chief Executive Officer

Ms Michelle Reynolds was appointed as Chief Executive Officer on 22 September 2009 after acting in the role from 25 December 2008. Prior to WorkCover WA, Ms Reynolds spent 12 years in senior management with the Department of the Premier and Cabinet, reaching the level of Assistant Director General heading the Public Sector Management Division. She has more than 25 years' experience in the Western Australian public sector and has played a key role in shaping public sector management policy. Ms Reynolds has a Bachelor of Arts and a Masters of Business Administration from the University of Western Australia.

Director, Legislation and Scheme Information

Mr Chris White has been the Director of Legislation and Scheme Information at WorkCover WA since May 2009. He has more than 30 years' experience in WA's workers' compensation and occupational safety and health policy. Mr White has held senior policy and management roles at both WorkCover WA and WorkSafe and has represented WA on many national policy development forums. Mr White holds a Master of Arts (Public Policy) from Murdoch University.

General Manager, Policy and Performance

Ms Wendy Attenborough joined WorkCover WA in July 2008 as General Manager Scheme Development. Prior to joining WorkCover WA, she was employed in a number of senior policy roles within the Western Australian Department of the Premier and Cabinet, including the Inter-governmental Relations Unit. Ms Attenborough holds a Bachelor of Arts from the University of Western Australia.

General Manager, Corporate Resources

Mr Jeff McDonough joined WorkCover WA in October 2007 as General Manager Corporate Resources. Prior to joining WorkCover WA, Mr McDonough worked for a number of years in the TAFE sector. He has extensive experience in human resources management, organisational development and quality assurance, and holds a Diploma in Management Studies.



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General Manager, Regulatory Services

Mr Tim Roach was appointed General Manager, Regulatory Services on 14 April 2010. He has worked in senior regulatory and business services roles in federal and state departments, including the Australian Taxation Office, the Department of Commerce and Department of Indigenous Affairs. Mr Roach is a CPA and has bachelor degrees in Communications and Accounting as well as a Master of Taxation.

Acting Director, Dispute Resolution

Mr Shane Melville has been the Acting Director, Dispute Resolution Directorate since January 2010, and had acted in the position for several separate periods prior. Mr Melville commenced at WorkCover WA as an Arbitrator in the Dispute Resolution Directorate in November 2005. He holds the degrees of Bachelor of Jurisprudence and Bachelor of Laws from the University of Western Australia, accreditation from the Institute of Arbitrators and Mediators Australia and has more than 25 years' experience as a legal practitioner in workers' compensation litigation.

The substantive occupant of this role, Ms Su Lloyd, was on secondment at another agency for the reporting period.

Chief Finance Officer

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



▲ Senior Officers (from left): Jeff McDonough, Wendy Attenborough, John Hull, Michelle Reynolds, Shane Melville, Chris White and Tim Roach.



Overview

Legislation Administered

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

- *Workers' Compensation and Injury Management Act 1981*
- *Employers' Indemnity Supplementation Fund Act 1980*
- *Workers' Compensation and Injury Management (Acts of Terrorism) Act 2001*
- *Workers' Compensation (Common Law Proceedings) Act 2004*
- *Waterfront Workers' (Compensation for Asbestos Related Diseases) Act 1986*
- *Employers' Indemnity Policies (Premium Rates) Act 1990*

Subsidiary Legislation

- *Workers' Compensation and Injury Management Regulations 1982*
- *Workers' Compensation Code of Practice (Injury Management) 2005*
- *Workers' Compensation and Injury Management (Scales of Fees) Regulations 1998*
- *Workers' Compensation (Legal Practitioners and Registered Agents) (DRD) Costs Determination 2005*
- *Workers' Compensation (Legal Practitioners and Registered Agents) Costs Determination 2007*
- *Workers' Compensation and Rehabilitation (Acts of Terrorism) (Final Day) Regulations 2002*
- *Workers' Compensation (DRD) Rules 2005*
- *WorkCover Western Australia Guides for the Evaluation of Permanent Impairment – Third Edition*

Key legislation impacting on WorkCover WA's activities

- *Auditor General Act 2006*
- *Corruption and Crime Commission Act 2003*
- *Disability Services Act 1993*
- *Electoral Act 1907*
- *Electronic Transactions Act 2003*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Freedom of Information Act 1992*

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- *Government Employees' Superannuation Act 1987*
- *Industrial Relations Act 1979*
- *Minimum Conditions of Employment Act 1993*
- *A New Tax System (Fringe Benefits Reporting) Act 1999 (Commonwealth)*
- *A New Tax System (Goods and Services Tax) Act 1999 (Commonwealth)*
- *Occupational Safety and Health Act 1984*
- *Occupational Safety and Health Regulations 1996*
- *Occupiers' Liability Act 1985*
- *Public and Bank Holidays Act 1972*
- *Public Interest Disclosure Act 2003*
- *Public Sector Management Act 1994*
- *Public Sector Management (Redeployment and Redundancy) Regulations 1994*
- *Salaries and Allowances Act 1975*
- *Superannuation Act 2000*
- *State Supply Commission Act 1991*
- *State Records Act 2000*

The following written laws also impact on WorkCover WA's activities:

- *Competition Policy Reform (WA) Act 1996*
- *Constitution Act 1889*
- *Constitution Acts Amendment Act 1899*
- *Coroners' Act 1996*
- *Criminal Code Act Compilation Act 1913*
- *Defence Act 1903*
- *Evidence Act 1906*
- *Interpretation Act 1984*
- *State Administrative Tribunal Act 2004*
- *Statutory Corporations (Liability of Directors) Act 1996*
- *Trade Practices Act 1974*





Overview

Shared Responsibilities with other Agencies

WorkCover WA did not share any responsibilities under the Act with other agencies in 2010/11.

Collaborations

WorkCover WA continued its collaboration with WorkSafe to encourage the prevention or minimising of accidents and injuries through co-funding of the ThinkSafe Small Business Program. The program aims to introduce small business to hazard identification, risk reduction, safety and health policies and safe work systems as well as to improve the capacity of small business operators in high-risk industries to manage occupational safety and health effectively. It also provides information regarding workers' compensation and injury management obligations for employers. The program is delivered through on-site safety assessments and group information seminars. In 2010/11 there were:

- 740 one-on-one visits to small businesses, 41 per cent in regional towns
- 101 follow-up visits to engage small business on injury management and return to work issues
- six seminars for groups of employers.

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

WorkCover WA is a member of the public sector Occupational Safety and Health and Injury Management Steering Committee, which consists of representatives from the Department of Commerce's WorkSafe and Office of the Director General divisions, RiskCover, Public Sector Commission and Unions WA.



▲ WorkCover WA reception.

Overview

WA workers' compensation scheme

The Western Australian workers' compensation scheme is designed to help injured workers return to work successfully. The WA scheme is based on a 'no-fault' principle. This means an injured worker does not need to establish the employer was at fault or negligent to make a claim.

In many cases, workers do not need time off work and simply claim for compensation of medical and related expenses. However, some claims may be complex, particularly if disputed or if the injury is significant.

As the workers' compensation scheme in WA is privately underwritten, insurance coverage is provided by a multi-insurer system. Employers are obliged to maintain current workers' compensation insurance coverage of all their workers, as defined by the Act. WorkCover WA provides advice and assistance to employers to help them understand who to cover and how to obtain cover, as well as how to comply with other obligations under the Act.

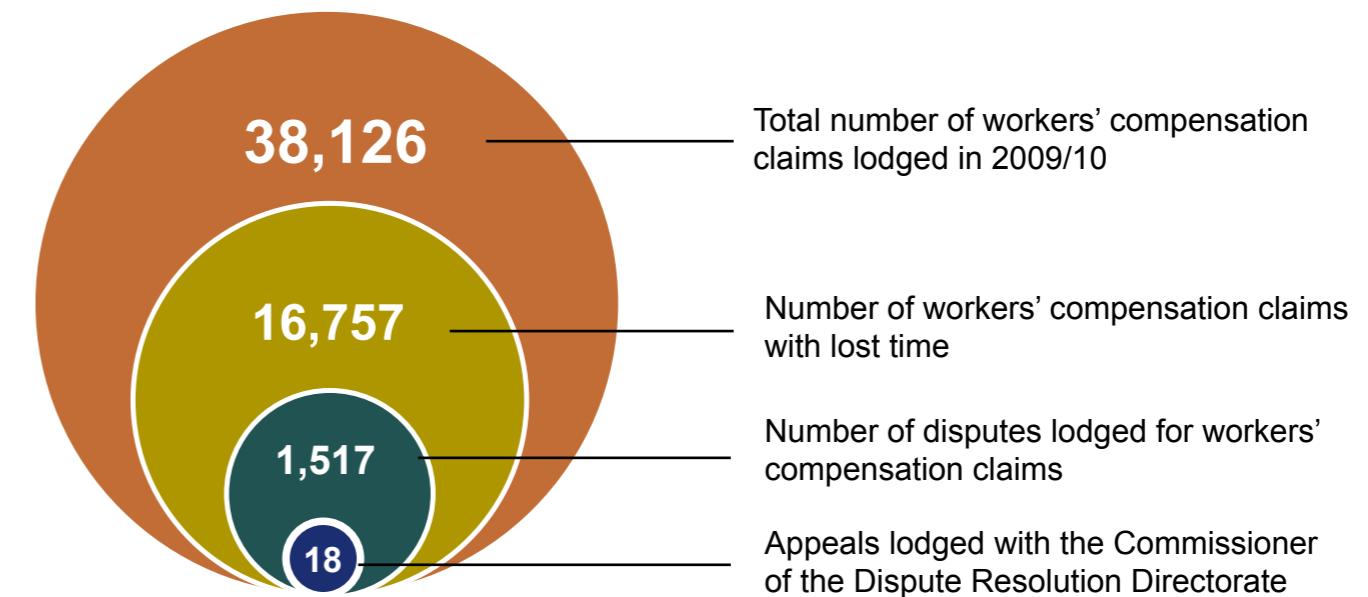
The workers' compensation scheme also covers a range of complex issues such as noise-induced hearing loss, assessment of permanent impairment, and finalising claims through settlements or by seeking common law damages. It also involves members of various professions such as general practitioners, allied health providers, insurance brokers, legal representatives and workplace rehabilitation providers.

The following scheme snapshot provides a brief overview of the workers' compensation environment in the State, using the most recent data available.

Scheme overview 2009/10

Due to the nature of capturing, verifying and analysing claims data, information on time lost for claims (involving one or more days or shifts off work) lodged in 2010/11 was not available at the time of publishing this report. In 2009/10 just over 38,000 claims were lodged in total, about 44 per cent of which had at least one day or shift off work. There were 1,517 disputes lodged (around four per cent of claims) and 18 appeals lodged with the Commissioner. Further information on scheme performance is available from the WorkCover WA website at www.workcover.wa.gov.au.

Figure 4: WA workers' compensation scheme overview 2009/10

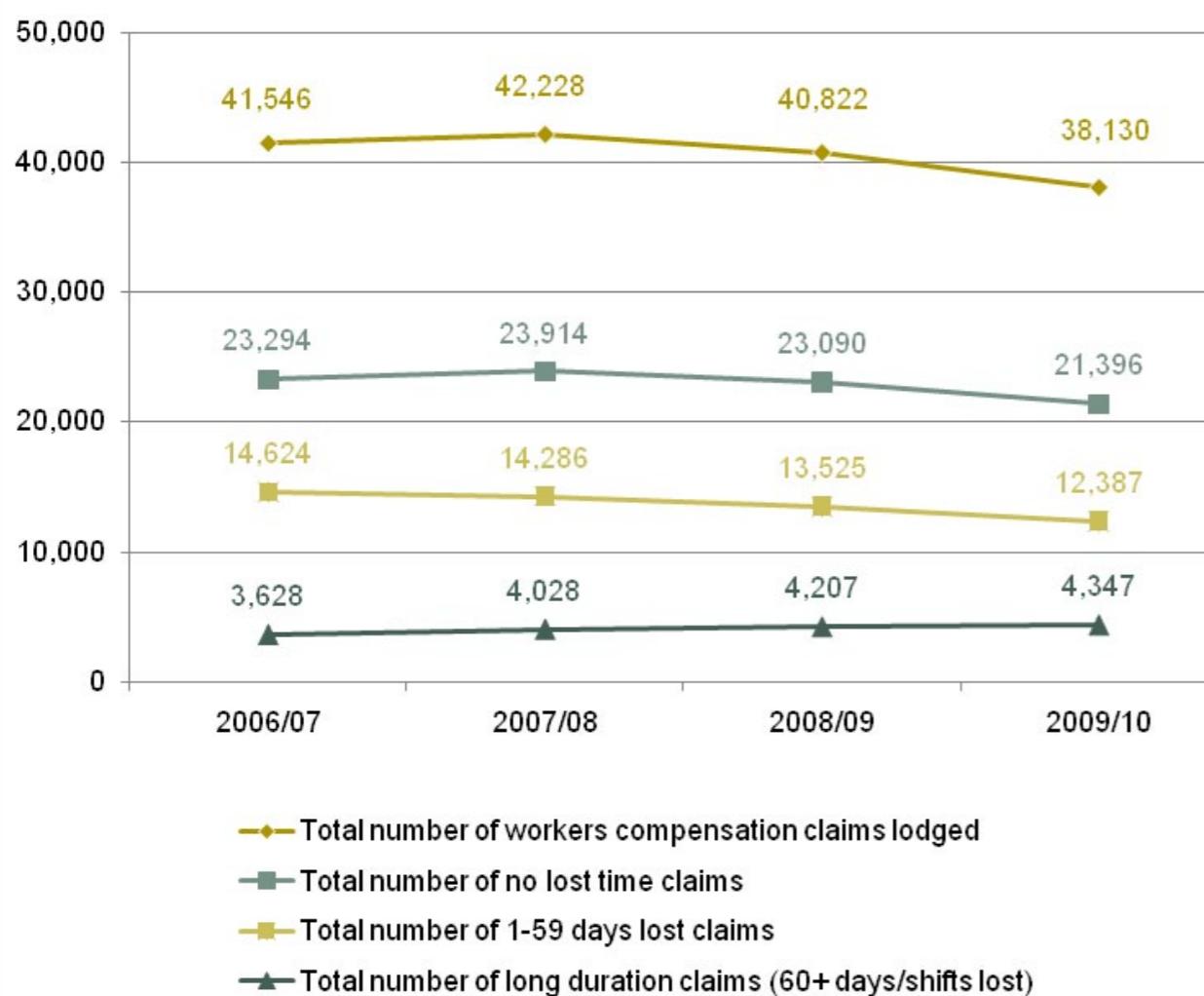




Overview

Over the past four years, the total number of claims lodged in the WA workers' compensation scheme has been decreasing. Reductions have occurred in 'no time lost' and shorter duration claims (1 to 59 days/shifts off work), whereas long duration claims (defined as 60 or more days/shifts off work) have increased over time.

Figure 5: Lost-time claims trends between 2006/07 and 2009/10

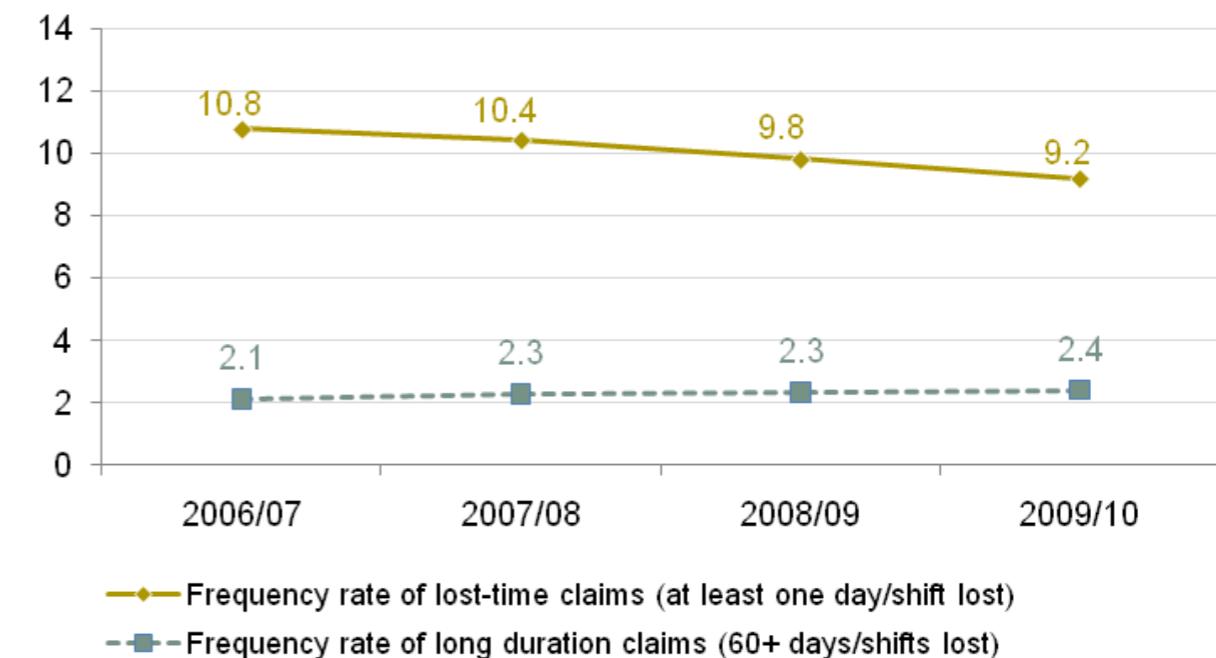


Overview

Frequency rate

The number of lost-time claims per million hours worked (frequency rate) has decreased by 15 per cent between 2006/07 and 2009/10. In 2009/10 the industries with the highest lost-time claim frequencies were manufacturing, art and recreational services, and health care and social assistance.

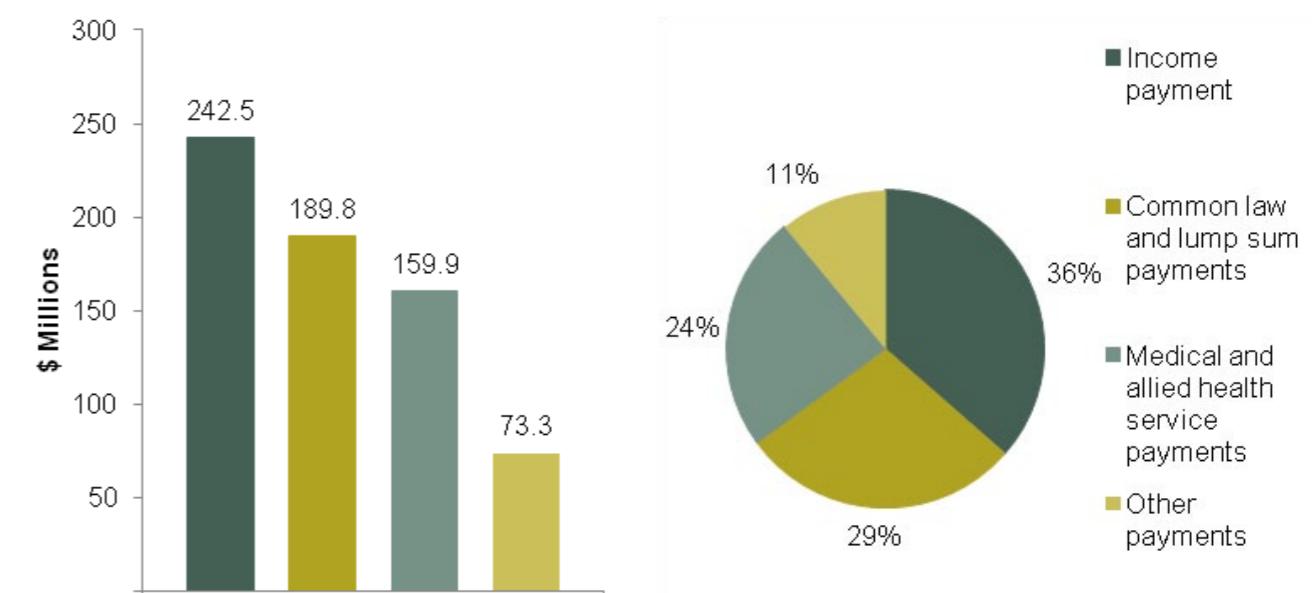
Figure 6: Frequency of lost-time claims 2006/07 to 2009/10



Scheme payments 2010/11

During 2010/11, around two-thirds of compensation payments were paid directly to workers in the form of weekly benefits, settlements and common law payouts, and just under one-quarter of payments were made for medical and allied health services.

Figure 7: WA workers' compensation scheme payments 2010/11



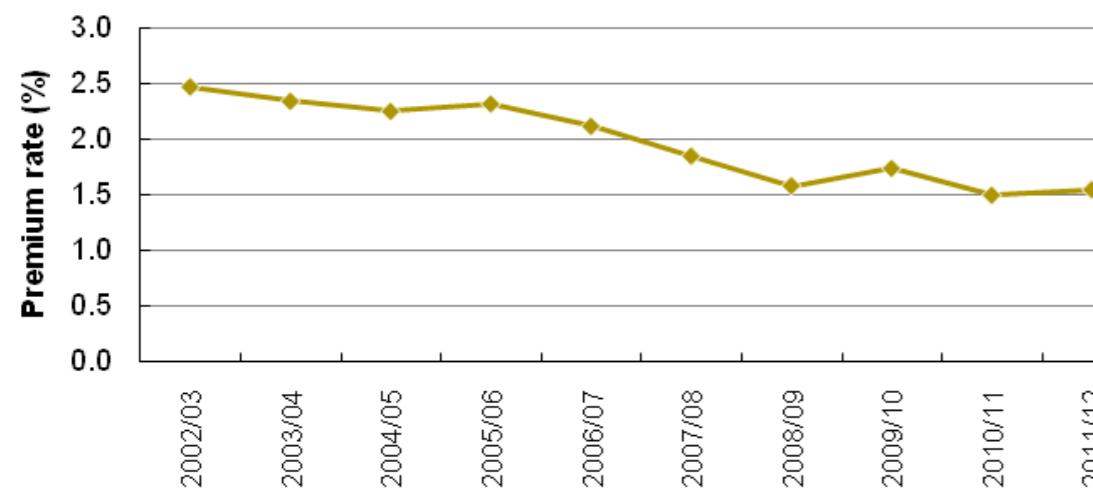


Overview

Average recommended premium rates

Each year, WorkCover WA publishes recommended premium rates for workers' compensation insurance for each industry. The overall average recommended premium rate has been relatively stable between 2008/09 and 2011/12. The 2011/12 average recommended premium rate increased by 3.3 per cent from 1.497 per cent to 1.547 per cent of wages. The key driver of the increase is increased claim costs. The average recommended rate has reduced by 37 per cent since 2002/03. Changes to the *Workers' Compensation and Injury Management Act 1981* in 1999 regarding access to common law and recent high wages growth are the main drivers of these reductions.

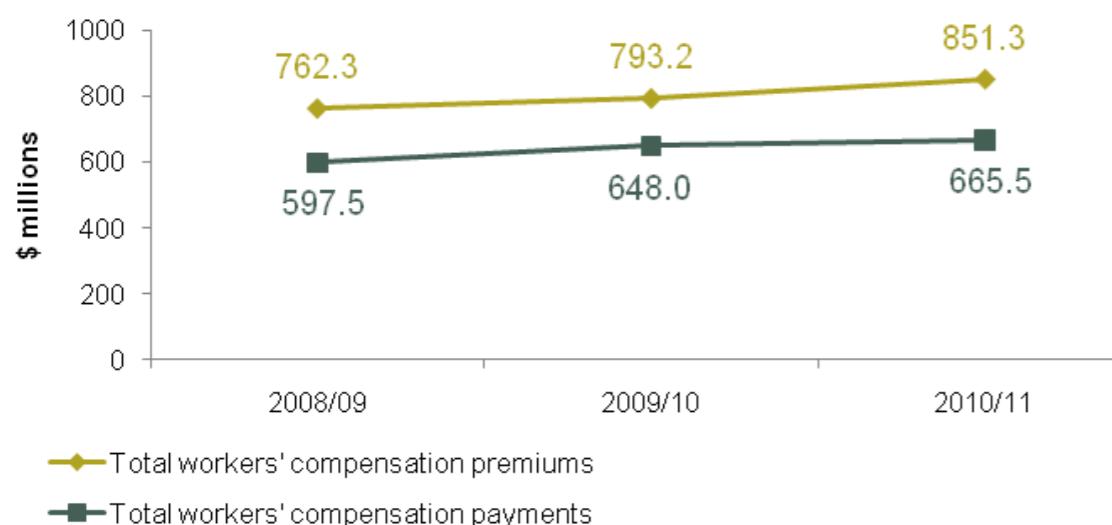
Figure 8: Average recommended premium rates 2002/03 to 2011/12



Scheme payments and premium income

This graph shows changes in premiums collected and compensation paid over the past three financial years. Increases in claim payments and premium income over time reflect increases in numbers of employees, wage growth and inflationary pressures.

Figure 9: Scheme premiums and payments 2008/09 to 2010/11



Note: the total payments in the graph are not adjusted for inflation.

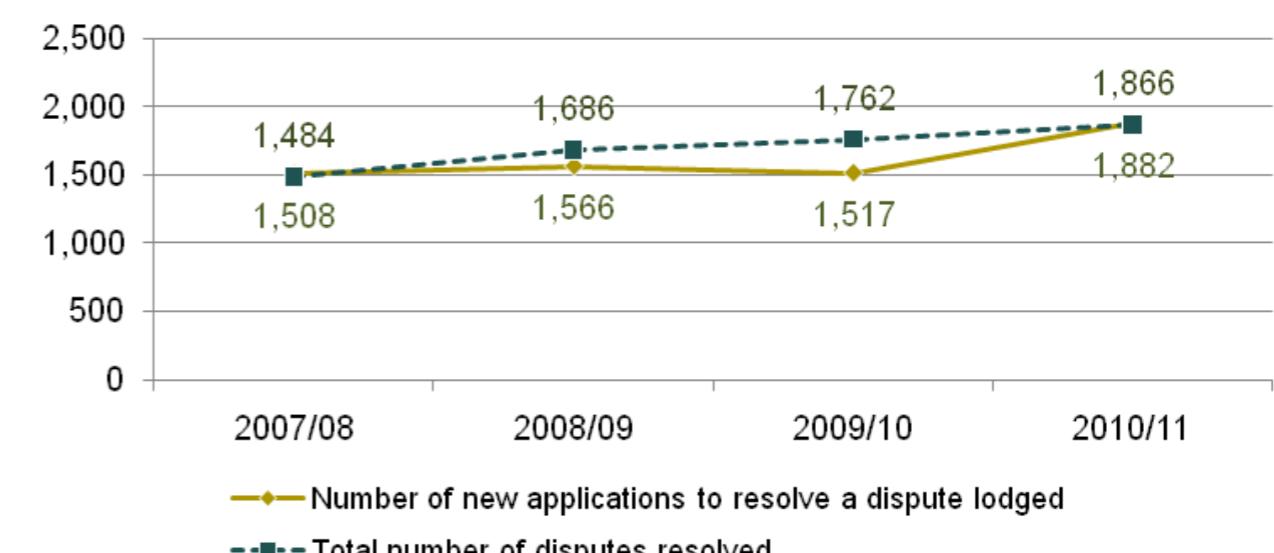


Overview

Disputes lodged and resolved

There were 1,882 dispute applications lodged in 2010/11, compared with 1,866 applications resolved. As an application can be lodged in one reporting year and not resolved until the following year, the number of applications finalised does not correspond with the number lodged. The number of applications lodged has increased by 20 per cent over the past two reporting years. WorkCover WA is currently developing a case management system, which should enable analysis of the drivers contributing to the increase.

Figure 10: Disputes lodged and resolved 2007/08 to 2010/11





Overview

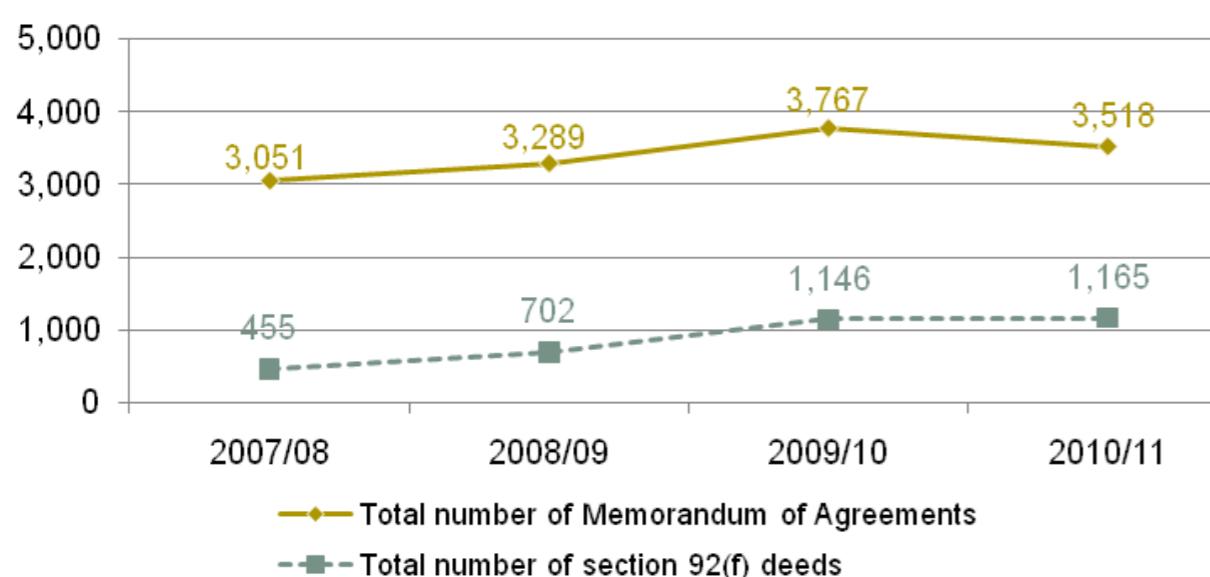
Settlements

Settlements of workers' compensation claims occur in a number of ways in the WA scheme. Memorandum of Agreements (MoAs) encompass redemption of future weekly payments and lump sum payments for specific injuries or impairments. Section 92(f) deeds (common law consent) arise from settlement of actions for common law damages that do not proceed to judgement in a court. Settlements also occur by way of consent judgement in the District Court.

The Dispute Resolution Directorate (DRD) has statutory responsibilities to register or refuse the recording of MoAs and examine section 92(f) deeds. While numbers of 92(f) deed settlements and MoAs increased between 2007/08 and 2009/10, the overall number of settlements decreased by 230 in 2010/11.

The graph below shows settlement trends for matters within the jurisdiction of the DRD.

Figure 11: Workers' compensation claims settlements 2007/08 to 2010/11



"I sincerely express my gratitude and appreciation to the Customer Assistance Unit for handling my case with high regard, understanding, speed and compassion."

CUSTOMER FEEDBACK 2010/11



Agency Performance

Report on Operations

WorkCover WA's operations are aligned to the goals and objectives of the WorkCover WA Strategic Plan 2009-2012.

Goal 1: Strategic Positioning

WorkCover WA is positioned to address changes in the industry and anticipate and meet the future needs of its stakeholders as well as ensure long-term financial integrity and stability for the scheme.

Managing the scheme

During the financial year, WorkCover WA continued to actively manage the workers' compensation scheme in Western Australia in accordance with the *Workers' Compensation and Injury Management Act 1981* to ensure stakeholders have access to a viable, equitable and robust system.

Key activities in 2010/11 included:

- the development of a reporting framework for monitoring and managing scheme health
- improvements in the collection of data for the calculation of the recommended premium rates
- timely gazettal of the recommended premium rates for the underwriting year commencing 1 July 2011
- calculation and gazettal of the variations to entitlement limits and other workers' compensation amounts for the financial year commencing 1 July 2011
- implementation of amendments to physiotherapy service descriptors, including a new service item for treatment management plans.

Improving scheme performance

In addition to the substantial work carried out in relation to the Legislative Review, WorkCover WA worked in 2010/11 to improve scheme performance by:

- investigating the increased use of settlements under the *Workers' Compensation and Injury Management Act 1981*
- participating in a range of cross-jurisdictional activities through the Heads of Workers' Compensation Authorities and Safe Work Australia's Strategic Issues Group – Workers' Compensation to progress national harmonisation of workers' compensation practices; promote best practice in workers' compensation arrangements; and improve consistency, timeliness and accuracy of data for comparison purposes
- undertaking research to determine the impact of long duration claims (those involving 60 days/shifts or more off work) and associated rising cost on the workers' compensation scheme. The subsequent statistical report will inform future discussion on the topic.



Agency Performance

Goal 2: Stakeholder Engagement

Relationships with WorkCover WA's stakeholders are established and built to maintain a viable and sustainable scheme.

Delivering education and advice

Education services and advice are provided to workers' compensation scheme participants and the general community to increase their knowledge of their rights and responsibilities with respect to workers' compensation legislation and injury management processes.

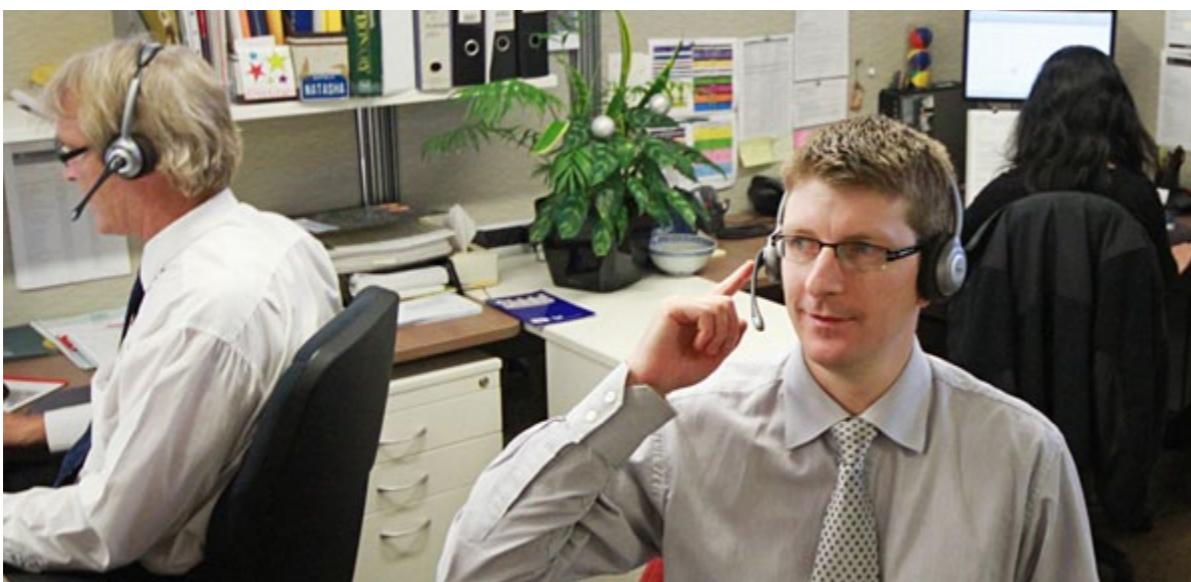
During 2010/11, WorkCover WA developed an education strategy to help enhance working relationships with insurance brokers who play a critical role in the scheme and are central to the operations of some insurers in WA.

The agency also developed and launched the *Injury Management: A Guide for Employers* publication to replace the former Injury Management (Code of Practice) Guidance Notes. The new publication is simpler to follow and use, providing a step-by-step guide for employers to deal with workplace injuries and establish return to work practices.

Through its Advisory Service and Customer Assistance Unit, WorkCover WA:

- responded to 22,524 enquiries, most from injured workers and employers, covering topics such as the claims process, injury management, return to work, weekly wage rates and entitlements, workplace rehabilitation entitlements and dispute resolution
- provided detailed advice and direct assistance to a further 1,234 stakeholders, predominantly injured workers.

WorkCover WA maintained an informative internet and intranet web presence that presents agency information and services in a coherent, accessible, accurate and user-friendly manner. In addition, more than 50,000 publications were mailed to various external stakeholders.



▲ The Advisory Services Team.



Agency Performance

Managing events

WorkCover WA delivered two seminars to insurance brokers in November 2010 and April 2011, providing information and training to 136 brokers to assist them in presenting more informed advice on workers' compensation to their clients. The seminars were accredited by the National Insurance Brokers Association enabling brokers to earn Continuing Professional Development (CPD) points.

In addition, WorkCover WA coordinated various education and information sessions through its Communications and Education Branch to increase stakeholders' awareness and promote collaboration and mutual respect within individual stakeholder groups. They included:

- nine external presentations about WorkCover WA and workers' compensation targeting employers, health providers, workers and service providers
- six *WorkCover WA Module* presentations for Approved Medical Specialists who assess the degree of permanent impairment of injured workers
- four quarterly "Introduction to WorkCover WA Seminars" to stakeholders
- a seminar for registered agents involved in the resolution of minor claims disputes and interim orders (Part XII applications).



"I valued the willingness for WorkCover to involve and closely communicate with insurance intermediaries."

INSURANCE BROKERS BREAKFAST SEMINAR FEEDBACK

Building partnerships

WorkCover WA continued its cooperative partnership with the Industrial Foundation for Accident Prevention (IFAP) to provide free information seminars to injured workers to help them understand the workers' compensation and return to work process. In 2010/11, 12 seminars were delivered in the metropolitan area, with more than 620 injured workers attending. Three seminars were delivered to injured workers in regional WA (Bunbury, Geraldton and Kalgoorlie).

Additionally, WorkCover WA is a member of the Personal Injury Education Foundation (PIEF) and continued to support programs developed by PIEF, including return to work and case management training for people working within the personal injury industry such as case managers and employer representatives.



Agency Performance



▲ Research and Evaluation Manager Leona Glasby with Injured Workers' Survey results.

Listening to stakeholders

WorkCover WA recognises the importance of listening to stakeholder concerns and feedback. Consultation with our stakeholders is a valuable source of information that improves our scheme and it also forms the basis for future collaboration and partnerships. In 2010/11, WorkCover WA consulted with its stakeholders through the following methods:

Injured Workers' Survey

WorkCover WA commissioned an independent injured workers' survey during the year to gather information about return to work outcomes and participant satisfaction with services provided through the WA workers' compensation scheme. The results were overwhelmingly positive. Highlights included 87 per cent of respondents believing the WA workers' compensation scheme process was open and honest and 77 per cent stating they had returned to work by the time of the survey. For detailed results, read the [report](#) under *Publications and Forms > Research, Evaluation and Statistics* on the WorkCover WA website.

Infoline Stakeholder Survey

The agency also conducted a survey of callers to WorkCover WA's 1300 information line to measure the effectiveness of this service. Key results of this survey included:

- 93 per cent of respondents confirming the information provided helped to resolve their query
- 84 per cent of respondents reporting they had increased their knowledge of the workers' compensation system
- 98 per cent of customers surveyed responding they were 'extremely satisfied' or 'satisfied' with the level of service provided.

It is clear WorkCover WA callers value the 1300 information line which relies upon the knowledge and professionalism of WorkCover WA staff.



Agency Performance

Dispute Resolution Directorate (DRD) Survey

Each year as part of WorkCover WA's continual improvement strategy, it seeks feedback from stakeholders on their involvement in the dispute resolution system. In 2010/11, the survey revealed a 69 per cent user satisfaction rate, indicating the DRD has been able to maintain relatively high standards of performance. The DRD will use the results to make service delivery and process improvements. For more information, see [KPI 1.3 \(p.98\)](#).

Other consultation

WorkCover WA also consulted stakeholders on:

- developing a nationally consistent approval framework for workplace rehabilitation
- developing a new workers' compensation claim form
- making general amendments to the *Workers Compensation and Injury Management Act 1981*
- updating and improving the agency's [Disability Access and Inclusion Plan \(p.111\)](#)
- developing a range of bulletins for insurers and self-insurers, to provide information about WorkCover WA administrative requirements and to clarify legislative matters
- revising medical and allied health fees
- reviewing the weekly compensation rate for jockeys.



▲ Dispute Resolution Acting Director Shane Melville heads a conference meeting.



Agency Performance

Goal 3: Regulatory Compliance

WorkCover WA's stakeholders are educated about and comply with the regulatory scheme.

Maintaining standards

WorkCover WA understands the success of the workers' compensation scheme relies on stakeholders fulfilling their legislative responsibilities.

In 2010/11, the agency continued to approve and monitor service providers to ensure compliance with workers' compensation legislation and the delivery of appropriate standards of service. The service providers consist of insurers and self-insurers, workplace rehabilitation providers, registered agents, audiometric officers and audiologists, and approved medical specialists who undertake impairment assessments in the Western Australian workers' compensation system.

Key activities included:

- reviewing the process for approved insurers to seek WorkCover WA Board endorsement to charge an employer a workers' compensation insurance premium of more than 75 per cent above the recommended rate. The process now includes a standard application form and has contributed to improvements in timeliness and consistency
- reviewing more than 350 bulletins for insurers and self-insurers that provide information about WorkCover WA administrative requirements and to clarify legislative matters. The review resulted in the withdrawal of all but 11 bulletins. A clearer, more concise set of bulletins was published on the WorkCover WA website in April 2011
- undertaking a project to improve the accuracy of information contained in the Approved Medical Specialist Register. Revisions to the Register included aligning the specialists' designations with those approved by the newly formed Australian Health Practitioner Regulation Authority and incorporating information relating to impairment assessment training undertaken.

WorkCover WA also continued:

- capturing data and undertaking quality assurance for data on all workers' compensation policies and claims, workplace rehabilitation cases and audiometric tests
- examining all complaints against approved service providers in relation to compliance with the Act and performance
- providing online training applications specifically for workplace rehabilitation providers, audiometric officers and audiologists. This is in addition to the guidance notes and other resources made available for providers through the WorkCover WA website
- assessing notifications lodged by employers of their intention to dismiss a worker who has made a workers' compensation claim, to ensure compliance with the relevant sections of the Act.

Agency Performance

Table 2: Approval of providers

	Approvals in 2010/11	Total at 30 June 2011
Approved Insurers	0	8
Approved Self-Insurers	0	27
Approved Workplace Rehabilitation Providers	3	29
Registered Agents	244	208 ^(a)
Approved Medical Specialists	12	192
Approved Audiometric Officers and Audiologists	172	559
Total approvals	431	1023

^(a) not all agents remain registered for the full 12 month period.

Table 3: Complaints against providers

	2009/10	2010/11
Approved Insurers	17	11
Approved Self-Insurers	8	2
Approved Workplace Rehabilitation Providers	8	4
Registered Agents	4	1
Approved Medical Specialists	3	0
Approved Audiometric Officers and Audiologists	0	0
Total complaints	40	18



▲ Compliance Officers Karly Fitzpatrick and Jana Thorpe.



Agency Performance

Acting on noise-induced hearing loss

In 2010/11 there were 927 workers identified with potential noise-induced hearing loss claims.

As part of this process, WorkCover WA made arrangements for 193 full audiological and 110 otorhinolaryngology (ear, nose and throat) assessments. There were 71 successful claims for work-related gradual onset noise-induced hearing loss, consisting of 67 first election (10 per cent permanent hearing loss) claims and four subsequent election (an additional five per cent permanent hearing loss) claims.

Ensuring employer compliance

During 2010/11, WorkCover WA continued to monitor employers' compliance with their obligations under the workers' compensation and injury management legislation.

Employers' principal obligations are to maintain workers' compensation insurance for all their workers, to have an injury management policy setting out their organisation's approach to injury management, and to have a return to work program describing the steps to be followed if a workplace injury occurs. Good injury management is critical to a successful return to work by an injured worker.

Key compliance activities in 2010/11 included:

- publishing the outcomes of WorkCover WA's successful prosecutions of non-compliant employers on the WorkCover WA website
- the development of a risk-based approach for carrying out compliance activities
- the implementation of alternative enforcement options to improve voluntary compliance, such as "letters of caution".

Table 4: Compliance activities

	2009/10	2010/11
Enquiries – lapsed policies, cancellations, new business and new owner checks	7,285	9,325
Investigations – complaints, enquiries and reporting	182	90
Letters of caution sent to employers	-	14
Prosecutions – completed	13	13

Agency Performance

Goal 4: Operational Flexibility and Responsiveness

WorkCover WA's systems and processes are enhanced to enable it to provide quality, responsive services and outcomes for stakeholders.

Progressing legislative reform

Following the completion of the 2009/10 legislative review of the WA workers' compensation scheme, WorkCover WA worked with stakeholders to progress the findings of the review. As a result, the *Workers' Compensation and Injury Management Amendment Bill 2011* was introduced into Parliament on 17 March 2011.

This Bill represents stage one of the legislative review implementation and delivers a number of policy initiatives that will see fairer, more equitable arrangements that will better protect injured workers. Changes will include:

- abolition of all age-based limits on entitlements
- establishment of a safety net arrangement under which WorkCover WA will make payment to workers where common law damages are awarded and the employer is uninsured
- restructuring of the dispute resolution framework
- general amendments to address a number of legislative anomalies and inefficiencies.

Stage two of the Legislative Review will include a complete redraft and rewrite of the *Workers' Compensation and Injury Management Act 1981*. This work will incorporate changes made under stage one and will also progress the modernisation and streamlining of the Act, while preserving the original intent of the legislation. This process is scheduled to commence in early 2012.

Resolving disputes

One of WorkCover WA's major functions is to hear and determine disputes between parties in the workers' compensation system through its Dispute Resolution Directorate (DRD).

The DRD comprises a Commissioner, Director, Arbitrators and administrative support staff. Arbitrators have responsibility to facilitate dispute resolution through conciliation conferences, conducted by telephone and in person, and arbitration.

The Directorate's operations include resolution of minor claims and interim orders (Part XII applications) and resolution of more complex disputes where, for example, liability is disputed (Part XI applications). It also resolves disputes related to the degree of disability for an injury occurring prior to 14 November 2005 (previous scheme).

The overall aim is to provide a fair, accessible, efficient and cost-effective system for the resolution of disputes.

Key DRD initiatives and activities in 2010/11 included:

- investigating opportunities to increase the percentage of Part XI disputes resolved within the target 26-week timeframe ([KPI 1.4, p.99](#)). The research identified measures to improve efficiencies in the initial administration process, which have now been implemented
- continuing to review, and subsequently increase the closure of long-term applications
- creating an electronic database to record agreements and/or assessments as to a worker's degree of permanent whole person impairment and worker's elections to retain the right to





Agency Performance

seek common law damages. The new database has improved efficiency by making it easier to produce reports and extract necessary information

- examining and making recommendations on the notification provisions of sections 57A and 57B of the Act, by which an insurer must provide certain information to the Director of the DRD regarding its decision on liability
- continuing a program to enhance workload management through:
 - ongoing audits of “open files” to ensure active case management
 - implementation of quality assurance processes to identify and address systemic errors
- data quality checking of the DRD case management system.

Goal 5: Organisational Excellence

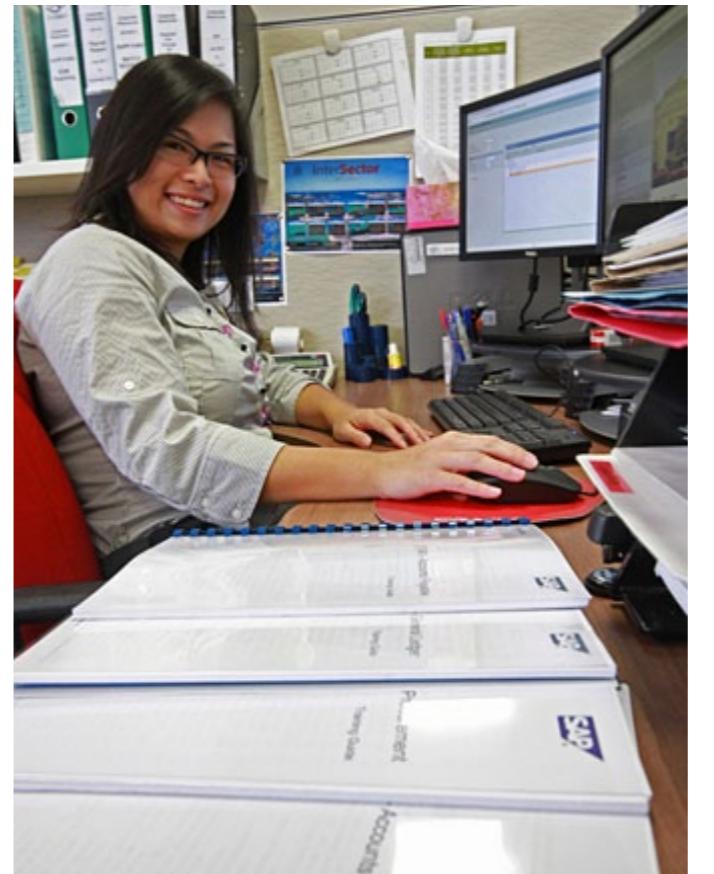
WorkCover WA has the culture, people, systems and processes to deliver outcomes.

Developing our people

In 2010/11, WorkCover WA:

- developed and implemented a Workforce Capability Framework, a strategic and systematic approach to aligning staff capability to the business needs of the agency
- continued an agency traineeship program that forms part of the WorkCover WA Equal Employment Opportunity Plan and aims to increase the representation of youth and Aboriginal Australians in the agency’s workforce. Two trainees completed a Certificate III in Business
- established an Online Induction and Learning System designed to allow new and existing staff to familiarise themselves with organisational information, policies, procedures and relevant legislation and highlight their responsibilities as public sector employees
- updated and improved its [Disability and Access Inclusion Plan \(p.111\)](#) so people with disabilities have the same opportunities as other people to access the agency’s services, facilities and information
- developed and implemented a new Occupational Safety and Health (OSH) Management Plan that seeks to ensure a systematic and consistent approach to OSH management is adopted that allows WorkCover WA greater transparency and accountability in relation to the management of OSH
- maintained the WorkCover WA wellness program, supporting employees in improving their health and wellbeing.

Agency Performance



▲ Accountant Michelle Luk tests the new Financial Management Information System.

- completing a major IT infrastructure upgrade that:
 - replaced old physical servers with a much smaller number of new virtual servers. The new servers take up less space in the server room, significantly reduce power consumption and provide a more robust and fault tolerant solution for the future
 - implemented an industry-leading central storage solution, which will provide a much greater level of availability, scalability and flexibility for storing all of WorkCover WA’s data and information systems
 - implemented a contemporary system backup solution, which will significantly reduce WorkCover WA’s backup times and will improve recovery processes
- developing requirements and specifications for a future replacement of the WorkCover WA external website using contemporary technology
- completing the gathering of business requirements for a replacement of WorkCover WA’s core business systems
- commencing the first phase of replacement of WorkCover WA core business systems – an in-house development of a new Dispute Case Management System to support the future implementation of the legislative changes currently under consideration by Parliament.



Enhancing finance processes

In 2010/11, WorkCover WA implemented a new financial management information system (FMIS) to improve procurement, budgeting and financial reporting capabilities.

The tender for the implementation was awarded to a consortium comprising SAP, IBM and Courtland Business Solutions.

WorkCover WA implemented the SAP Business All-in-One suite of products, which was the most optimal fit for its operations and provided for rapid implementation while minimising implementation risk.

User acceptance testing and final configuration of the new FMIS was completed in early May 2011 with final user training undertaken by all staff in June.

WorkCover WA made the transition to the new FMIS on 1 July 2011.

Improving information technology

In 2010/11, WorkCover WA continued to implement the five-year IT Strategic Plan approved by the Board in 2008/09, including:



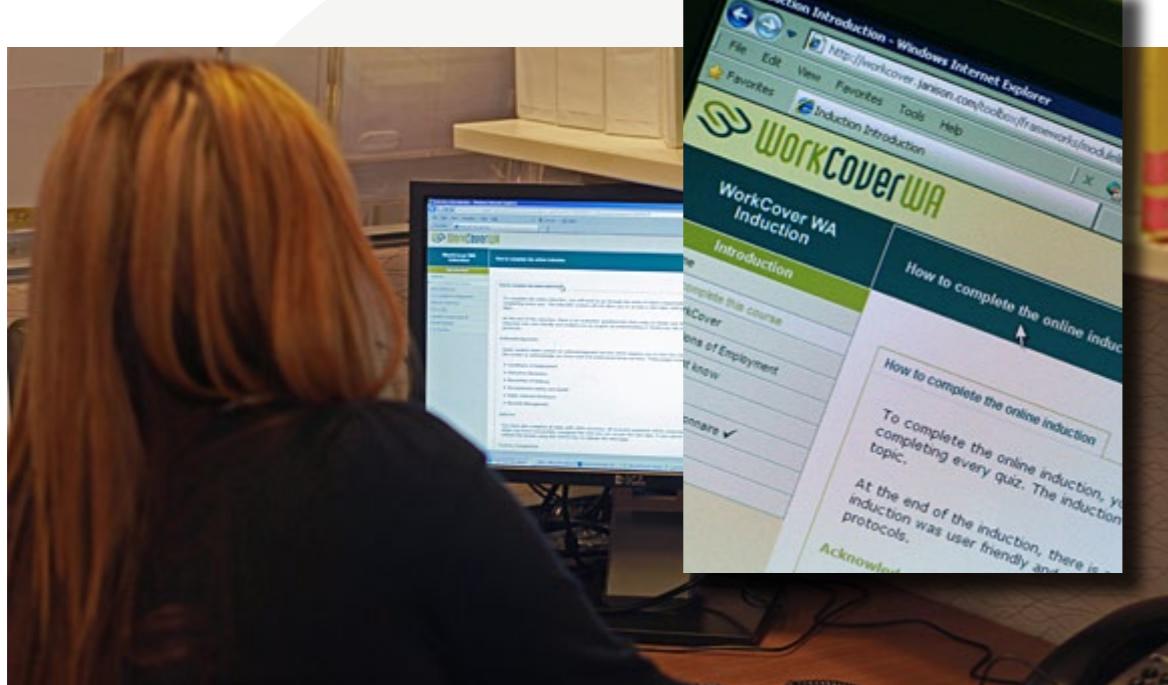
Agency Performance

Valuing workplace consultation

As part of effective consultation in the workplace, WorkCover WA invited staff to participate in an employee climate survey in February 2011 to assess staff satisfaction levels. Seventy per cent of staff took part, with most stating they were generally satisfied with the people in their work group, and to a certain extent the quality of their work. The survey also identified areas for improvement, which will be focused on into the future.

WorkCover WA also continued to operate two formal consultative employee committees, comprising the:

- Joint Consultative Committee (JCC), which consists of management and union representatives and provides a forum for both parties to work collaboratively to seek solutions to the workplace environment and issues affecting employee conditions of employment. In 2010/11, the JCC considered a range of organisational issues including a number of corporate policies and an organisational climate survey tool.
- Occupational Safety and Health (OSH) Committee, which provides a forum for staff and management to examine issues affecting the health and wellbeing of staff and a mechanism to develop and implement strategies that prevent workplace accidents and injuries from occurring. In 2010/11, new employee OSH representatives were appointed to the Committee following an election conducted in accordance with approved procedures. The OSH Committee was active in developing and facilitating the training of managers and supervisors in OSH obligations and developing and implementing a new agency OSH Management Plan.



▲ A new employee completes the online induction.

Agency Performance

Financial Snapshot

The majority of funding (57%) for WorkCover WA's activities is derived from insurer contributions in the form of an annual levy on workers' compensation premiums paid by employers and by a direct levy on employers who are approved by WorkCover WA to self-insure.

This snapshot represents a consolidation of both the General and Supplementation Funds. Please refer to the Financial Statements and associated notes for more detailed analysis and disclosure.

Total WorkCover WA revenue in 2010/11 was \$29.92 million.

Total expenditure was \$19.44 million.

Figure 12: WorkCover WA income

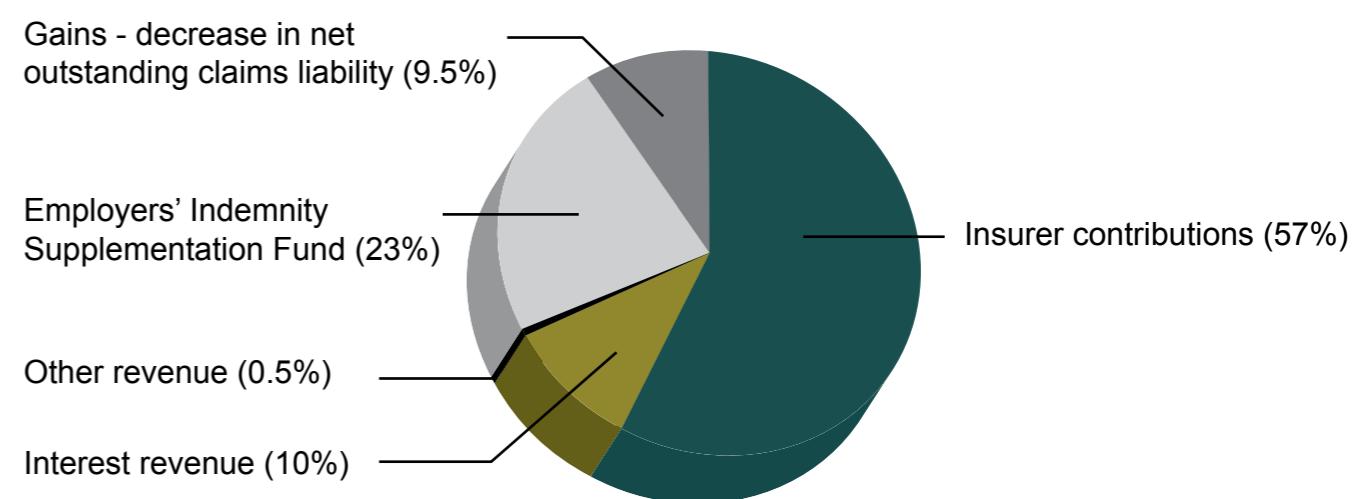
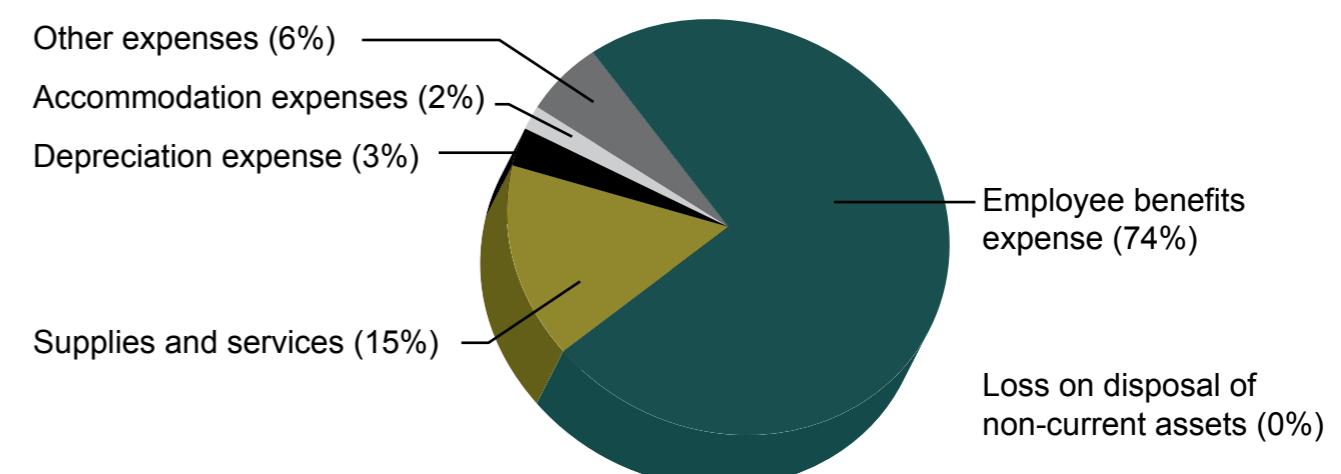


Figure 13: WorkCover WA expenditure



Staff costs account for 74 per cent of agency expenditure. The remaining funds were expended on supplies and services, accommodation and other expenses.





Agency Performance

Report on Funds Management

Workers' Compensation and Injury Management Trust Account

The Workers' Compensation and Injury Management Trust Account is maintained in accordance with section 110 of the 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 the Dispute Resolution Directorate (DRD) to order compensation to be paid in trust to WorkCover WA when it cannot immediately be paid to a person or the dependants of a deceased worker. These funds are invested in accordance with Treasurer's guidelines.

Investment strategies employed provided an average yield for the year of 5.94 per cent for all trust accounts.

Uninsured claims management (General Account)

WorkCover WA manages specific funds to provide a source of compensation for workers of uninsured employers, pursuant to section 174 of the Act. Funds paid to workers from the General Account are recovered from uninsured employers by WorkCover WA.

As part of its operations, the compliance team establishes an employer's insurance status to ensure monies released from the General Account are in accordance with the provisions of the Act. This year, the compliance team investigated 21 potential claims on the General Account pursuant to section 174, compared with 15 last year. There were six new claims this year and 19 continuing claims from previous financial years. The cost of new claims was \$157,170.27 and ongoing claims amounted to \$1,288,912.81.

At 30 June 2011, the total outstanding debt from uninsured employers was approximately \$1,446,083.38. Recovery action against these employers is ongoing. The WorkCover WA Board approved the write-off of approximately \$33,063.10 of uninsured outstanding claims.

Employers' Indemnity Supplementation Fund

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

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

- Payments for claims under the *Waterfront Workers' (Compensation for Asbestos Related Disease) Act 1986* for 2010/11 were nil. Since its inception (February 1987), a total of \$2,800,567 (gross) has been paid.
- Payments for claims under the *Workers' Compensation and Injury Management (Acts of Terrorism) Act 2001* for 2010/11 were nil. The *Workers' Compensation and Injury Management (Acts of Terrorism) Act 2001* came into effect in 2001, but the first claim payment was not received until December 2005.



Agency Performance

Table 6: Claim payments and receipts for insurers in liquidation

	HIH Insurance (\$)	National Employers' Mutual General Insurance Co. (\$)
Value of outstanding claims in Western Australia	1,290,744	80,240
Received from liquidators in 2010/11	7,145,379	Nil
Claim payments for 2010/11	288,742	120,290
Claim payments since liquidation commenced	73,797,697	5,904,375

Debts and Investments

At 30 June 2011, there were debtors with 16 outstanding debts resulting from fines and penalties awarded under section 170 of the Act, with debts outstanding of \$77,874. In 2010/11, the weighted average rate of return on General Account investments was 5.98 per cent.

Table 7: Actual Results vs Budget Results

	2010/10 Target \$000	2010/11 Actual \$000	Variation \$000
Total Revenue (sourced from Statement of Comprehensive Income, p.51)	21,238	29,919	8,681 ^(a)
Total Expenses (sourced from Statement of Comprehensive Income, p.51)	21,691	19,438	-2,253 ^(b)
Total equity (sourced from Statement of Financial Position, p.52)	45,184	61,715	16,531 ^(c)
Net increase/(decrease) in cash held (sourced from Statement of Cash Flows, p.54)	-910	14,480	15,390 ^(d)
Approved full-time equivalent (FTE) staff level	148.10	147.95	-0.15

^(a) The variation is mainly due to higher interest earnings from increased investment balances and higher than expected liquidation recoveries for the Supplementation fund.

^(b) The variation is mainly due to a decrease in the net outstanding claims liability for the General and Supplementation funds as per actuarial assessment, resulting in a gain of \$3,146,000. Refer to note 10 of the financial statements.

^(c) The variation is a result of a combination of factors including a decrease in the net outstanding claims liability for the General and Supplementation Funds as noted above and higher than expected HIH Insurance liquidator recoveries for the Supplementation Fund.

^(d) As noted above, this variance is due to a combination of higher than expected liquidator recoveries and associated interest receipts and the transfer of \$5.399 million from term deposits into cash and cash equivalents.

Further explanations are also contained in [Note 33 'Explanatory statement' \(p.82\)](#) to the financial statements.



Summary of Key Performance Indicators



Key Performance Indicators of Effectiveness

	2007/08	2008/09	2009/10	2010/11	2010/11 Target
Indicator 1.1 Number of non-compliance events identified as a result of a claim on the General Account	-	7	5	8	6
Indicator 1.2 Percentage of lost-time injuries with an appropriate injury management response	98%	100%	100%	100%	100%
Indicator 1.3 User satisfaction with the dispute resolution system	65%	71%	75%	70%	69%
Indicator 1.4 Resolution of Disputes: 1) Percentage of Part XI disputes resolved within 26 weeks of the date the application was received	61%	55%	60%	68%	75%
2) Percentage of Part XII disputes resolved within five working days of referral to Arbitrator for a decision	93%	97%	96%	90%	92%
3) Number of common law applications relating to an injury occurring prior to 14 November 2005 resolved within 52 weeks from date an application is received	104	76	43	10	12

Key Performance Indicators of Efficiency

	2007/08	2008/09	2009/10	2010/11	2010/11 Target
Indicator 2.1 Average weighted cost (\$) per regulation activity	\$153	\$152	\$193	\$166	\$202
Indicator 2.2 (new from 2008/09) 1) Average weighted cost (\$) to resolve a: a. Part XI dispute	\$4,567	\$4,109	\$4,594	\$4,726	\$4,573
b. Part XII dispute	\$826	\$721	\$758	\$976	\$809
c. Common law application relating to an injury occurring prior to 14 November 2005	\$3,112	\$4,627	\$3,404	\$3,699	\$3,668
2) Average weighted cost (\$) to process a Memorandum of Agreement	\$370	\$327	\$332	\$442	\$332

For more information, see the [Additional Key Performance Indicator Information \(p.94\)](#) section.

Significant Issues Impacting the Agency

While the Western Australian workers' compensation scheme remained stable and strong in 2010/11, there were several issues which WorkCover WA responded to and managed.

There was a continuing increased workload due to staff progressing and preparing for the proposed legislative amendments arising out of the review of the *Workers' Compensation and Injury Management Act 1981*. Most of the legislative changes are due to come into place in 2011/12 and WorkCover WA has prepared for the resulting changes to policies, procedures, operations and education materials.

WorkCover WA also continued to monitor increasing costs associated with long duration claims (those involving 60 or more days or shifts off work), which is creating some upward pressure on recommended premium rates. During the financial year, the agency researched long duration claims to provide a clearer picture of the extent of these claims/costs within the scheme, their impact on the scheme and demographic factors.

There was also an increase in claim settlements outside of the dispute resolution process, which resulted in WorkCover WA increasing its focus on ensuring proper settlement procedures are followed.

Issues identified as likely to impact on WorkCover WA's management of the scheme in 2011/12 and beyond include:

- stage two of the legislative review which will include a complete redraft and rewrite of the Act to modernise and streamline legislation
- increased numbers in the workforce with a consequent increase in the number of workers covered by the scheme; statistics from the Department of Training and Workplace Development forecasted employment in Western Australia to grow by 239,000 persons between 2009/10 and 2016/17
- extra compliance monitoring required due to expansion of businesses and service providers in WA, fuelled by growth in the mining industry.

Changes in Written Law

In 2010/11, WorkCover WA made two changes to written laws administered by the agency.

Medical and allied health service fees were fixed pursuant to section 292(2) of the Act. The *Workers' Compensation and Injury Management (Scales of Fees) Amendment Regulations 2010* came into effect on 1 November 2010. The Amendment Regulations applied a 3.05 per cent increase to medical and allied health fees and introduced amendments to the physiotherapy service descriptors to facilitate effective communication between insurers and physiotherapists, including a new service item for a treatment management plan.

The *Workers' Compensation and Injury Management Amendment Regulations (No 2) 2011* came into effect on 1 October 2010. The Amendment Regulations made changes to the structure and layout of the workers' compensation claim form 2B and minor improvements to ensure relevant data is collected for the purposes of monitoring claims management timeframes.



Disclosures and Legal Compliance

Independent Audit Opinion



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

WORKCOVER WESTERN AUSTRALIA AUTHORITY

Report on the Financial Statements

I have audited the accounts and financial statements of the WorkCover Western Australia Authority.

The financial statements comprise the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Authority's Responsibility for the Financial Statements

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

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Authority, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the WorkCover Western Australia Authority at 30 June 2011 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

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4th Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664

Disclosures and Legal Compliance



WorkCover Western Australia Authority

Report on Controls

I have audited the controls exercised by the WorkCover Western Australia Authority. The Authority is responsible for ensuring that adequate control is maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Authority based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, 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.

Report on the Key Performance Indicators

I have audited the key performance indicators of the WorkCover Western Australia Authority. The Authority is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, 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 2011.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.

COLIN MURPHY
AUDITOR GENERAL
7 September 2011

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Disclosures and Legal Compliance

Certification of Financial Statements

The accompanying financial statements of WorkCover Western Australia Authority have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2011 and the financial position as at 30 June 2011.

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

Greg Joyce
Chairman
WorkCover Western Australia Authority
2 September 2011

Michelle Reynolds
Chief Executive Officer
WorkCover Western Australia Authority
2 September 2011

John Hull
Chief Finance Officer
WorkCover Western Australia Authority
2 September 2011

Disclosures and Legal Compliance

Statement of Comprehensive Income for the year ended 30 June 2011

	Note	2011 \$000	2010 \$000
INCOME			
Revenue			
Insurer contributions		18,809	18,112
Interest revenue	7	3,426	2,495
Other revenue	8	166	282
Employers' Indemnity Supplementation Fund	9	7,518	5,867
Total Revenue		29,919	26,756
Gains			
Decrease in net outstanding claims liability	10	3,146	1,897
Total Gains		3,146	1,897
Total Income		33,065	28,653
EXPENSES			
Expenses			
Employee benefits expense	12	14,407	14,151
Supplies and services	13	2,907	2,501
Depreciation expense	14	516	565
Accommodation expenses	15	436	399
Loss on disposal of non-current assets	11	3	14
Other expenses	16	1,169	1,071
Total Expenses		19,438	18,701
Profit/(Loss) before grants and subsidies from State Government		13,627	9,952
Grants and subsidies from State Government	17	138	79
Profit/(Loss) for the period		13,765	10,031
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation surplus	27	-	2,035
Total other comprehensive income for the period		-	2,035
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		13,765	12,066

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.





Disclosures and Legal Compliance

Statement of Financial Position as at 30 June 2011

	Note	2011 \$000	2010 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	18	7,450	2,621
Restricted cash and cash equivalents	19	57,265	47,614
Receivables	20	1,172	1,003
Other financial assets	21	5,398	10,796
Other current assets	22	-	23
Total Current Assets		71,285	62,057
Non-Current Assets			
Property, plant, equipment and vehicles	23	24,175	23,547
Total Non-Current Assets		24,175	23,547
Total Assets		95,460	85,604
LIABILITIES			
Current Liabilities			
Payables	25	719	1,011
Provisions	26	6,235	6,915
Total Current Liabilities		6,954	7,926
Non-Current Liabilities			
Provisions	26	26,791	29,728
Total Non-Current Liabilities		26,791	29,728
Total Liabilities		33,745	37,654
NET ASSETS		61,715	47,950
EQUITY			
Reserves	27	19,732	19,732
Retained earnings/(accumulated losses)		41,983	28,218
Total Equity		61,715	47,950

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Disclosures and Legal Compliance

Statement of Changes in Equity for the year ended 30 June 2011

	Note	Reserves \$000	Retained earnings \$000	Total equity \$000
Balance at 1 July 2009	27	17,697	18,573	36,270
Change in Prior Period ^(a)		-	(386)	(386)
Restated balance at 1 July 2009		17,697	18,187	35,884
Total comprehensive income for the year		2,035	10,031	12,066
Balance at 30 June 2010		19,732	28,218	47,950
Balance at 1 July 2010		19,732	28,218	47,950
Total comprehensive income for the year		-	13,765	13,765
Balance at 30 June 2011		19,732	41,983	61,715

^(a) Refer to Note 42

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.



Disclosures and Legal Compliance

Statement of Cash Flows for the year ended 30 June 2011

	Note	2011 \$000	2010 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Supplementation Fund receipts		7,518	5,872
Insurer contributions		18,809	18,112
Provision of services		33	28
Interest received		3,296	2,187
GST receipts on sales		86	30
GST receipts from taxation authority		378	443
Other receipts		173	326
Payments			
Workers' Compensation claim payments		(451)	(3,914)
Employee benefits		(14,314)	(13,978)
Supplies and services		(3,029)	(2,500)
Accommodation		(436)	(400)
GST payments on purchases		(526)	(385)
Other payments		(1,308)	(1,675)
Net cash provided by/(used in) operating activities	28	10,229	4,146
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of non-current physical assets	11	102	93
Proceeds from sale of investments		5,399	-
Payments			
Purchase of non-current physical assets		(1,250)	(588)
Purchase of investments		-	(1,677)
Net cash provided by/(used in) investing activities		4,251	(2,172)
Net increase/(decrease) in cash and cash equivalents		14,480	1,974
Cash and cash equivalents at the beginning of the period		50,235	48,261
Cash and cash equivalent assets at the end of period	28	64,715	50,235

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

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Notes to the Financial Statements for the year ended 30 June 2011

1. Australian Accounting Standards

General

The Authority's financial statements for the year ended 30 June 2011 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Authority has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the Authority for the annual reporting period ended 30 June 2011.

2. Summary of significant accounting policies

(a) General statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has 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.

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for land and buildings which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars ('\$000).

The judgements that have been made in the process of applying the Authority's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 4 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty





Disclosures and Legal Compliance

at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed at note 5 'Key sources of estimation uncertainty'.

(c) Reporting entity

The reporting entity comprises WorkCover Western Australia Authority.

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 and Supplementation Fund. See note 37 'Workers' Compensation and Injury Management Trust Account' for transactions relating to the Trust Account.

(d) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable.

Revenue is recognised for the major business activities as follows:

Insurer contributions and supplementation fund levies

Revenue is recognised when the amount becomes due and payable.

Provision of services

Revenue is recognised on delivery of the service to the client or by reference to the stage of completion of the transaction.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Authority obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Recoveries from uninsured employers

Revenue is recognised on receipt of the recovered monies.

Interest

Revenue is recognised as the interest accrues.

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.

The effect of an Actuarial assessed decrease in the outstanding claims liability is included in the Statement of Comprehensive Income as a Gain. Refer Provisions – Employers' Indemnity Supplementation Fund and General Fund.

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(e) Property, plant and equipment and vehicles

Capitalisation/expensing of assets

Items of property, plant and equipment and vehicles costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and vehicles costing less than \$5,000 are immediately expensed to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

All items of property, plant and equipment and vehicles are initially recognised at cost.

For items of property, plant and equipment and vehicles acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

Subsequent measurement

Subsequent to initial recognition as an asset, the Authority uses the revaluation model for the measurement of land, buildings and infrastructure and the cost model for all other property, plant and equipment. Land, buildings and infrastructure are carried at fair value less accumulated depreciation on buildings and infrastructure and accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market buying 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.

The revaluation of land and buildings is an independent valuation provided on a triennial basis. The current report as at 30 June 2010 is provided by the Western Australian Land Information Authority (Valuation Services) and recognised to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful 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.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment and infrastructure, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets as described in note 23 'Property, plant, equipment and vehicles'.

Depreciation

All non-current assets 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.





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Depreciation is calculated using the straight line method, using rates that are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	25 years
Plant and equipment	5 to 15 years
Information technology – Hardware	3 to 5 years
Motor vehicles	6 to 7 years

Land is not depreciated.

(f) Impairment of assets

Property, plant and equipment assets are tested for any indication of impairment at the end of each reporting period. 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. As the Authority is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

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 asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

(g) Leases

The Authority has not entered into any finance lease arrangements.

The Authority has not entered into any operating lease arrangements.

(h) Financial instruments

In addition to cash, the Authority has three categories of financial instrument:

- Loans and receivables;
- Longer term investments; and
- Financial liabilities measured at amortised cost.

These have been disaggregated in the following classes:

Financial Assets

- Cash and cash equivalents
- Restricted cash and cash equivalents
- Receivables
- Term deposits

Disclosures and Legal Compliance

Financial Liabilities

- Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(i) Cash and cash equivalents

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, and bank overdrafts.

(j) Accrued Salaries

Accrued salaries (refer to note 25 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Authority considers the carrying amount of accrued salaries to be equivalent to its net fair value.

(k) Receivables

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts. The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect its debts. The carrying amount is equivalent to fair value, as it is due for settlement within 30 days.

(l) Investments and other financial assets

The Authority classifies its investments into the following categories: financial assets at fair value through profit or loss, loans and receivables, longer-term investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each balance sheet date. Investments not at fair value are initially recognised at cost being the fair value of consideration given, including directly attributable transaction costs.

Loans and receivables and longer-term investments, such as commercial bills, are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in the Statement of Comprehensive Income when the investments are derecognised or impaired, as well as through the amortisation process.

The Authority assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.





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(m) Payables

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 they are generally settled within 30 days.

(n) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Provisions - employee benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual leave

The liability for annual leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Annual leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments, consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are 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.

The provision for annual leave is classified as a current liability as the Authority does not have an unconditional right to the defer settlement of the liability for at least 12 months after the reporting period.

Long service leave

The liability for long service leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Long service leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments, consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are 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.

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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 reporting period. 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.

Superannuation

The Government Employees Superannuation Board (GESB) administers public sector superannuation arrangements in Western Australia in accordance with legislative requirements.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Authority makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

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.

The GSS Scheme, the WSS Scheme, and the GESBS, where the current service superannuation charge is paid by the Authority to the GESB, are defined contribution schemes. The liabilities for current service superannuation charges under the GSS Scheme, the WSS Scheme, and the GESBS Scheme are extinguished by the concurrent payment of employer contributions to the GESB.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, from the Authority's perspective, apart from the transfer benefits, it is a defined contribution plan under AASB 119.

Provisions - Other

Employment on-costs

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 not included as part of the Authority's 'Employee benefits expense' and the related liability is included in 'Employment on-costs provision'.





Disclosures and Legal Compliance



Provisions – Employers' Indemnity Supplementation Fund and General Fund

Liability for future claims

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, 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 associated directly 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. The expected future payments are discounted to present value using a risk free rate.

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 workers' compensation claims. The effect of an Actuarial assessed decrease in the outstanding claims liability is included in the Statement of Comprehensive Income under Gains.

(o) Superannuation expense

The superannuation expense of the defined benefit plans is made up of the following elements:

- Current service cost;
- Interest cost (unwinding of the discount);
- Actuarial gains and losses; and
- Past service cost.

Actuarial gains and losses of the defined benefit plans are recognised immediately as income or expense in the Statement of Comprehensive Income.

The superannuation expense of the defined contribution plans is recognised as and when the contributions fall due.

(p) Comparative figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

(q) Resources received free of charge or for nominal cost

Resources received free of charge or for nominal cost, that can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

Where assets or services are received from another State Government agency, these are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(r) Provision for uninsured claims pursuant to Section 174

Provision is made to meet payments required under Section 174 of the *Workers' Compensation and Injury Management Act 1981* where the Dispute Resolution Directorate has made an order and the worker has not received the compensation due from the General Fund at the end of the reporting period.

Disclosures and Legal Compliance

3. Segment information

In accordance with AASB 8 and TI 1101, the Authority has provided summary information at note 43 for each of the Authority's services and the two funds.

4. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Authority evaluates these judgements regularly.

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial report include:

- i. The Authority uses the services of an actuary for the purpose of determining the liability for workers' compensation claims for asbestos and non-asbestos claims for the General and Supplementation Funds.
- ii. The Authority has adopted a policy of obtaining actuarial assessment of employee entitlements.

5. Key sources of estimation uncertainty

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.

Long Service Leave

Several estimations and assumptions used in calculating the Authority's long service leave provision 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.

Defined benefit superannuation plans

In determining the Authority's ultimate cost of its defined superannuation plans, actuarial assumptions are required to be made. The principal actuarial assumptions used are disclosed in note 26 'Provisions'.

Assessment of supplementation fund and general fund future claims liability

The Authority's risk in relation to outstanding claims liability arising from future claims liability in respect to the Supplementation Fund and General Fund has been determined by actuarial assessment. The principal actuarial assumptions used are disclosed in note 26 'Provisions'.

6. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

There were no changes in the Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2010 that impacted on the Authority.

Future Impact of Australian Accounting Standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. Consequently, the Authority has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Authority. Where applicable, the Authority plans to apply these Australian Accounting Standards from their application date.



Disclosures and Legal Compliance



Title	Operative for reporting periods beginning on/after	
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]. The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Authority does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.	1 January 2013	
AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]. This Standard introduces a number of terminology changes. There is no financial impact on the Authority resulting from the application of this revised Standard.	1 January 2011	
AASB 1053 Application of Tiers of Australian Accounting Standards This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. The Standard does not have any financial impact on the Authority. However, it may affect disclosures in the financial statements of the Authority if the reduced disclosure requirements apply. Department of Treasury and Finance (DTF) has not yet determined the application or the potential impact of the new Standard for agencies.	1 July 2013	
AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities. The Standard is not expected to have any financial impact on the Authority. However, this Standard may reduce some note disclosures in financial statements of the Authority. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.	1 July 2013	
AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (October 2010) This Standard introduces a number of terminology changes as well as minor presentation changes to the notes to the Financial Statements. There is no financial impact on the Authority resulting from the application of this revised Standard.	1 January 2011	
AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets. The Standard is not expected to have any financial impact on the Authority. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.	1 July 2011	
AASB 9 Financial Instruments This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments. The Standard was reissued on 6 December 2010 and the Authority is currently determining the impact of the Standard. DTF has not yet determined the application or the potential impact of the Standard for agencies.	1 January 2013	
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] This Amending Standard makes consequential adjustments to other Standards as a result of issuing AASB 9 Financial Instruments in December 2010. DTF has not yet determined the application or the potential impact of the Standard for agencies.	1 January 2013	



Disclosures and Legal Compliance

Title	Operative for reporting periods beginning on/after
AASB 1054 Australian Additional Disclosures This Standard, in conjunction with AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.	1 July 2011
AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Interpretations 2, 112 & 113] This Amending Standard, in conjunction with AASB 1054 Australian Additional Disclosures, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.	1 July 2011

Disclosures and Legal Compliance

	2011 \$000	2010 \$000
7. Interest revenue		
General Account	690	603
Employers' Indemnity Supplementation Account (see note 29)	2,736	1,892
	3,426	2,495
8. Other revenue		
General Account		
Recoveries from uninsured employers	18	170
Other	148	112
	166	282
9. Employers' Indemnity Supplementation Fund		
Surcharge ⁽ⁱ⁾	373	633
Recovery ⁽ⁱⁱ⁾	7,145	5,234
	7,518	5,867
⁽ⁱ⁾ Represents funds collected from the Supplementation Fund Levy.		
⁽ⁱⁱ⁾ Dividends received from the liquidation of HIH, CIC and FAI Insurance.		
10. Decrease in net outstanding claims liability		
Workers' compensation claims – Employers' Indemnity Supplementation Fund (see note 26 and 29)	2,561	1,788
Uninsured claims – General Fund (see note 26)	585	109
Total Decrease in net outstanding claims liability	3,146	1,897
11. Net gain/(loss) on disposal of non-current assets		
<u>Proceeds from Disposal of Non-Current Assets</u>		
Equipment	-	-
Vehicles	102	93
	102	93
<u>Costs of Disposal of Non-Current Assets</u>		
Equipment	(3)	(13)
Vehicles	(102)	(94)
	(105)	(107)
Net gain/(loss)	(3)	(14)



Disclosures and Legal Compliance



	2011 \$000	2010 \$000	2011 \$000	2010 \$000
12. Employee benefits expense				
Wages and salaries ^(a)	12,652	12,713		
Superannuation – defined contribution plans ^(b)	1,163	1,075		
Superannuation – defined benefit plans (see note 26 'Provisions')	592	363		
	<u>14,407</u>	<u>14,151</u>		
^(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.				
^(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).				
Employment on-costs such as workers' compensation insurance are included at note 16 'Other expenses' .				
The employment on-costs liability is included at note 26 'Provisions' .				
13. Supplies and services				
Communications	148	152		
Consultants and contractors	1,482	1,278		
Consumables	944	664		
Insurance	97	78		
Training	107	147		
Travel	47	71		
Other	82	111		
	<u>2,907</u>	<u>2,501</u>		
14. Depreciation expense				
Buildings	346	464		
Plant, equipment and vehicles	170	101		
	<u>516</u>	<u>565</u>		
15. Accommodation expenses				
Outgoings	193	182		
Repairs and maintenance	211	189		
Other	32	28		
	<u>436</u>	<u>399</u>		
16. Other expenses				
<u>General Account</u>				
Joint initiative with WorkSafe			250	250
Employment on-costs ^(a)			731	701
Seminars			13	19
Doubtful debts expense			49	-
Sitting fees			90	86
Write-off storm damaged vehicle			22	-
<u>Employers' Indemnity Supplementation Fund (see note 29)</u>				
Administration fee paid to Insurance Commission of WA			14	15
			<u>1,169</u>	<u>1,071</u>
^(a) Includes worker's compensation insurance, payroll tax and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 26 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.				
17. Grants and subsidies from State Government				
Revenue received during the reporting period:				
Resources received free of charge from the State Solicitors Office			138	79
			<u>138</u>	<u>79</u>
18. Cash and cash equivalents				
Bank account			1,557	611
Cash on hand			1	1
Term deposits ^(a)			5,892	2,009
			<u>7,450</u>	<u>2,621</u>
^(a) Term deposits are held in order to fund payments as they become due and payable. The term deposits range from 30 days to 3 months.				
19. Restricted cash and cash equivalents				
<u>Employers' Indemnity Supplementation Fund (See note 29)</u>				
Cash balance at Treasury			57,264	47,596
<u>Commonwealth Funding – Christmas and Cocos Keeling Islands</u>				
The Commonwealth Government provides funding in accordance with the Service Delivery Arrangement. Under the arrangement the Authority provides a range of workers' compensation related services.				
Unspent funds for Christmas and Cocos Keeling Islands			1	18
			<u>57,265</u>	<u>47,614</u>



Disclosures and Legal Compliance



	2011 \$000	2010 \$000
20. Receivables		
<u>Current</u>		
<u>General Account</u>		
Receivables	171	158
Allowance for impairment of receivables	(73)	(23)
Fines and penalties	78	57
Accrued revenue – Trust Fund	2	2
Accrued interest	171	206
GST receivable	79	24
	428	424
<u>Employers' Indemnity Supplementation Fund (see note 29)</u>		
Accrued interest	721	557
GST receivable	23	22
	744	579
Total current receivables	1,172	1,003
<u>Non-current</u>		
<u>General Account</u>		
Receivables	418	418
Allowance for impairment of receivables	(418)	(418)
Total non-current receivables	-	-
	1,172	1,003
Reconciliation of changes in allowance for impairment of receivables		
Balance at start of year	23	59
Doubtful debts expense recognised in the income statement	50	-
Amounts written off against the allowance account during the year	-	(36)
Amount recovered during the year	-	-
Balance at end of year	73	23

The Authority does not hold any collateral as security or other credit enhancements relating to receivables.

Disclosures and Legal Compliance

	2011 \$000	2010 \$000
21. Other financial assets		
<u>Current</u>		
At Cost:		
Term deposits ^(a)	5,398	10,796
	5,398	10,796
^(a) The term deposits range from 90 days to 365 days.		
22. Other current assets		
<u>Employers' Indemnity Supplementation Fund (see note 29)</u>		
Sundry debtors	-	23
	-	23
23. Property, plant, equipment and vehicles		
<u>Land</u>		
At fair value ^(a)	15,384	15,384
	15,384	15,384
<u>Buildings</u>		
At fair value ^(a)	7,617	7,617
Accumulated depreciation	(346)	-
	7,271	7,617
<u>Plant, equipment & vehicles</u>		
At cost	1,053	982
Accumulated depreciation	(423)	(445)
	630	537
<u>Work in Progress</u>		
At cost	890	9
	890	9
	24,175	23,547

^(a) Land and buildings were re-valued as at 30 June 2010 by the Western Australian Land Information Authority. The valuations were performed on 24 June 2010 and recognised at 30 June 2010. The fair value of all land and buildings have been determined by reference to recent market transactions.



Disclosures and Legal Compliance

Reconciliations

Reconciliations of carrying amounts of property, plant, equipment and vehicles at the beginning and end of the reporting period are set out in the table below.

	Land	Buildings	Work in Progress	Plant, equipment & vehicles	Total
	\$000	\$000	\$000	\$000	\$000
2011					
Carrying amount at start of year	15,384	7,616	9	538	23,547
Additions	-	-	899	392	1,291
Transfers	-	-	(18)	-	(18)
Disposals	-	-	-	(129)	(129)
Revaluation Increments / (Decrements)	-	-	-	-	-
Depreciation	-	(345)	-	(171)	(516)
Carrying amount at end of year	15,384	7,271	890	630	24,175

	Land	Buildings	Buildings under construction	Plant, equipment & vehicles	Total
	\$000	\$000	\$000	\$000	\$000
2010					
Carrying amount at start of year	13,986	7,040	25	545	21,596
Additions	-	-	387	201	588
Transfers	-	403	(403)	-	-
Disposals	-	-	-	(107)	(107)
Revaluation Increments / (Decrements)	1,398	637	-	-	2,035
Depreciation	-	(464)	-	(101)	(565)
Carrying amount at end of year	15,384	7,616	9	538	23,547

24. Impairment of assets

There were no indications of impairment to property, plant and equipment as at 30 June 2011.

The Authority held no goodwill or intangible assets with an indefinite useful life during the reporting period and at end of year there were no intangible assets not yet available for use.

All surplus assets at 30 June 2011 have been written-off.

Disclosures and Legal Compliance

25. Payables

	2011 \$000	2010 \$000
Current		
<u>General Account</u>		
Trade payables	-	36
Accrued expenses	224	422
Accrued salaries	358	419
GST payable	-	-
Other payables	107	109
<u>Employers' Indemnity Supplementation Fund (see note 29)</u>		
Claim payments	30	24
GST payable	-	-
Other creditors	-	1
	719	1,011

26. Provisions

	2011 \$000	2010 \$000
Current		
<u>General Account</u>		
<i>Employee benefits provision</i>		
Annual leave ^(a)	793	1,074
Long service leave ^(b)	1,802	1,658
Superannuation ^(d)	683	400
	3,278	3,132
<i>Uninsured Workers</i>		
	754	1,131
	754	1,131
<i>Other provisions</i>		
Employment on-costs ^(c)	157	159
	157	159
<u>Employers' Indemnity Supplementation Fund (see note 29)</u>		
Liability for estimated future claim payments	2,046	2,493
	2,046	2,493
Total current provisions	6,235	6,915



Disclosures and Legal Compliance

	2011 \$000	2010 \$000
Non-current		
<i>General Account</i>		
<i>Employee benefits provision</i>		
Long service leave ^(b)	799	704
Superannuation ^(d)	4,183	4,277
	4,982	4,981
<i>Uninsured Workers</i>		
	2,935	3,332
	2,935	3,332
<i>Other provisions</i>		
Employment on-costs ^(c)	48	42
	48	42
Employers' Indemnity Supplementation Fund (see note 29)		
	18,826	21,374
Liability for estimated future claim payments	18,826	21,374
Total non-current provisions	26,791	29,729

^(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months after the reporting period	677	699
More than 12 months after the reporting period	116	375
	793	1,074

^(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months after the reporting period	1,013	1,403
More than 12 months after the reporting period	1,588	959
	2,601	2,362

^(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 16 'Other expenses'.

Disclosures and Legal Compliance

^(d) Defined benefit superannuation plans

The amounts recognised in the Statement of Comprehensive Income are as follows:

	Pension scheme		Pre-transfer benefit Gold State Supernannuation scheme	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Current service cost	30	33	-	-
Interest cost (unwinding of the discount)	192	180	55	40
Net actuarial losses/(gains) recognised	253	93	32	22
Total, included in 'Employee benefits expense' (see note 12)	475	306	87	62

The amounts recognised in the Statement of Financial Position are as follows:

Present value of unfunded obligations	3,876	3,580	989	1,097
Liability in the statement of financial position	3,876	3,580	989	1,097

Reconciliation of the unfunded liability recognised in the Statement of Financial Position is as follows:

Liability at start of year	3,580	3,358	1,097	731
Restatement at 1 July 2010		83		304
Current service cost	30	33	-	-
Interest cost (unwinding of the discount)	192	180	55	40
Net actuarial losses/(gains) recognised	253	93	32	22
Benefits paid	(179)	(167)	(195)	-
Liability at end of year	3,876	3,580	989	1,097

Reconciliation of the fair value of plan assets is as follows:

	Pension scheme		Pre-transfer benefit Gold State Supernannuation scheme	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Fair value of plan assets at start of year	-	-	-	-
Employer Contributions	178	167	-	-
Benefits Paid	(178)	(167)	-	-
Fair Value of plan asset at end of year	-	-	-	-



Disclosures and Legal Compliance

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

	2011	2010	2009	2008
Discount rate	5.20%	5.50%	5.50%	6.50%
Future salary increases	4.50%	4.50%	4.50%	4.50%
Future pension increases	3.00%	3.00%	3.00%	3.00%
	2011	2010	2009	2008
	\$000	\$000	\$000	\$000
Historic summary				
Pension scheme:				
Present value of unfunded obligation	3,876	3,580	3,358	2,944
Fair value of plan assets	-	-	-	-
Surplus / (Deficit)	3,876	3,580	3,358	2,944
Pre-transfer benefit – Gold State Superannuation Scheme:				
Present value of unfunded obligation	989	1,097	731	873
Fair value of plan assets	-	-	-	-
Surplus / (Deficit)	989	1,097	731	873
Experience adjustments arising on plan liabilities:				
Pension Scheme	111	92	(33)	(68)
Pre-transfer benefit – Gold State Superannuation Scheme	20	22	11	31

Employer funding arrangements for the defined benefit plans

Employer contributions of \$168k are expected to be paid to the Pension Scheme for the subsequent annual reporting period.

Employer contributions of \$377k are expected to be paid to the Gold State Superannuation Scheme for the subsequent annual reporting period.

Movements in other provisions

Movements in each class of provisions during the reporting period, other than employee benefits, are set out below.

	2011	2010
	\$000	\$000
Employers' Indemnity Supplementation Fund		
Liability for estimated future claim payments		
Carrying amount at start of year	23,866	29,419
Additional increase/(decrease) in provisions recognised	(3,683)	(2,716)
Unwinding of the discount	1,122	928
Payments/other sacrifices of economic benefits	(434)	(3,765)
Carrying amount at end of year	20,871	23,866

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2011 2010

\$000 \$000

<u>Uninsured claims</u>		
Carrying amount at the start of year	4,463	4,984
Additional increase/(decrease) in provisions recognised	(559)	(268)
Unwinding of the discount	191	159
Payments/other sacrifices of economic benefits	(406)	(412)
Carrying amount at the end of year	3,689	4,463

<u>Employment on-costs provision</u>		
Carrying amount at start of year	201	160
Additional provisions recognised	92	103
Unwinding of the discount	10	7
Payments/other sacrifices of economic benefits	(98)	(69)
Carrying amount at end of year	205	201

27. Equity

Equity represents the residual interest in the net assets of the Authority. The Government holds the equity interest in the Authority on behalf of the community. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

Reserves

Asset revaluation surplus:		
Balance at start of year	19,732	17,697
Net revaluation increments/(decrements):	-	-
Land	-	1,398
Buildings	-	637
Balance at end of year	19,732	19,732

Retained earnings/(accumulated losses)

Balance at start of year	28,218	18,187
Result for the period	13,765	10,031
Balance at end of year	41,983	28,218

Total Equity

61,715	47,950
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Disclosures and Legal Compliance

28. Notes to the Statement of Cash Flows

Reconciliation of cash

Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2011 \$000	2010 \$000
Cash	7,450	2,621
Cash equivalents and restricted cash	57,265	47,614
	<u>64,715</u>	<u>50,235</u>

Reconciliation of profit/loss to net cash flows provided by/(used in) operating activities

Profit/(loss)	13,765	10,031
<u>Non-cash items:</u>		
Depreciation and amortisation expense	516	565
Net (gain)/loss on sale of property, plant and equipment	3	14
<u>(Increase)/decrease in assets:</u>		
Current receivables	45	112
Other current assets	(130)	(308)
<u>Increase/(decrease) in liabilities:</u>		
Current payables	(292)	(1,104)
Current provisions	(446)	1,028
Non-current provisions	(3,171)	(6,279)
Net GST receipts/(payments) ^(a)	(94)	175
Change in GST receivables/(payables) ^(b)	33	(88)
Net cash provided by/(used in) operating activities	<u>10,229</u>	<u>4,146</u>

^(a) This is the net GST paid/received, ie. cash transactions.

^(b) This reverses out the GST in receivables and payables.



Disclosures and Legal Compliance

29. 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 most recent insurer collapse was HIH Insurance, which was officially placed into provisional liquidation on 15 March 2001. All claims up to and including that date are required to be paid from the EISF.

The Authority's claim costs for the EISF (including HIH Insurance) are actuarially assessed each financial year and the values disclosed in the financial statements. The actuarial estimates are based on inflated and discounted values including a 75% prudential margin. The liability for outstanding claims is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date under general insurance contracts issued by the company, with an additional risk margin to allow for the inherent uncertainty in the central estimate.

The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER) and anticipated claims handling costs.

Claims handling costs include costs that can be directly associated with individual claims such as legal and other professional fees, and costs that can only be indirectly associated with individual claims such as claims administration costs.

EISF Act Liabilities

The outstanding liabilities for claims in run-off (including clients of the HIH Insurance Group) are assessed by an independent actuary using models applicable to the nature of the incident by which the liability under the fund has been incurred. Claims under the EISF Act are assessed under the categories of Asbestos-Related Claims (which includes incidents of mesothelioma, lung cancer and other diseases of the respiratory system) and Non Asbestos-Related Claims.

Workers' Compensation – Asbestos-Related Claims

Asbestos-Related Claims are assessed using actuarial models, based on those developed by Professor Geoffrey Berry, utilising Insurance Commission General Fund (ICGF) data. The models predict the total number of claims likely to emerge over time and also determine likely average cost per claim.⁽¹⁾

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.



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Actuarial Assumptions

The following tables provide key actuarial assumptions made in determining the outstanding claims liabilities:

EISF Act: Asbestos-Related Claims	2011	2010
Inflation Rate	5.0% for 2011 and later	4.25% for 2011 and later
Discount Rate	4.8% for 2012, 4.9% for 2013, 5.0% for 2014, 5.2% for 2015, 5.5% for 2016, 5.7% for 2017, 5.8% for 2018-19, 5.7% for 2020-21 Onwards	4.5% for 2011, 4.7% for 2012, 5.0% for 2013, 5.3% for 2014, 5.5% for 2015, 5.6% for 2016, 5.7% for 2017-18, 5.8% for 2019-20 Onwards
Claims Management Expenses	10.5% for claim payments	10.5% for claim payments
Superimposed Inflation	2%	2%
Risk Margin	Risk margin at the 75% sufficiency level	Risk margin at the 75% sufficiency level

EISF Act: Non Asbestos-Related Claims	2011	2010
Inflation Rate	5.0% for 2011 and later	4.25% for 2011 and later
Discount Rate	4.76% for 2012, 4.8% for 2013, 4.9% for 2014, 5.03% for 2015, 5.22% for 2016, 5.47% for 2017, 5.73% for 2018, 5.84% for 2019, 5.78% for 2020, 5.73% for 2021 Onwards	4.5% for 2011-12, 4.7% for 2013, 5% for 2014, 5.3% for 2015, 5.5% for 2016, 5.6% for 2017, 5.7% for 2018-19 Onwards
Claims Management Expenses	10.5% of claim payments	10.5% of claim payments
Superimposed Inflation	4.00%	4.00%
Risk Margin	Risk margin at the 75% sufficiency level	Risk margin at the 75% sufficiency level

⁽¹⁾ "Prediction of mesothelioma, lung cancer, and asbestosis in former Wittenoom asbestos workers", British Journal of Industrial Medicine; 48 793-802

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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	26,957
2008	27,487
2009	29,419
2010	23,866
2011	20,872

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 claims. 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 2011 was assessed at \$20.872 million and a provision for this amount has been included in the financial statements (see note 26).

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 25 June 2008 the surcharge was discontinued. The revenue collected previously from the surcharge will be used to pay this liability.



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30. Commitments

	2011 \$000	2010 \$000
Capital expenditure commitments		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	39	705
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	39	705
The capital commitments include amounts for :		
Electronic Data Management System (Scoping Only)	-	75
IT Infrastructure Upgrade	-	390
Car Park Upgrade	-	240
	-	705

31. Contingent liabilities and contingent assets

Contingent Liabilities

There were no contingent liabilities in existence at 30 June 2011 and up to the date of this report.

Contingent Assets

There were no contingent assets in existence at 30 June 2011 and up to the date of this report.

32. Events occurring after the end of the reporting period

On 18 August 2011, State Parliament passed the *Workers' Compensation and Injury Management Amendment Bill 2011*. The amendments remove age-based limits on workers' compensation entitlements and extend the workers' compensation safety net to enable workers employed by uninsured employers to receive common law entitlements, under certain circumstances. Planning is underway for most of the amendments to come into effect on 1 October 2011. However, at this stage the potential impact on the Uninsured Claims provisions is uncertain.

33. Explanatory statement

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled 'Statement of Comprehensive Income' are shown below:

Significant variations are considered to be those greater than 10% and \$200,000.

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Significant variances between estimate and actual results for the financial year

	2011 Actual \$000	2011 Estimate \$000	Variation \$000
Income			
Interest Revenue	3,428	2,583	845
Employers' Indemnity Supplementation Fund	7,541	-	7,541
Expenses			
Employee Benefits Expenses	14,407	14,107	(300)
Supplies and Services	2,907	2,572	(335)
Workers' Compensation Claims	-	1,265	1,265
General Fund Claims	-	519	519

Interest Revenue

The increase in interest revenue is due to higher than expected investment balances, primarily due to a combination of larger recoveries received from HIH Insurance Liquidators and a lag in capital expenditure.

Employers' Indemnity Supplementation Fund

The increase largely reflects higher than expected Liquidator's dividends received for insurers, and levies received from insurers regarding prior year policy adjustments.

Employee Benefits Expenses

The increase primarily relates to higher than expected actuarially assessed superannuation liability undertaken at 30 June 2011.

Supplies and Services

Actual expenditure included a component of capital projects that did not meet the criteria for an asset and were subsequently expensed.

Workers' Compensation Claims

There was an unexpected decrease in the actuarial assessment relating to claims liability resulting in a corresponding gain.

General Fund Claims

There was an unexpected decrease in the actuarial assessment relating to claims liability resulting in a corresponding gain.



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Significant variances between actual results for prior and actual year

	2011 \$000	2010 \$000	Variance \$000
Income			
General Fund Contributions	18,809	18,112	697
Interest Revenue	3,426	2,495	931
Employers' Indemnity Supplementation Fund	7,518	5,867	1,651
Expenses			
Employee Benefits Expense	14,407	14,151	(256)
Supplies and Services	2,907	2,501	(406)

General Fund Contributions

The contributions received from insurers and self-insurers increased in line with WorkCover WA's increase in operating budget.

Interest Revenue

The increase in interest revenue is due to higher than expected investment balances, primarily due to a combination of larger recoveries received from HIH Insurance Liquidators and a lag in capital expenditure.

Employers' Indemnity Supplementation Fund

The increase largely reflects higher than expected Liquidator's dividends received for insurers, and levies received from insurers regarding prior year policy adjustments.

Employee Benefits Expenses

The increase primarily relates to higher than expected actuarially assessed superannuation liability undertaken at 30 June 2011.

Supplies and Services

Actual expenditure included a component of capital projects that did not meet the criteria for an asset and were subsequently expensed.

34. Financial instruments

(a) Financial risk management objectives and policies

Financial instruments held by the Authority are cash and cash equivalents, term deposits and receivables and payables. The Authority has limited exposure to financial risks. The Authority's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the Authority's receivables defaulting on their contractual obligations resulting in financial loss to the Authority. The maximum exposure to credit risk at end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment as shown in the

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table at note 34(c) 'Financial instruments disclosures' and note 20 'Receivables'.

The Authority has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Authority's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due. The Authority is exposed to liquidity risk through its trading in the normal course of business. The Authority has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Authority's income or the value of its holdings of financial instruments. The Authority does not trade in foreign currency and is not materially exposed to other price risks (for example, equity securities or commodity prices changes). Other than as detailed in the interest rate sensitivity analysis table at note 34(c), the Authority is not exposed to interest rate risk because apart from minor amounts of restricted cash, all other cash and cash equivalents and restricted cash are non-interest bearing and have no borrowings.

(b) Categories of financial instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2011 \$000	2010 \$000
Financial Assets		
Cash and cash equivalents	7,450	2,621
Restricted cash	57,265	47,614
Receivables ⁽ⁱ⁾	1,070	957
Other financial assets	5,398	10,796
Other current assets	-	23
Financial Liabilities		
Payables	719	1,011

⁽ⁱ⁾ The amount of receivables excludes GST recoverable from the ATO (statutory receivable).



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(c) Financial instrument disclosures

a) Credit risk and interest rate exposures

The following table discloses the Authority's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Authority's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Authority.

The Authority does not hold any collateral as security or other credit enhancement relating to the financial assets it holds.

The Authority does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Interest rate exposure and ageing analysis of financial assets ⁽¹⁾												
2011	%	Interest Rate Exposure					Past Due But Not Impaired					Impaired Financial Assets
		Weighted Average Effective Interest Rate	"Carrying Amount"	Variable Interest Rate	Fixed Interest Rate	Non Interest Bearing	Up To 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	More than 1 Year	
Financial Assets												
Cash and cash equivalents	5.48	7,450	1,558	5,892	-	-	-	-	-	-	-	-
Restricted Cash	5.03	57,265	57,265	-	-	-	-	-	-	-	-	-
Receivables ^(a)	-	1,070	-	-	1,070	932	48	74	5	11	-	-
Other financial assets	6.18	5,398	-	5,398	-	-	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-	-	-	-	-	-	-
		71,183	58,823	11,290	1,070	932	48	74	5	11	-	-
2010												
Financial Assets												
Cash and cash equivalents	5.08	2,621	612	2,009	-	-	-	-	-	-	-	-
Restricted Cash	3.99	47,614	47,614	-	-	-	-	-	-	-	-	-
Receivables ^(a)	-	957	-	-	957	151	699	98	9	-	-	-
Other financial assets	6.03	10,796	-	10,796	-	-	-	-	-	-	-	-
Other current assets	-	23	-	-	23	-	-	-	-	-	-	-
		62,011	48,226	12,805	980	151	699	98	9	-	-	-

^(a) The amount of Receivables excludes GST recoverable from the ATO.

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b) Liquidity Risk

The following table details the contractual maturity analysis for financial liabilities.

Interest rate exposure and maturity analysis of financial liabilities ⁽¹⁾														
2011	%	Interest Rate Exposure					Maturity Date							
		Weighted Average Effective Interest Rate	"Carrying Amount"	Variable Interest Rate	Fixed Interest Rate	Non Interest Bearing	Up To 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	More than 1 Year	\$000	\$000	\$000
Financial Liabilities														
Payables	-	-	719	-	-	-	719	719	-	-	-	-	-	-
			719	-	-	-	719	719	-	-	-	-	-	-
2010														
Financial Liabilities														
Payables	-	-	1,011	-	-	-	1,011	1,011	-	-	-	-	-	-
			1,011	-	-	-	1,011	1,011	-	-	-	-	-	-

⁽¹⁾ The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

c) Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Authority's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

2011	Carrying amount (\$000's)	-1% change		+1% change	
		Profit (\$000's)	Equity (\$000's)	Profit (\$000's)	Equity (\$000's)
Financial Assets					
Cash and cash equivalents	1,558	(15)	(15)	15	15
Other financial assets	57,265	(572)	(572)	572	572
Total Increase/(Decrease)		(587)	(587)	587	587



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2010	Carrying amount (\$000's)	-1% change		+1% change	
		Profit (\$000's)	Equity (\$000's)	Profit (\$000's)	Equity (\$000's)
Financial Assets					
Cash and cash equivalents	612	(6)	(6)	6	6
Other financial assets	47,614	(476)	(476)	476	476
Total Increase/(Decrease)		(482)	(482)	482	482

d) Fair value

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

35. Remuneration of members of the accountable authority and senior officers

Remuneration of members of the accountable authority

The number of members of the accountable authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

\$	2011	2010
	\$000	\$000
0 - 10,000	3	1
10,001 - 20,000	3	4
20,001 - 30,000	1	1
The total remuneration of members of the accountable authority	78	88

The total remuneration includes the superannuation expense incurred by the Authority in respect of members of the accountable authority.

No members of the accountable authority are members of the Pension Scheme.

Remuneration of senior officers

The number of senior officers, other than senior officers reported as members of the accountable authority, whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

\$	2011	2010
	\$000	\$000
10,001 - 20,000	-	1
20,001 - 30,000	-	1
30,001 - 40,000	-	-
80,001 - 90,000	-	1
90,001 - 100,000	-	1
100,001 - 110,000	-	2
120,001 - 130,000	-	1
140,001 - 150,000	1	3
150,001 - 160,000	-	-
160,001 - 170,000	4	-
180,001 - 190,000	-	1
200,001 - 210,000	1	-
The total remuneration of senior officers	1,020	1,170

The superannuation included here represents the superannuation expense incurred by the Authority in respect of senior officers other than senior officers reported as members of the accountable authority.

No senior officers are members of the Pension Scheme.

36. Remuneration of auditor

Remuneration payable to the Auditor General for the reporting period is as follows:

	2011 \$000	2010 \$000
Auditing the accounts, financial statements and performance indicators	72	76
	72	76



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37. Workers' Compensation and Injury Management Trust Account

The purpose of the Trust Fund is to hold funds paid into the custody of the Authority pursuant to Section 110 of the *Workers' Compensation and Injury Management Act 1981*. These funds are not consolidated as they are funds that are administered on behalf of dependants of deceased workers.

	2011 \$000	2010 \$000
Income		
Amounts paid to the custody of the Authority	252	334
Interest on Investments	50	31
	302	365
Expenditure		
Payments by the Authority	307	254
Administration Fee	13	8
	320	262
Surplus/(Deficit)		
Balance 1 July	(18)	103
Balance 30 June	801	819
Balance of funds held represents:		
Cash and cash equivalents	801	816
Add Accrued interest	-	3
Less Accrued expenses	-	-
	801	819

38. Supplementary financial information

Potential Claims Recoveries Written Off

In relation to the General Fund, 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 Income Statement. The General Fund debt write-offs outlined below for the 2010 financial year are net of recoveries received from employers.

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In accordance with Section 48(2) of the *Financial Management Act 2006*, potential recoveries were written off from the following fund:

	2011 \$000	2010 \$000
Write-Offs		
Debts written off by the Authority during the financial year	38	598
Uninsured claims	-	36
General account	38	634
Amounts Written Off by the Board	38	195
Amounts Written Off by the Minister	-	439
	38	634
Number of Individual Recovery Write-offs with Values Between:		
\$0-\$100,000	6	
Losses Through Theft, Defaults and Other Causes		
Losses of public money and public and other property through theft, default and other causes	30	-
Amount recovered	(44)	-
	(14)	-
Gifts of Public Property		
Gifts of public property provided to the Authority	-	-
	-	-

39. Related bodies

The Authority does not have related bodies.



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40. Affiliated bodies

The Authority does not have affiliated bodies.

41. Indian Ocean Territories

The Commonwealth Government has a Service Delivery Arrangement with the Authority for the provision of services to Christmas Island and Cocos Keeling Islands.

	2011 \$000	2010 \$000
Opening balance	18	25
Funding received from the Commonwealth	-	7
Revenue received from insurers	1	9
	19	41
Payments by Program		
Community Awareness Program	3	13
Statistical Database	3	5
Scheme Development	2	-
Dispute Resolution	-	1
Compliance	3	2
Support	7	2
Total Payments	18	23
Balance carried forward	1	18

42. Prior Period Adjustment

A review of the annual actuarial assessment of superannuation liabilities has identified a prior period error in relation to the liability to be recognised.

Previous actuarial assessments have disclosed that WorkCover WA's superannuation liability was partially offset by a liability covered by Treasury. This liability related to pre-transfer benefits for Gold State lump sum and Pension contributors for whom an unfunded liability existed as at 31 December 1992.

Further investigations with Treasury have not been able to confirm the existence of an arrangement between WorkCover WA and Treasury regarding the transfer or reimbursement of this liability. This view is also supported by Treasurer's Instruction 521 which states that "Liable Statutory Authorities" will meet their cost of pre-transfer benefits for Gold State lump sum and Pension contributors from 1 July 2004.

The correction has resulted in a restatement of the prior year comparative liabilities by \$386,000 for the year ended 30 June 2010 and reflected through Retained Earnings.

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43. Schedule of income and expenses by service

	GENERAL ACCOUNT								EMPLOYERS' INDEMNITY SUPPLEMENTATION FUND			
	Market Regulation (i)		Resolution of Disputes		Not Attributed		Total		Total		Total	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Revenues from ordinary activities	9,844	9,842	8,311	8,250	2,096	1,390	20,251	19,482	12,814	9,171	33,065	28,653
Expenses from ordinary activities	9,792	9,229	8,267	8,442	1,365	1,015	19,424	18,686	14	15	19,438	18,701
Grants and subsidies from Government	-	-	-	-	138	79	138	79			138	79
Net Profit/(loss)	52	613	44	(192)	869	454	965	875	12,800	9,156	13,765	10,031



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Additional Key Performance Indicator Information

Certification of KPIs

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess WorkCover WA's performance, and fairly represent the performance of WorkCover WA for the financial year ended 30 June 2011.

Greg Joyce
Board Member
WorkCover Western Australia Authority
2 September 2011

Michelle Reynolds
Chief Executive Officer
WorkCover Western Australia Authority
2 September 2011

Detailed Information in Support of Key Performance Indicators

WorkCover WA contributes to government goals by delivering services aimed at minimising the social and economic impact of work-related injury and disease on workers and the Western Australian community.

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

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

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

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Key Performance Indicators of Effectiveness

Indicator 1.1 Number of non-compliance events identified as a result of a claim on the General Account

	2008/09	2009/10	2010/11	2010/11 Target
Number of non-compliance events identified as a result of a claim on the General Account	7	5	8	6

Description

KPI 1.1 shows the number of non-compliance events identified as a result of a claim on the General Account, measuring the impact of employers who fail to maintain workers' compensation insurance policies.

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*". Given the long tail for claims relating to workplace incidents involving asbestos and industrial disease, these are excluded from the definition of an 'event'. For example, the three main diseases associated with the inhalation of asbestos fibres (ie. asbestosis, mesothelioma and asbestos-related lung cancer) generally take many years, if not decades, to develop after a worker has been exposed to asbestos. The inclusion of uninsured employers for these types of work-related disease as an event would not reflect the current level of uninsured employers.

The performance target was established by considering the ratio of the total number of uninsured claims against insured claims for each of the previous four years. The adopted figure is two uninsured claims payments per 10,000 insured claims. The total number of insured claims for 2010/11 is estimated to be approximately 40,000, a performance target of eight events.

Analysis

During 2010/11 there were six new claims on the General Account, two fewer than the 2010/11 target. This achievement reflects WorkCover WA's continued focus on information, education and compliance activities, ensuring employers comply with their workers' compensation insurance obligations. Notwithstanding these activities, some employers will avoid the legal requirement to take out workers' compensation insurance and, consequently, claims may be made on WorkCover WA's General Account. These non-compliance events are followed up through investigation and potential prosecution action.





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Indicator 1.2 Percentage of lost-time injuries with an appropriate injury management response

	2007/08	2008/09	2009/10	2010/11	Target
Percentage of lost-time injuries with an appropriate injury management response	98%	100%	100%	100%	100%

Description

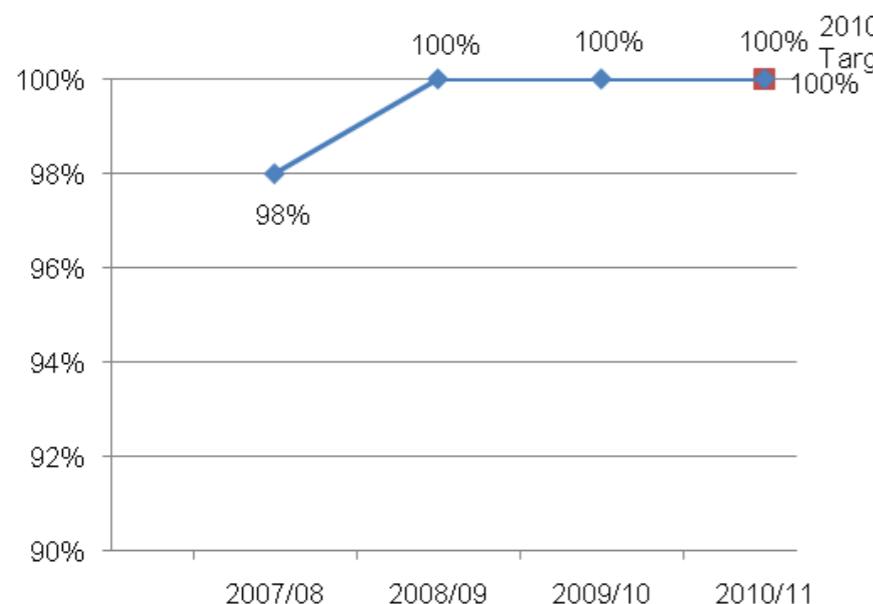
An injury which results in at least one day/shift absence of work is defined as a lost-time injury. An injury management program, which is consistent with the nature and severity of the injury, may be implemented to assist the worker to return to work or to undergo workplace rehabilitation for a lost-time injury. Insurers and self-insurers are required to advise WorkCover WA of the injury management status when an injured worker's:

- period of incapacity exceeds four consecutive weeks
- total periods of incapacity exceed 12 weeks in 12 months or less.

This indicator measures the percentage of lost-time injuries with an appropriate injury management response. The target percentage for 2010/11 is 100 per cent.

The graph below demonstrates the percentage of lost-time injuries with an appropriate injury management response from 2007/08 to 2010/11:

Figure 14: Percentage of lost-time injuries with an appropriate injury management response



Analysis

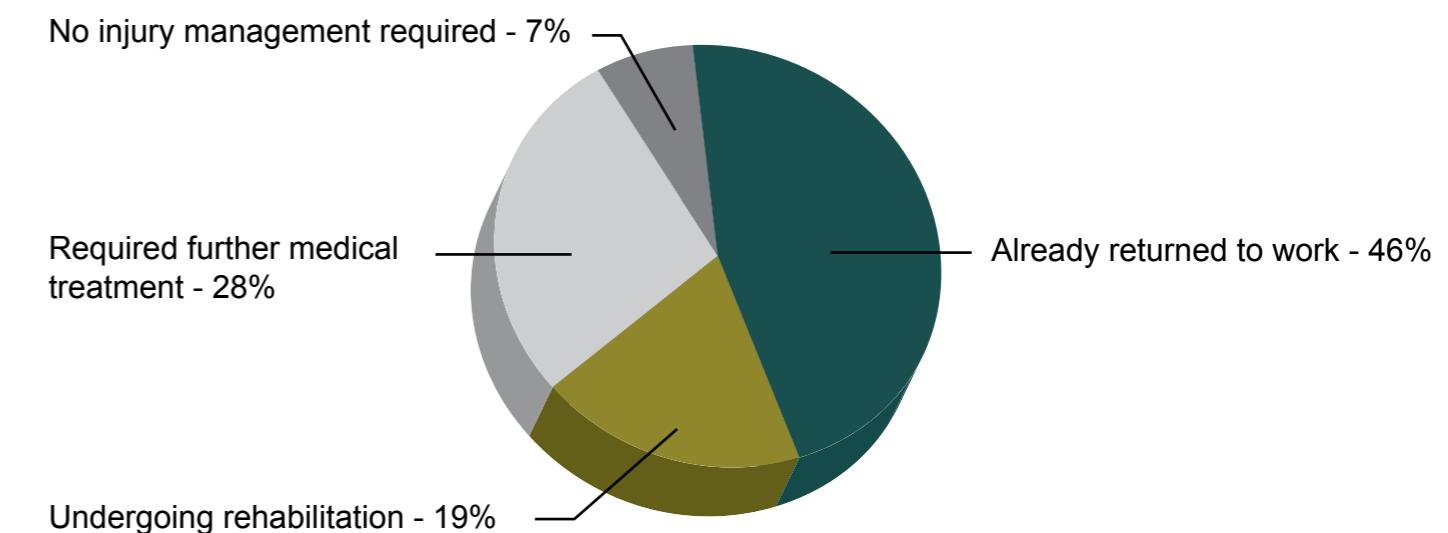
The excellent performance trend of the lost-time injuries with an appropriate injury management response continues with a percentage of 100 per cent recorded in 2010/11. The requirement for all insurers and self-insurers to report the injury management status of lost-time injuries and active continuous monitoring by WorkCover WA have contributed to the consistently high percentage.

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Of the 10,623 total reports received for 2010/11:

- 46 per cent of workers had already returned to work or had their claim finalised
- 19 per cent of workers were undergoing rehabilitation
- 28 per cent of workers required further medical treatment
- seven per cent of workers did not require injury management intervention.

Figure 15: Injury Management Responses



Notes

The four-week notification program assists WorkCover WA to identify and review claims to ensure appropriate injury management response occurs. The program identifies claims that meet the following criteria:

- the claim is accepted
- the claim is not a fatality
- the worker's period of incapacity exceeds four consecutive weeks or total periods of incapacity exceed 12 weeks in 12 months or less
- the worker has not returned to work
- the worker has not commenced workplace rehabilitation
- common law payment is less than \$1,000
- there are no redemption or second schedule payments
- the claim has not been finalised.



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Indicator 1.3 User satisfaction with the dispute resolution system

	2007/08	2008/09	2009/10	2010/11	2010/11 Target
User satisfaction with the dispute resolution system	65%	71%	75%	70%	69%

Description

The dispute resolution system is designed to provide timely, fair and effective services to resolve disputes as well as to meet user expectations in relation to accessibility, approachability and professionalism.

The Dispute Resolution Directorate (DRD) uses an annual client satisfaction survey to measure user satisfaction with the dispute resolution system. The survey results assist the DRD to make service delivery and process improvements.

The current survey approach has been in use for the past three financial years. The survey has utilised the same questions and methodology to ensure continuity and consistency. Therefore, a performance target can reasonably be derived by taking an average of actual performance over the past three reporting periods. As a consequence, the target for 2010/11 is 70 per cent.

Analysis

The survey was conducted via phone interviews through an outsourced independent survey company. The survey methodology resulted in data to a 95 per cent confidence level.

The results of the 2011 stakeholder satisfaction survey indicated that the DRD has been able to maintain relatively high standards of performance across its services.

Nonetheless, overall satisfaction saw a slight decrease since 2009/10, with a shift of minus six per cent across all respondents. When considering overall satisfaction for workers (68 per cent) and employers (71 per cent) results indicate a slightly higher level of satisfaction among employers, however, it is important to recognise this group has experienced a decrease of minus 17 per cent since the 2010 survey. Workers maintained levels of overall satisfaction with a small increase of one per cent.

The results of the satisfaction survey highlight the key areas of focus in the future for the DRD as:

- explanation of the dispute resolution process to all participants in the system
- assistance and advice to participants
- timeliness of the process.

It is expected that proposed new dispute resolution arrangements currently before Parliament will see improvements in these areas.

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Indicator 1.4 Resolution of disputes

	2007/08	2008/09	2009/10	2010/11	2010/11 Target
1) Percentage of Part XI disputes resolved within 26 weeks of the date the application was received	61%	55%	60%	68%	75%
2) Percentage of Part XII disputes resolved within five working days of referral to Arbitrator for a decision	93%	97%	96%	90%	92%
3) Number of common law applications relating to an injury occurring prior to 14 November 2005 resolved within 52 weeks from date an application is received	104	76	43	10	12

Description

KPI 1.4 measures are designed to reflect each of the DRD's three broad areas of activity:

- complex statutory claims (Part XI applications), which are most commonly for determination of liability and other such complex disputes related to an injury sustained by a worker. They generally involve determination of a substantive dispute by way of conciliation and/or arbitration
- minor statutory claims (Part XII applications), which are claims for interim relief usually to do with weekly payments, up to 12 weeks in duration or up to five per cent of the prescribed amount for statutory expenses
- common law claims for injuries under the 1993 Scheme (occurring prior to 14 November 2005), which involve complex determination of degree of disability under the 1993 Scheme. Such a determination is required prior to any pursuit by a worker in a relevant civil court of a claim of negligence.

Notes

In previous years, KPI 1.4(3) reported the percentage of 1993 scheme common law applications closed within 52 weeks of being received, with a target of 50 per cent.

In February 2011, the WorkCover WA Board approved changes to the description and target for KPI 1.4(3) to reflect the small number of new applications under the 1993 common law scheme.

As most existing applications are complex matters with durations already in excess of 52 weeks, the 50 per cent target is no longer relevant or achievable. As the focus of the DRD in relation to these applications is on reducing or eliminating the backlog of open applications, a KPI based on the actual number of applications resolved is the most appropriate indicator of performance.

The 2010/11 target was determined after analysis of the number and complexity of open applications. This was accompanied by the retrospective provision of actual numbers of 1993 scheme common law disputes resolved in 52 weeks or under for the previous years' reporting, to enable a comparison.



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Analysis

Part XI Applications

The current reporting period resulted in 75 per cent of Part XI applications being resolved within the 26-week benchmark, a 25 per cent improvement on the previous year.

Much of this improvement is attributed to full staffing levels over the year, more active case management as a result of changes to the DRD Rules and improvements in administrative processes.

Part XII Applications

In 2009/10, 587 Part XII applications were resolved. In 2010/11, a total of 744 Part XII applications were resolved, an increase of 157 or approximately 27 per cent on the previous year. The DRD's ability to continue to meet the target of 90 per cent resolution within five days of referral to an Arbitrator is primarily due to these matters:

- usually being determined on the papers
- not involving formal hearings
- having no requirement for written decisions.

Common Law Applications

Common law matters under the 1993 scheme relate to injuries which occurred prior to 14 November 2005 and are by their nature complex.

There is a diminishing number of common law matters managed under the 1993 scheme. This is due to the resolution of existing matters and decreased number of new applications each year. As fewer new applications are lodged, an increasing proportion of the remaining claims are likely to be difficult to resolve within the existing target of 50 per cent within 52 weeks.

Accordingly this description and target for this KPI has changed from a percentage figure to an absolute number.

The target for 2010/11 is 10 disputes resolved in less than 52 weeks from the date of receipt. Twelve matters were resolved by the 52-week benchmark.

A total of 35 matters were resolved by formal determination of an Arbitrator, of which 12 were resolved within the 52-week benchmark.

Of the 12 matters resolved, four were lodged within the same reporting period with the remaining eight being lodged previously.

In 2010/11, 18 new applications were received as compared to 45 for the previous year. This demonstrates the continued decreasing number of applications lodged under the 1993 scheme.

Disclosures and Legal Compliance

Key Performance Indicators of Efficiency

Indicator 2.1 Average weighted cost (\$) per regulation activity

	2007/08	2008/09	2009/10	2010/11	2010/11 Target
Average weighted cost (\$) per regulation activity	\$153	\$152	\$193	\$166	\$202

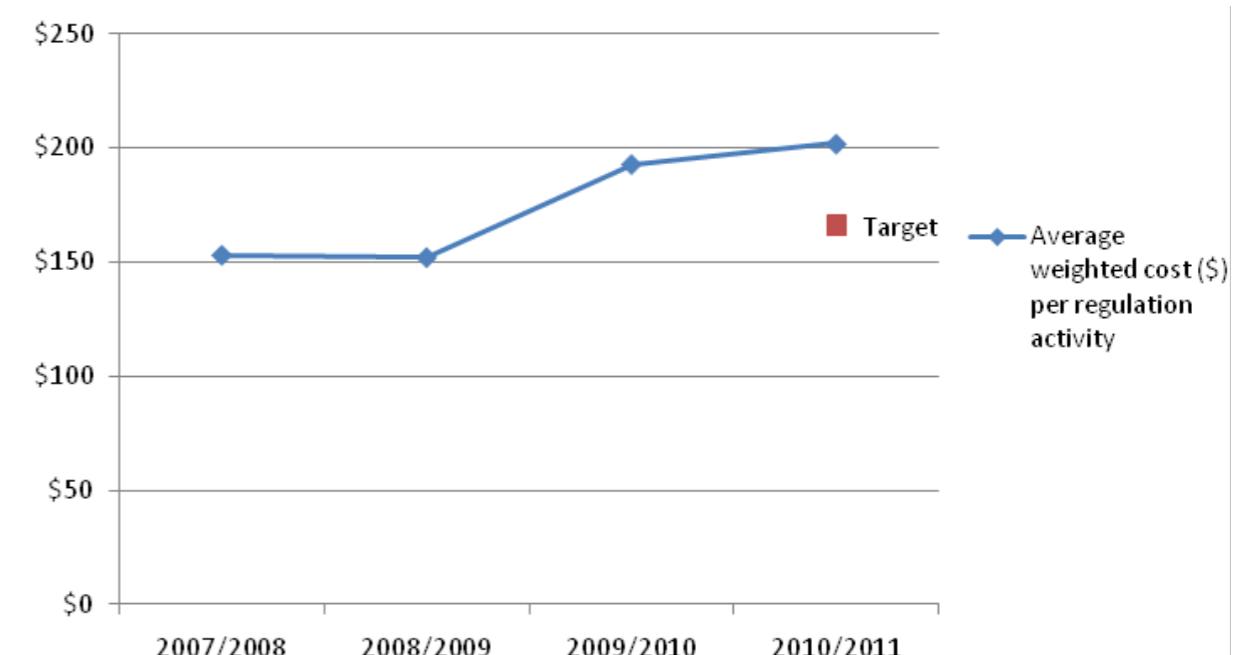
Description

This indicator measures regulation activities that ensure workers' compensation participants are educated about and comply with legislative requirements and standards including:

- initial accreditations
- subsequent reviews and monitoring
- compliance inspections
- policy cancellations
- information, education, training and advice
- prosecutions.

The target is the average cost of regulation activity based on the average of the past three financial years.

Figure 16: Average weighted cost per regulation activity 2007/08 to 2010/11





Disclosures and Legal Compliance

Analysis

The average weighted cost per regulation activity was 21.7 per cent higher than the target for 2010/2011. This was primarily due to a significant decrease in the number of 'regulatory activities' due to the decommissioning of a workers' compensation questionnaire in the 2009/10 financial year. This was a very low cost but high volume activity that comprised 42 per cent of the outputs for this KPI.

Additionally, with total costs allocated over two efficiency indicators, the KPIs can be subject to greater volatility when allocating overhead costs and other costs associated with strategic initiatives. This year Regulatory Services has undertaken a number of strategic initiatives which will result in a more sustainable and efficient service.

A reduction in the total number of enquiries and number of audiometric test results received from Indian Ocean Territories has also contributed to a higher than anticipated result. To improve performance in these areas, Regulatory Services will be undertaking a compliance visit to the Indian Ocean Territories in 2011/12. The visit will focus on increasing awareness of rights and obligations and on compliance activities with employers.

The Regulatory Services Division will also undertake a performance analysis of inbound calls to its advisory service using queuing models to improve the number of enquiries processed.

Disclosures and Legal Compliance

Indicator 2.2 Average weighted cost to resolve disputes

	2007/08	2008/09	2009/10	2010/11	2010/11 Target
1) Average weighted cost (\$) to resolve a:					
a) Part XI dispute	\$4,567	\$4,109	\$4,594	\$4,726	\$4,573
b) Part XII dispute	\$826	\$721	\$758	\$976	\$809
c) Common law application relating to an injury occurring prior to 14 November 2005	\$3,112	\$4,627	\$3,404	\$3,699	\$3,668
2) Average weighted cost (\$) to process a Memorandum of Agreement	\$370	\$327	\$332	\$442	\$332

Description

These measures provide a breakdown of the weighted cost of resolving a dispute across the three different processes managed by the Dispute Resolution Directorate (DRD), namely the resolution of Part XI and Part XII applications and common law claims for injuries under the 1993 Scheme (see explanations in [KPI 1.4, p.99](#)).

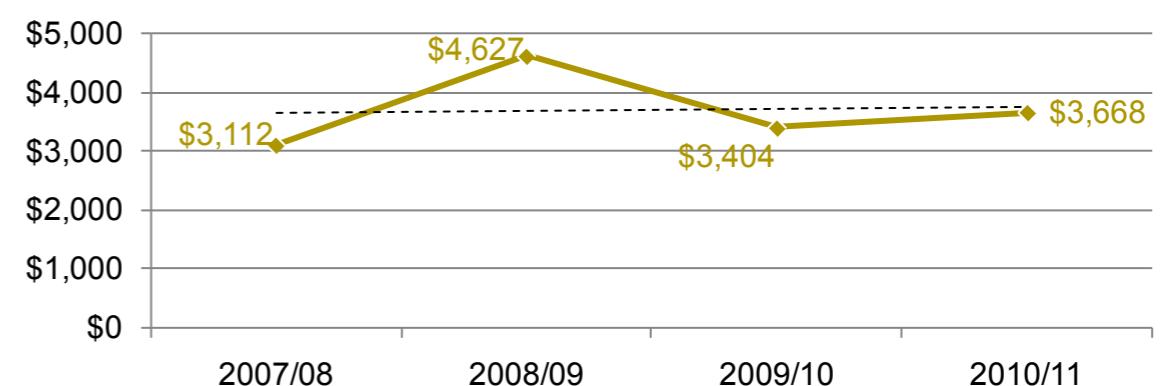
The weighted cost to process each memorandum of agreement and deed is also provided under KPI 2.2.

The average weighted costs are calculated by determining the amount of resources as a percentage of staff input associated with the processing of each application type. Factors such as time, resourcing, costs and number of processed applications are considered in determining the weightings applied.

For example, Part XI applications are far more resource intensive than Part XII applications and therefore the expense per resolution is much greater.

The 2010/11 targets for each application type have been adjusted to include the movement in the Consumer Price Index (CPI) as indicated from the Department of Treasury and Finance economic forecasts for 2010/11.

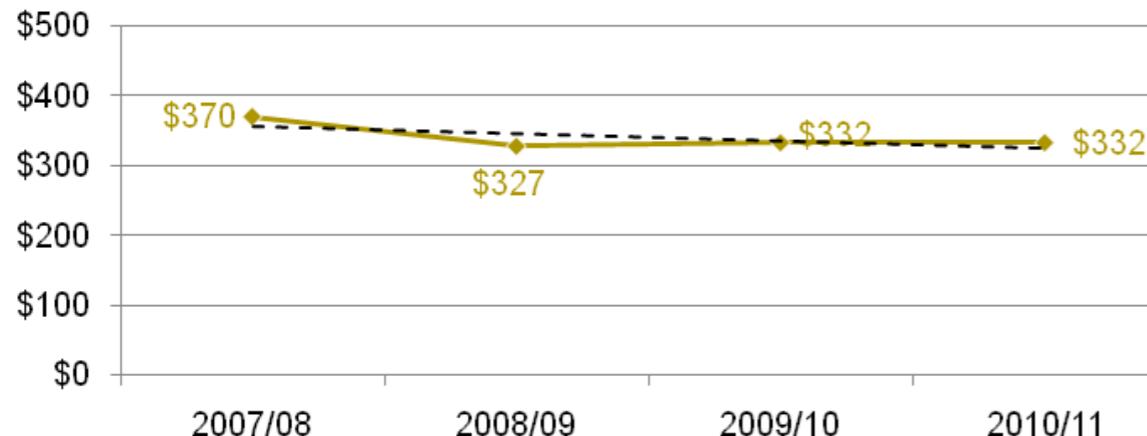
Figure 17: Average weighted cost (\$) to resolve a common law application relating to an injury occurring prior to 14 November 2005





Disclosures and Legal Compliance

Figure 18: Average weighted cost (\$) to process a Memorandum of Agreement



Analysis

Targets for the average weighted cost of resolving disputes were met for the current reporting period. On a yearly basis, the reported figures for the weighted costs of each activity rise and fall in line with increases and decreases in the number of new applications received and subsequently resolved.

For 2010/11, there was an increase in the number of resolved statutory disputes and a decrease in the number of common law disputes resolved:

- the number of Part XI disputes resolved increased from 1,066 to 1,078
- Part XII disputes increased from 587 to 744
- the resolution of common law disputes was down from 43 in 2009/10 to 12 in 2010/11
- there was a decrease in the number of agreements registered in 2010/11 (4,913 in 2009/10 compared with 4,683 in 2010/11).

Disclosures and Legal Compliance

Ministerial Directives

No Ministerial directives were received during the financial year.

Other Financial Disclosures

Capital Works Projects

Capital Projects Completed

WorkCover WA commenced a new project in January 2011 to replace the existing Financial Management Information System (FMIS). The new FMIS will improve budgeting and financial reporting processes and was commissioned successfully on 1 July 2011.

As part of the Information Technology Infrastructure Replacement Program, new servers and storage backup solutions were implemented to replace and improve obsolete equipment.

Employment and Industrial Relations

Employees at WorkCover WA are employed under the provisions of the *Public Service Award 1992* and the *Public Service General Agreement 2008*.

Staff Profile

For 2010/11, WorkCover WA had an approved budgeted FTE of 148.5 full-time equivalent employees.

Table 8: Employee occupancy at 30 June 2011

Employment type	2009/10	2010/11
Full-time permanent	126.00	120
Full-time contract	14.00	16
Part-time measured on an FTE basis	8.68	11.95
Total	148.68	147.95
Staff on secondment	5	4



Disclosures and Legal Compliance

Staff Development

WorkCover WA remains committed to the continued development of its employees. During 2010/11, a Workforce Capability Framework was introduced to better integrate the staff development initiatives available to employees that encompass:

- induction
- succession management
- performance development agreements
- leadership
- coaching
- on-the-job competencies plans.

On-the-job competencies plans form the basis for identifying current competency and knowledge requirements for existing staff to perform their roles. A number of subject experts were identified across the agency as those knowledge experts who could provide advice and guidance on the agency's business activities and policies and procedures.

Through the performance management process, training requirements are identified and incorporated into training programs offered to staff.

In 2010/11, WorkCover WA employees received 1,983 hours of in-house and external training. The key focus for training in 2010/11 centred around:

- accountable and ethical decision making
- occupational safety and health (OSH) for managers and supervisors
- leadership training modelled on the Public Sector Commission's Leadership Capability Framework.

Workers' Compensation

In 2010/11, one new workers' compensation claim was recorded by the agency. This compares with no workers' compensation claims recorded in 2009/10.



"I wish to bring to your attention the competent and courteous manner your Advisory staff answered my questions about my workers' compensation settlement issues and entitlements. They displayed a thorough knowledge of the legislation and regulations."

CUSTOMER FEEDBACK 2010/11



Disclosures and Legal Compliance

Governance Disclosures

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

WorkCover WA has structures and processes in place to ensure it is:

- effective in meeting its policy objectives
- efficient in its operations
- accountable for its decisions
- compliant with relevant acts and regulations.

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

The Board's governance responsibilities include:

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

Conflicts of Interest

In accordance with Treasurer's Instruction 903 (14) (iii), senior officers declared any interest they held in existing or proposed contracts with WorkCover WA.

Board member Mr Brian Bradley is the Director General of the Department of Commerce.

In 2010/11, Mr Bradley declared that he is the Director General of the Department that includes WorkSafe. WorkCover WA funds the ThinkSafe prevention program managed by WorkSafe.

Remuneration

In accordance with section 99(2) of the Act, the Chairman and Board members are entitled to be paid such fees and allowances as may be fixed by the Minister on the recommendation of the Minister for Public Sector Management.

For the 2010/11 financial year, the Minister fixed the remuneration at \$27,300 per annum for the Chairman and \$13,700 per annum for Board members.

In accordance with government policy, Board members who are public service officers are not entitled to payment.



Disclosures and Legal Compliance

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 that action is taken against them for breaches of duty. WorkCover WA holds a directors' and officers' liability insurance policy covering the members of the former Workers' Compensation and Rehabilitation Commission and WorkCover WA Board members. The policy is placed through the State Government's insurer and is renewed annually. The limit of liability on the policy is \$20 million, which is in line with the accepted industry standard. The total premium for the insurance policy, effective from 16 May 2010 to 16 May 2011, was \$20,091.50 and, in accordance with the Board's policy, members of the Board and the Corporate Executive made individual contributions towards the total premium.

Committees

To contribute to the effectiveness of the WorkCover WA Board and to meet specific legislative responsibilities, an Audit Committee, Costs Committee and Medical Committee are established. Governance issues are now included as a standing item at Board meetings.

As part of their governance practices these committees have formal documented Terms of Reference, an appointed Chairman who is also a Board member, committee members with the expertise most relevant to dealing with the issues, a mechanism for regular feedback to the Board, transparency on committee activities and appropriate administrative support.

Audit Committee

The Audit 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 reviews the strategic and annual internal audit plans, monitors the progress of audit recommendations, and provides stewardship by promoting discussion with internal and external auditors ensuring effective systems and policies are in place.

Table 9: Audit Committee membership and attendance

Member	No. of meetings eligible to attend	No. of meetings attended
Mrs Victoria Wilmot (Chair)	7	7
Mr Greg Joyce	7	7
Mr Brian Bradley	7	7
Ms Michelle Reynolds	7	7

Medical Committee

The Medical Committee is an advisory committee established under section 100A of the Act. The Committee provides guidance on matters of a medical nature within the Western Australian workers' compensation scheme and advises the Board on medical matters, such as:

- the WorkCover WA Guides for the Evaluation of Permanent Impairment
- the criteria for designation and monitoring of approved medical specialists providing impairment assessments
- the role of approved medical specialists within the scheme.

Disclosures and Legal Compliance

Table 10: Medical Committee membership and attendance

Member	No. of meetings eligible to attend	No. of meetings attended
Ms Michelle Reynolds (Chair)	5	5
Ms Lisa Biglin	2	0
Dr Marcus Adonis	5	5
Dr Heather Campbell	5	5
Dr Alan Home	5	3
Mr Barrie Slinger	5	4
Dr Neil Ozanne	5	5

Costs Committee

The Costs Committee is an independent committee, reporting directly to the Minister for Commerce, established under section 269 of the Act. The Committee is empowered under section 271 of the Act to make, amend or revoke a determination fixing maximum costs for legal services and registered agent services provided by WorkCover WA's Dispute Resolution Directorate.

The Costs Committee last met in 2007, with the Workers' Compensation (Legal Practitioners and Registered Agents) Costs Determination 2007 coming into effect from 14 November 2007.

Industrial Disease Medical Panel

The Industrial Disease Medical Panel (Medical Panel) was established to determine the questions prescribed in sections 38 and 93D of the Act. All claims for compensation in relation to pneumoconiosis, mesothelioma and lung cancer are referred to the panel for determination as to whether the worker is or was suffering from the prescribed diseases, the extent of the disability caused by the disease and a number of other related questions.

The medical panel comprises physicians who specialise in diseases of the chest or occupational disease. The medical panel operates independently, with WorkCover WA providing administrative support and funding only.

In 2010/11, the panel convened on 24 occasions and made 44 determinations.

Most determinations were associated with asbestos exposure at work.

Table 11: 2010/11 Panel Members

Chairman (rotating)	Members
<ul style="list-style-type: none"> Dr K C Wan Dr E Gabbay Dr M K Tandon Dr Q Summers 	<ul style="list-style-type: none"> Dr D Bucens Dr M Musk Dr A E Tribe Dr P Psaila-Savona





Disclosures and Legal Compliance

Table 12: Number of determinations where disease is present with a level of impairment >0%

	2008/09	2009/10	2010/11
Pneumoconiosis	19	18	9
Mesothelioma	21	22	21
Lung cancer	6	6	5
Sub total	46	46	35
Determinations where disease not present or disease present but a 0% level of impairment	4	0	9
Total	50	46	44

Table 13: Number of applications

	2008/09	2009/10	2010/11
New	45	40	38
Reviewed	5	6	6
Total	50	46	44

Disclosures and Legal Compliance

Other Legal Requirements

Advertising

Section 175ZE of the *Electoral Act 1907* requires the publication of the details of certain classes of expenditure in an agency's annual report. Below is a statement of expenditure for the 2010/11 financial year.

Table 14: Advertising expenditure 2010/11

	Expenditure (\$)	Organisation
Advertising agencies	19,808.33	AdCorp Australia Limited
Direct mail organisations	762.36	Lasermail Pty Ltd
Market research organisations	Nil	
Media advertising organisations	4,580.73	Medical Forum Magazine T/As Healthbooks
Polling organisations	961.49	AdCorp Australia Limited
Total	26,112.91	

Disability Access and Inclusion Plan

Outcomes

In 2010/11, WorkCover WA developed and implemented a new Disability Access and Inclusion Plan (DAIP) which outlines how the agency contributes to an accessible and inclusive community for people with disabilities, their families and carers. These include ensuring that, in their interaction with WorkCover WA, people with disabilities:

- have the same opportunities as other people to access to WorkCover WA services and events
- have the same opportunities as other people to access the buildings and other facilities
- receive information in a format that will enable them to access the information as readily as other people
- receive the same level and quality of service from the staff
- have the same opportunities as other people to make complaints
- have the same opportunities as other people to participate in any public consultation.

Features of the new DAIP include raising staff awareness of disability access and inclusion through online learning and the induction program and identifying facilities improvement to better ensure access to WorkCover WA services for clients and staff.

As part of the new plan, WorkCover WA:

- made access improvements to the WorkCover WA building, including additional ACROD signage throughout the premises
- ensured information about functions, facilities and services were provided in formats that meet the communication needs of people with disabilities, including alternative formats upon request.





Disclosures and Legal Compliance

Compliance with Public Sector Standards and Ethical Codes

WorkCover WA uses policies, procedures and guidelines to ensure agency obligations prescribed within the *Public Sector Standards (Human Resource Management)*, the *WA Public Sector Code of Ethics* and *WorkCover WA Code of Conduct* are met. These policies and supporting guidelines are available to all staff via the WorkCover WA intranet.

In 2010/11, there were two breaches of standard claims against the Recruitment, Selection and Appointment Standard. Both these claims were referred to the Office of the Public Sector Standards Commissioner (OPSSC) and were dismissed as the investigations determined the selection processes undertaken did not breach the standard.

During the same reporting period, no breaches of standard claim against the Grievance Resolution Standard were received.

There were no claims lodged in 2010/11 relating to the *WA Public Sector Code of Ethics* or the *WorkCover WA Code of Conduct*.

WorkCover WA's compliance against Public Sector Standards (Recruitment, Selection and Appointment Standard) was assessed by an independent auditor. The findings of this audit indicated WorkCover WA was compliant with the Standards.

In addition, WorkCover WA completed the Office of Public Sector Standards (OPSSC) annual agency survey in July 2010 and conducted its own survey which examined staff's understanding of the Standards. Survey results rated staff understanding as "reasonably high".

In response to *PSC Circular 2009-03 – Training on Accountable and Ethical Decision Making in the Western Australian Public Sector*, new and existing staff undertook training that provided them with an understanding of their obligations and responsibilities as public sector officers. At 30 June 2011, 92 per cent of staff had completed the training.

All transactions completed within WorkCover WA under the Public Sector Standards (Human Resources Management) are quality assured by human resources staff to ensure compliance. Checklists and procedures facilitate this process.



Disclosures and Legal Compliance

Recordkeeping Plan

One of the requirements of the *State Records Act 2000* is for government agencies to have a recordkeeping plan in place, outlining how records are managed within the organisation and including details of the agency's recordkeeping systems, disposal arrangements, policies and practices.

WorkCover WA is required to demonstrate the agency and its employees are complying with the plan by providing evidence in the four key areas:

1. The efficiency and effectiveness of the organisation's recordkeeping systems is evaluated no less than once every five years.

The State Records Commission approved WorkCover WA's Recordkeeping Plan in October 2009 for a period of five years. The next review of the plan is due in 2014. Relevant policies have also been reviewed.

2. The organisation conducts a recordkeeping training program.

At WorkCover WA, recordkeeping training is compulsory for all staff and associated statistics are reported quarterly to the Corporate Executive. In 2010/11, Corporate Information raised awareness of the online recordkeeping training program and encouraged all new and existing staff to complete the course. This resulted in more than 85 per cent of staff within the agency completing the course.

3. The efficiency and effectiveness of the organisation's recordkeeping training program is reviewed from time to time.

The online Records Management training module within the agency's induction program has been revised and updated in the past financial year. Training initiatives are reviewed regularly to ensure the information provided to WorkCover WA staff is meeting their requirements and complies with relevant legislation and standards.

4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's recordkeeping plan.

Records management is a mandatory component of the WorkCover WA induction program. Supplementary to online induction, one-on-one sessions are conducted monthly with new employees and provide an overview of employees' records management responsibilities. Recordkeeping information, policies and procedures are also available on the intranet for staff use. The effectiveness of the induction program is reviewed to ensure compliance with the Recordkeeping Plan and the *State Records Act 2000*.



▲ WorkCover WA's records room.



Disclosures and Legal Compliance

Government Policy Requirements

Occupational Safety, Health and Injury Management

WorkCover WA is committed to ensuring its employees are able to perform their duties in a safe working environment. The Occupational Safety and Health (OSH) Committee examines issues affecting the health and wellbeing of staff and develops and implements strategies that prevent workplace accidents and injuries. The OSH Committee meets quarterly to discuss and resolve OSH issues, and review hazard and incident reports.

Management of workplace injuries and rehabilitation solutions are undertaken in accordance with the provisions of the *Workers' Compensation and Injury Management Act 1981*.

During 2010/2011, a number of new OSH initiatives were undertaken, including the development and implementation of online training for managers and supervisors, the implementation of an OSH Management Plan, the development of an OSH Risk Register, the election and training of new OSH representatives, selection and training of new first aid officers and the enhancement of the agency's existing Hazard and Incident Management system and reporting process to the Corporate Executive.

An internal audit of the agency's OSH system indicated the work undertaken by WorkCover WA during 2010/2011 has the agency well placed to meet its OSH statutory obligations and the systems are in place to provide a safe work environment for staff. The audit also highlighted some areas for improvement including the:

- review of the agency OSH risk register
- review of OSH procurement processes
- enhancement of WorkCover WA's approach to OSH management systems.

The OSH and injury management policies and practices are advertised regularly and promoted across the organisation through the use of intranet articles, posters/signage and training opportunities.

Table 15: Workers' compensation and injury management for WorkCover WA employees

	2009/10	2010/11	2010/11 Target
Number of fatalities	0	0	0
Lost-time injury/disease incidence rate	0	0	0.67*
Lost-time injury/disease severity rate	0	0	0
Percentage of injured workers returned to work within 28 weeks	100%	100%	100%
Percentage of managers trained in occupational safety, health and injury management responsibilities	78%	>= 50%	82%

*The lost-time injury/disease incidence rate is the number of lost-time injuries/diseases where one day/shift or more was lost in the financial year per 100 employees.



Disclosures and Legal Compliance

Substantive Equality

WorkCover WA is committed to the goals of substantive equality in achieving equitable outcomes as well as equal opportunity, making sure all people are treated with fairness, dignity and respect.

During 2010/11, WorkCover WA continued to implement its Equal Employment Opportunity Plan 2010-2013, which seeks to ensure the agency's policies, procedures and actions reflect and value the social and cultural diversity within the agency and the community it serves.

Initiatives included:

- developing an online induction system with modules focusing on staff awareness of substantive equality, including highlighting the agency's stance against racial and sexual harassment
- amending its job advertising process to encourage applicants from traditionally disadvantaged groups, specifically Aboriginal people, to apply for positions. All WorkCover WA positions are now advertised on the Indigenous Jobs Australia website and all advertisements include a substantive equality statement
- continuing its Aboriginal traineeship program to help increase the representation of youth and Aboriginal Australians in the agency's workforce. Two trainees completed a Certificate III in Business
- reporting to the Corporate Executive on programs against the Equal Employment Opportunity Plan.



WorkCover WA Publications

New or significantly updated publications for 2010/11:

- *Injury management: A guide for employers*

Other WorkCover WA publications include:

Brochures

- *A guide to resolving disputes*
- *Important information for workers*
- *Important information for employers*
- *Information on finalising your claim*
- *Receiving workers' compensation entitlements*
- *The role of an approved medical specialist: A guide for medical practitioners*
- *When do I need an approved medical specialist: Information for workers*



Fact sheets

- *A guide to noise induced hearing loss*
- *Assessment of permanent injuries before and after 14 November 2005: A guide for the treating doctor*
- *Contractors and workers' compensation – are you a worker under the Act?*
- *Contractors and workers' compensation: technical note 1*
- *Exceptional circumstances medical payments*
- *How do I manage work injuries?*
- *Who do I need to cover for workers' compensation?*
- *How do I take out workers' compensation insurance?*
- *How does the claim process work?*
- *Specialised retraining programs*
- *What is a return to work program?*
- *Who covers my interstate and overseas employees for workers' compensation?*

Guidance material

- *Injury Management: A Guide for Employers in 2011*
- *Guidance notes for approved medical specialists: Procedures for the permanent impairment assessment process*
- *WorkCover WA guide for the evaluation of permanent impairment (3rd Ed)*

Other

- *Customer first feedback*
- *Understanding dispute resolution (DVD)*
- *Advisory Services/Customer Assistance Unit DL*





2 Bedbrook Place
Shenton Park WA 6008

www.workcover.wa.gov.au

Telephone	08 9388 5555
Facsimile	08 9388 5550
Advisory Services	1300 794 744
TTY	08 9388 5537