

Annual Report 2007/08

# WORKCOVER

*making a difference*



New South Wales Government



# CORPORATE PLAN

2007–10



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## LETTER TO THE MINISTER

28 November 2008

The Hon. Joseph Tripodi MP  
Minister for Finance  
Minister for Infrastructure  
Minister for Regulatory Reform  
Minister for Ports and Waterways

Parliament House  
Macquarie Street  
Sydney NSW 2000

Dear Minister

In accordance with the *Annual Reports (Statutory Bodies) Act 1984*, I have pleasure in submitting for your information and presentation to Parliament, the Annual Report of WorkCover NSW for the financial year ended 30 June 2008.

As in previous years, the Treasurer has granted an extension of time in order to synchronise the reporting of the WorkCover Scheme Statutory Fund financial results with the release of WorkCover's Annual Report.

Yours sincerely



**Jon Blackwell**  
Chief Executive Officer  
WorkCover NSW

### VISION

Safe secure  
and productive  
workplaces

### MISSION

To work in partnership with NSW employers, employees and the NSW community to achieve safer and more productive workplaces, effective recovery, return to work and security for injured workers.

#### WHO WE ARE

##### HISTORY

WorkCover NSW serves the New South Wales Government and the community in the areas of occupational health and safety, rehabilitation, injury management and workers compensation. The establishment of WorkCover on 1 July 1989 made it the first government agency in Australia to integrate injury prevention, rehabilitation and compensation into a single body with a unified mission.

Until 30 June 2008, the organisation has been funded through a levy on workers compensation premiums. In June 2008, the New South Wales Parliament enacted legislation that changed the model under which WorkCover is funded to enable funding to better reflect the operational needs of the organisation. The new funding model is effective from 1 July 2008. Under the new funding model, WorkCover will prepare an annual base expenditure budget and estimates in relation to income expected from various sources. This new funding arrangement provides a new level of transparency in the funding and financial affairs of WorkCover.

Industry will continue to bear the direct cost of occupational health and safety services and the management of the workers compensation system in NSW.

WorkCover continues to undertake significant reform of its occupational health and safety and workers compensation regulatory regimes against the backdrop of greater interjurisdictional cooperation and stakeholder engagement. These reforms have delivered a modern regulatory framework that provides high levels of national consistency. This approach is complemented by non-regulatory approaches designed to achieve legislative objectives. Further, the reforms have reduced the cost of regulation on businesses, while enhancing the safety of workers and improving the rehabilitation of injured workers in NSW.

From 1 July 2005, the Nominal Insurer commenced operation as the insurer for the NSW Workers Compensation Scheme through the Workers Compensation Insurance Fund. The Nominal Insurer is responsible for issuing workers compensation policies and for managing claims. WorkCover acts on behalf of the Nominal Insurer and exercises its powers and performs its operational functions.

##### ROLE

WorkCover monitors the workers compensation system, licenses self and specialised insurers to provide workers compensation insurance and regulates insurers and manages Scheme Agents on behalf of the Nominal Insurer. It ensures that the administration of insurers provides for the efficient operation of workers compensation insurance arrangements.

WorkCover also promotes compliance with workplace safety legislation by providing information, education and assistance on occupational health and safety in the workplace, as well as



licensing the operation of hazardous equipment, activities and defined premises. It assists businesses to improve their workplace safety by providing advice, information and industry-based incentives. WorkCover also undertakes workplace inspections, investigation of incidents and complaints, mediation of disputes, and when necessary issues penalties and undertakes prosecutions.

At 30 June 2008, WorkCover is responsible to the Hon John Della Bosca MLC, Minister for Industrial Relations and Minister Assisting the Minister for Finance. (Post reporting period note: At the time of printing the Annual Report, WorkCover is responsible to the Hon Joseph Tripodi MP, Minister for Finance).

## LEGISLATION

WorkCover's main statutory functions are to ensure compliance with the following legislation: the *Occupational Health and Safety Act 2000*, *Workers Compensation Act 1987*, *Workplace Injury Management and Workers Compensation Act 1998*, *Workers Compensation (Bush Fire, Emergency & Rescue Services) Act 1987*, *Explosives Act 2003*, *Workers Compensation (Dust Diseases) Act 1942*, *Sporting Injuries Insurance Act 1978*, *Rural Workers Accommodation Act 1969* and their associated regulations and codes of practice.

## CORPORATE DIRECTION AND REPORTING

This 2007/08 Annual Report is structured to provide information using the key objectives and organisational outcomes identified in the 2007-10 WorkCover Corporate Plan. The four key objectives are injury and illness prevention, an effective workers compensation system, effective stakeholder relationships and organisational capability. The financial statements contain the audited financial statements for the year ended 30 June 2008.

The appendices to this report provide additional information required under the *Annual Reports (Statutory Bodies) Act 1984* and its regulations, the *Freedom of Information Act 1989*, Treasury circulars and Premier's memoranda.

## REPORTING REQUIREMENTS

The 2007/08 WorkCover NSW Annual Report includes financial reports for the Workers Compensation Insurance Fund, the Workers Compensation Commission and the Office of the WorkCover Authority.

## WORKERS COMPENSATION INSURANCE FUND

In 2003, a report by McKinsey & Company recommended that funds be held in a single entity and investment management be outsourced to specialist managers. In July 2005, the Workers Compensation Insurance Fund (WCIF) was established and its investment policies are determined by the Workers Compensation Insurance Fund Investment Board. The Board is responsible for:

- ▶ determining investment policies for the investment of the investment fund
- ▶ reporting to the Minister on the investment performance of the investment fund.

Additional information about the activities of the WCIF in 2007/08 is provided on page 27. Financial Statements for the WCIF commence on page 137.

## WORKERS COMPENSATION COMMISSION

The Workers Compensation Commission is an independent statutory tribunal within the justice system of NSW, which commenced operating on 1 January 2002.

The Commission was established by the *Workplace Injury Management and Workers Compensation Act 1998*. The Commission's principal objective is to provide a just, timely and cost effective forum for the resolution of workers compensation disputes in NSW. The Commission's non-adversarial dispute resolution process ensures injured workers obtain a fair and quick resolution to their disputes about workers compensation entitlements.

In accordance with the *Public Finance and Audit Act 1983* and *Australian Accounting Standards*, the Workers Compensation Commission is required to prepare financial statements to consolidate operations of the Commission as well as separate financial statements. These commence on page 94.

## OFFICE OF THE WORKCOVER AUTHORITY

The enactment of the *Public Sector Employment Legislation Amendment Bill 2006*, transferred public sector employees to employment by the Government of New South Wales in the service of the Crown. From 17 March 2006, employees from WorkCover, the Building and Construction Industry Long Service Payments Corporation, Dust Diseases Board, Sporting Injuries Committee and the Workers Compensation Commission became employees of the Office of the WorkCover Authority. As the Office of the WorkCover Authority is a department under the *Public Finance and Audit Act 1983*, financial statements have been prepared and commence on page 112.

# ▶ FUTURE OUTLOOK 2008-2011

**WorkCover NSW has developed a Corporate Plan to guide the organisation from 2008 to 2011. The 2008/09 Annual Report will measure the organisation's progress against the plan's key outcomes, strategies, performance measures and priorities in the areas of:**

- ▶ prevention of workplace injury and illness
- ▶ a financially and socially responsible workers compensation system
- ▶ engaging with stakeholders to improve occupational health and safety and workers compensation outcomes, and
- ▶ building organisational capability – our people and our systems.

## VISION

WorkCover management and staff are committed to working towards a vision of safe, secure and productive workplaces. A safe workplace is a productive workplace. WorkCover's vision reflects the influence workplace safety has on improving an organisation's productivity.

## MISSION

WorkCover's mission describes how we will deliver our vision. Our mission is:

*To work in partnership with NSW employers, employees and the NSW community to achieve safer and more productive workplaces, effective recovery, return to work and security for injured workers.*

## ORGANISATIONAL CULTURE

WorkCover NSW embodies a positive culture that values its employees and the contribution they make towards achieving the organisation's goals and objectives. WorkCover is committed to supporting its organisational culture through delivery of its core values, which are:

- ▶ **respect and fairness** – the organisation will respect and value the contribution, views and needs of all staff
- ▶ **customer service** – our people will listen to and value our customers, understand their needs and ensure we deliver clear, responsive, efficient and consistent services and advice
- ▶ **integrity** – we shall foster and promote an organisation with unyielding integrity, which values honesty, full disclosure and transparency, and maintains high standards of conduct in all we do
- ▶ **accountability** – the organisation will continue to improve performance through appropriate delegation to accountable staff that make considered decisions and take responsibility for their actions.

## OBJECTIVES – WHAT WE DELIVER

WorkCover has reviewed the objectives of the 2007-10 plan and refocused its strategies and performance measures to better reflect the changing workplace environment as follows:

### ▶ PREVENTION OF WORKPLACE INJURY AND ILLNESS

Assist NSW employers and employees to achieve safer workplaces, and therefore more productive workplaces through:

- applying an appropriate mix of information, assistance, education, advice, incentives and deterrents
- building capability so that workplace health and safety risks are properly controlled
- harmonised and practical workplace standards, information, testing and workable solutions
- working cooperatively to develop a workplace safety culture.

In delivery of these strategies our performance will be measured by:

- a reduction in workplace incidence rates of 40 per cent by 2012 (from a 2002 baseline)
- a reduction in the incidence of workplace fatalities of 20 per cent by 2012 (from a 2002 baseline)
- an increased ratio of advisory notices when compared to the total number of notices issued
- ensuring 90 per cent of workplace safety complaints are actioned within established benchmarks
- ensuring 100 per cent cost recovery on commercial work through the WorkCover NSW TestSafe facilities.

### ▶ A FINANCIALLY AND SOCIALLY RESPONSIBLE WORKERS COMPENSATION SYSTEM

Improve the workers compensation system for employers and employees through:

- responsible financial management
- improved health, social and return to work outcomes for injured workers
- fair and equitable dispute resolution
- managing performance and ensuring accountability of agents, insurers and service providers
- effective management of Scheme investments
- applying an appropriate mix of information, assistance, education, advice, incentives and deterrents.

# making a difference

In delivery of these strategies our performance will be measured by:

- maintaining a funding ratio above 100 per cent
- achieving a three per cent improvement in the average claim duration for Scheme Agents and insurers
- reducing the number of disputes by five per cent per annum
- maintaining a resolution rate of more than 80 per cent for workers compensation issues referred to WorkCover's Claims Assistance Service
- Scheme Agents complying with 98 per cent of contractual requirements
- less than 10 per cent of self insurers on a 12 month licence renewal cycle.

## ► ENGAGING WITH STAKEHOLDERS TO IMPROVE OHS AND WORKERS COMPENSATION OUTCOMES

Strategies supporting WorkCover's ability to effectively engage with our stakeholders will:

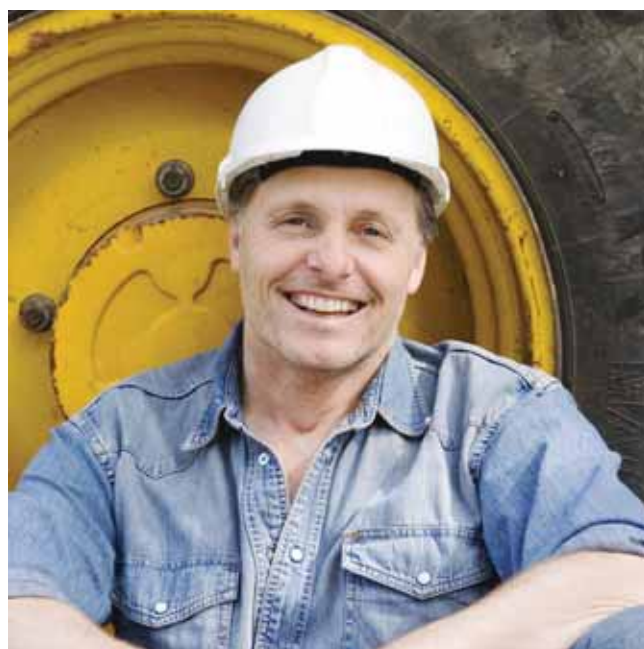
- build strong ongoing relationships to share perspectives and partner with stakeholders
- actively seek and respond to stakeholders' views
- develop effective partnerships to provide a harmonised and whole of government approach to workplace safety and workers compensation.

## ► BUILDING ORGANISATIONAL CAPABILITY – OUR PEOPLE AND OUR SYSTEMS

WorkCover will strengthen its ability to provide effective and efficient services through building on and continually improving organisational capabilities through:

- attracting and retaining quality staff
- developing and recognising management and technical skills
- modelling good leadership behaviours
- enhancing internal communication and cooperation to deliver holistic occupational health and safety, and workers compensation outcomes
- providing effective governance, risk and issues management and business support systems.

WorkCover continues to work cooperatively with industry to develop a workplace safety culture



# ► CHIEF EXECUTIVE OFFICER'S REPORT

## CEO FOREWORD

During 2007-08 WorkCover NSW has, through its planning and programs of work, continued to work in partnership with NSW employers, employees and the NSW community to achieve safer and more productive workplaces and effective recovery, return to work and security for injured workers.

WorkCover is a complex and multi-faceted organisation, from our 'on the ground' business assistance officers and inspectors to our national award winning information centre, Scheme Agent managers, provider and injury management officers and staff who provide corporate, strategy and policy advice in support of our organisational goals.

Our achievements during this time are a strong indication of an organisation that performs a vital social role on behalf of the NSW Government for the people of NSW. WorkCover really does 'make a difference'. Our objectives are really simple - workers returning to their family and friends at the end of the working day and enabling employers to go about growing their businesses and the NSW economy.

Some of the ways in which WorkCover has made a difference in the reporting period include:

- ▶ working with our partners to achieve the lowest injury and illness rates for over 20 years
- ▶ further workers compensation premium rate reduction of 10 per cent resulting in savings to the NSW economy of \$225 million per annum
- ▶ sound investment performance during a period of change in investment markets.

Having strong relationships with NSW employers and employees is vital to delivering successful outcomes. In the past year WorkCover has taken a number of initiatives to strengthen these links such as holding small business forums. These types of forums allow input to WorkCover's programs and an opportunity to provide feedback on our performance. We also used online discussion forums to deliver information. I look forward to building on these approaches.

WorkCover has continued working with other Australian jurisdictions to deliver a harmonised approach to occupational health and safety and workers compensation, particularly with regard to practical measures. The Workplace Relations Ministers' Council in May 2008 agreed that the priority now is to achieve harmonised safety laws across Australia so that



red-tape and confusion for employers and employees is minimised. Practical and legislative harmonisation activities will continue as a focus area for WorkCover.

This year's report provides information on how we have progressed against the four key objectives of our corporate plan:

- ▶ Injury and illness prevention
- ▶ Effective workers compensation system
- ▶ Effective stakeholder relationships
- ▶ Organisational capability.

In my fifth year as WorkCover's Chief Executive Officer, I continue to be proud of what we have achieved. I thank all the staff in our organisation who are committed to helping ensure safer workplaces, support for injured workers, assistance to employers and for 'making a difference'.

A stylized, handwritten signature in black ink, consisting of a series of loops and a final horizontal stroke.

**Jon Blackwell**  
Chief Executive Officer

November 2008

NSW has recorded the lowest injury and illness rates for over 20 years

Savings to the NSW economy of \$225 million per annum



## ▶ YEAR IN REVIEW

### INJURY AND ILLNESS PREVENTION

#### Aim

Assist NSW to achieve safer and more productive workplaces

#### Outcomes and performance

- ▶ Major workplace injury rates are the lowest in over 20 years, reducing a further nine per cent from 11.0 per 1000 employees in 2005/06 to 10.0 per 1000 employees in 2006/07 (latest injury data available)
- ▶ The incidence rate for major employment injuries has reduced 51 per cent from 28.6 per 1000 employees in 1994/95 to 14.0 per 1000 employees in 2006/07
- ▶ The Industry Solutions program is developing practical and innovative solutions to longstanding safety issues that were otherwise considered to be in the 'too hard basket'
- ▶ As at 30 June 2008, WorkCover had 180 active charges against 128 defendants in 72 matters before the courts for breaches of occupational health and safety legislation
- ▶ As at 30 June 2008, 1934 silos have been upgraded under the safer silo rebate program, with a total of \$328,101 being paid to 521 applicants
- ▶ WorkCover issued:
  - 3919 confirmation of advice records
  - 619 penalty notices
  - 994 prohibition notices
  - 13,109 improvement notices for non-compliance with workplace safety legislation
- ▶ WorkCover successfully prosecuted 182 defendants involving 231 charges in 110 matters for breaches of occupational health and safety legislation, resulting in penalties of over \$8.6 million
- ▶ As at 30 June 2008, a total of 2355 power take-off rebates have been approved for a total expenditure of \$322,326.

#### What Next

- ▶ Continue to improve workplace safety through developing, implementing and evaluating information, assistance, education, advice and incentive programs
- ▶ Enable industry to understand what compliance looks like through tailored and targeted evidence based interventions
- ▶ Influence the development and implementation of national standards, OHS legislation and other initiatives.



Fatalities resulting from employment related injury and disease are 34 per cent lower than when the Scheme commenced in 1987/88

# ▶ YEAR IN REVIEW

## EFFECTIVE WORKERS COMPENSATION SYSTEM

### Aim

NSW employers and employees are provided with effective and affordable workers compensation

### Outcomes and performance

- ▶ As at 30 June 2008, the WorkCover Scheme funding ratio was 105 per cent
- ▶ The WorkCover Scheme's financial position has improved from a deficit of \$3.2 billion in 2002 to a surplus of \$625 million in June 2008
- ▶ Premium rate reductions in 2007/08 have reduced workers compensation premium rates by an average of 10 per cent, saving NSW industry \$225 million per year. These rate reductions bring the total rate reductions to 30 per cent since November 2005, saving NSW businesses \$785 million per year
- ▶ Apprentice wages have been removed from the calculation of workers compensation premiums, saving employers an additional \$74 million per annum
- ▶ Cutting the red tape surrounding workers compensation wage declarations and certificates of currency requirements has saved employers an additional \$20 million per year
- ▶ WorkCover completed 5840 wage audits identifying \$25.1 million in additional premiums and also returned \$9.5 million to employers for over-declaration of wages
- ▶ WorkCover received 309 referrals of alleged fraudulent activity, all of which were investigated
- ▶ Nineteen fraud prosecutions were completed, with 17 resulting in a conviction or a finding of guilt not leading to a conviction
- ▶ The Workers Compensation Insurance Fund investment returns outperformed the strategic benchmark by 1.0 per cent (approximately \$106 million).

### What next

- ▶ Implementing intensive injury management and return to work assistance initiatives
- ▶ Simplify injured workers interaction with providers and make services more accessible
- ▶ Continue to maintain a funding ratio above 100 per cent
- ▶ Exempt employers will no longer be required to take out a workers compensation policy (see page 23 for details).

## EFFECTIVE STAKEHOLDER RELATIONSHIPS

### Aim

Assist NSW employers and employees improve their OHS and workers compensation understanding and outcomes

### Outcomes and performance

- ▶ 89 per cent of small and medium businesses that attended one of WorkCover's 335 workshops and 126 presentations say they are now more capable of implementing occupational health and safety and workers compensation management systems
- ▶ WorkCover's Information Centre handled 217,686 telephone, email and counter contacts
- ▶ The Claims Assistance Service handled 4394 cases with an average monthly resolution rate of 85.3 per cent
- ▶ WorkCover's Information Centre was nationally recognised as the best government contact centre operation with less than 30 employees
- ▶ *The Public Sector OHS and Injury Management Strategy* has resulted in the prevention of an estimated 8700 injuries since 2001/02 (see page 33 for more detail)
- ▶ The \$5 million per annum WorkCover Assist program continues to deliver safer workplaces and improved injury management
- ▶ The 2007 'Young Workers Poster Competition' attracted 322 entries from across the state (see page 32 for more details).

### What next

- ▶ Continue to contribute to the determination and discussions of the national agenda, and improving harmonisation between states
- ▶ Deliver the WorkCover 'brand' to targeted stakeholders
- ▶ Continue to provide usable and high quality information, advice and assistance through the WorkCover Information Centre
- ▶ Continue to work with NSW Premiers and NSW Treasury Managed Fund to identify and deliver best practice OHS and injury management to public sector agencies.

## ORGANISATIONAL CAPABILITY

### Aim

Strengthen WorkCover's ability to provide effective and efficient services through building on and continually improving organisational capabilities

### Outcomes and performance

- ▶ A workforce action plan was developed in 2007 to improve areas of staff attraction, retention, leadership and knowledge management. Initiatives undertaken include:
  - running of the inaugural talent program
  - continuation of the corporate leadership program
  - a review of flexible work practices
- ▶ Over 1600 applications were received for the annual inspector intake and in April 2008, 14 new inspectors from the 2006 intake graduated with a Diploma in Government (Workplace Inspection)
- ▶ WorkCover's proportion of Aboriginal and Torres Strait Islander staff is 3.2 per cent, exceeding the public sector benchmark of 2.0 per cent
- ▶ WorkCover's internal OHS performance continues to improve with:
  - Significant injury claims reducing from 21 in 2002/03 to 15 in 2007/08
  - The average time lost claim has reduced from 18 days to 10 days over the same period
  - WorkCover's deposit premium for 2008/09 of \$666,360 being \$173,200 below the Treasury Managed Fund benchmark due to improved claims management and proactive return to work
- ▶ The amount of green power purchased increased by 12.3 per cent over the year
- ▶ Further enhancements have been made to data integrity, information support systems and business intelligence tools
- ▶ WorkCover has developed an Information Security Management System to maintain the confidentiality, integrity and availability of the organisation's information and systems.

### What next

- ▶ WorkCover will adopt a new funding model to improve accountability, transparency and financial management (see page 118)
- ▶ WorkCover will continue to review and implement flexible work practices to become an employer of choice.



WorkCover staff are actively involved in saving NSW workers' lives

## ▶ BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors of WorkCover NSW is constituted and defined under the *Workplace Injury Management and Workers Compensation Act 1998*.

Under the Act:

- ▶ The Board of Directors determines the administrative policies of WorkCover and ensures activities are carried out properly and efficiently.
- ▶ The Board consists of seven part-time directors (including the Chairperson) and the Chief Executive Officer. The part-time directors are appointed by the Governor of NSW on the recommendations of the Minister for Industrial Relations, Minister Assisting the Minister for Finance.
- ▶ The Chief Executive Officer controls and manages the affairs of WorkCover in accordance with the policies of the Board.
- ▶ Both the Board and the Chief Executive Officer are subject to ministerial control and direction.

The Board was reappointed on 30 May 2007 for a three-year period. As at 30 June 2008 there were two vacancies.

### MEMBERS OF THE WORKCOVER BOARD ON 30 JUNE 2008



#### Greg McCarthy AAll

Greg McCarthy has worked in the field of workers compensation and compulsory third party insurance as well as disability management for more than 30 years. This period includes 25 years working within the insurance industry at various levels, having spent five years as the National General Manager for a workers compensation and

compulsory third party insurer, providing him with extensive experience in both privately underwritten and government schemes.

Greg is a Senior Associate of the Australian & New Zealand Institute of Insurance and Finance and has a Management Certificate in Insurance.

Greg's current roles include the following:

- ▶ Chair of the WorkCover Authority of NSW Board
- ▶ Chair of the NSW Workers Compensation and Workplace Occupational Health and Safety Council
- ▶ Chair of the Builders Home Warranty Scheme Board
- ▶ Chair of the Builders Advisory Council
- ▶ Industry consultant.

Greg was first appointed to the WorkCover NSW Board on 30 January 2002, and appointed WorkCover NSW Chairperson on 1 June 2005.



#### Jon Blackwell BA, MA

Jon Blackwell commenced as WorkCover NSW Chief Executive Officer on 18 August 2003. He is responsible for the operation of the workplace safety and workers compensation systems in NSW. In addition to his position as CEO of WorkCover, Jon is a member of the Australian Safety and Compensation Council and Chair of the Heads of

Workers Compensation Authorities, Australia and New Zealand.

Jon was Chief Executive Officer of the Central Coast Area Health Service from 1997 to 2003. Prior to that, he held a variety of executive positions at health services in Victoria, Western Australia, South Australia and in New South Wales. Jon has a Bachelor of Arts in Social Administration and a Masters level qualification in social work.



# making a difference



**Sue Clark** BA, LLB, LLM, MBA, Dip Fin Markets

Sue Clark has extensive experience in the insurance industry, including predecessor companies to ING Australia and CGU Ltd/IAG Ltd, as well as the Government Insurance Office of NSW. Most recently she was Chief Executive Officer of LawCover Pty Ltd, which is responsible for ensuring that NSW solicitors have

access to professional indemnity insurance to meet the requirements of their practising certificates. She has a BA, LLB, LLM, MBA and Diploma of Financial Markets.

Sue was appointed to the WorkCover NSW Board on 1 November 2004.



**Mark Lennon** BComm, LLB

Mark Lennon was Assistant Secretary of Unions NSW as at 30 June 2008, and was appointed to that position in June 2001. He has since become the Secretary of Unions NSW. Mark joined Unions NSW (formerly the Labor Council of NSW) in 1988 and has held the positions of OH&S training officer, industrial officer and organiser prior

to becoming Assistant Secretary.

Mark was appointed to the WorkCover NSW Board on 30 May 2007, having previously been the deputy to John Robertson.



**Donna Staunton** BA, LLB

Donna Staunton is the Managing Director of The Strategic Counsel – a Sydney based company specialising in providing strategic communications advice to a range of clients, predominately in the health area. She is also the Chief Executive Officer of The Hearing Care Industry Association. She was previously Executive Director of

Communications at CSIRO, and was on the senior management teams of AMP Limited (1999 – 2001) and Philip Morris Group (1995-1999). Donna is a qualified lawyer and worked for a number of years with Clayton Utz, Solicitors in their litigation area. She has served on the Boards of the National Breast Cancer Centre and the Global Foundation.

Donna was appointed to the WorkCover NSW Board on 14 October 2001.



**Doug Wright** AM, BA, BEc

Doug Wright is a former Director of the Metal Trades Industry Association (NSW Branch), and a member of the TAFE Commission Board, NSW Building and Construction Industry Long Service Leave Payments Committee, the Board of the Vocational Education and Training Accreditation Agency, and the Board of the Hunter Valley Training Co. He

is an alternate Director of Worldskills Inc., representing The Australian Industry Group and is also Director of Commonwealth Study Conferences Australia (Incorporated).

Doug was appointed to the WorkCover NSW Board on 16 August 1995, and is the Chair of the Board's Audit and Risk Management Committee.

# ▶ BOARD OF DIRECTORS AND SENIOR MANAGEMENT

## WORKCOVER EXECUTIVE ON 30 JUNE 2008

### Chief Executive Officer

Jon Blackwell, BA, MA

### General Manager, Corporate Services Division

Robert Gray, MMgt

### General Manager, Investment Division

Michael E Block, BA, BCom, MCom, Dip Law, Grad Dip Applied Finance & Investment, Dip Fin Planning, FCPA, FFin, CIMA, JP

### General Manager, Occupational Health and Safety Division

John Watson PSM, Assoc Dip OHS, HFSIA.NSW

### General Manager, Strategy and Policy Division

Vicki Telfer, BSc, DipEd, MPA

### General Manager, Workers Compensation Division

Rob Thomson, BBus

### Director, Office of the Chief Executive

Murray McLachlan, BA, DipEd, GDTL, MPubPol

## Office of the Chief Executive

The Office of the Chief Executive manages the provision of executive support and secretariat services to the Chief Executive Officer, the WorkCover NSW Executive, the WorkCover NSW Board, the Workers Compensation and Workplace Occupational Health and Safety Council and the NSW Sporting Injuries Committee.

The office manages the following on the CEO's behalf:

- ▶ The NSW sporting injuries insurance schemes
- ▶ WorkCover's customer service approach, including its compliments and complaints framework
- ▶ WorkCover's project management approach
- ▶ WorkCover's volunteering program.

## Internal Audit Unit

WorkCover's Internal Audit Unit manages the organisation's operation, systems of control and ethical culture to identify and prevent corruption and deliver improved systematic performance. The Director of Internal Audit reports directly to the Chief Executive Officer.

## DIRECTORS' MEETINGS

During 2007/08 the meetings held and attendances by directors were:

Board	Number eligible to attend	Number attended
Jon Blackwell	11	11
Sue Clark	11	10
Greg McCarthy	11	11
Donna Staunton	11	10
Doug Wright	11	11
Mark Lennon	11	11

Board Audit and Risk Management Committee*	Number eligible to attend	Number attended
Richard Allely	4	4
Jon Blackwell**	4	4
Sue Clark	4	3
Mark Lennon***	As needed	1
Donna Staunton****	4	3
Doug Wright	4	4

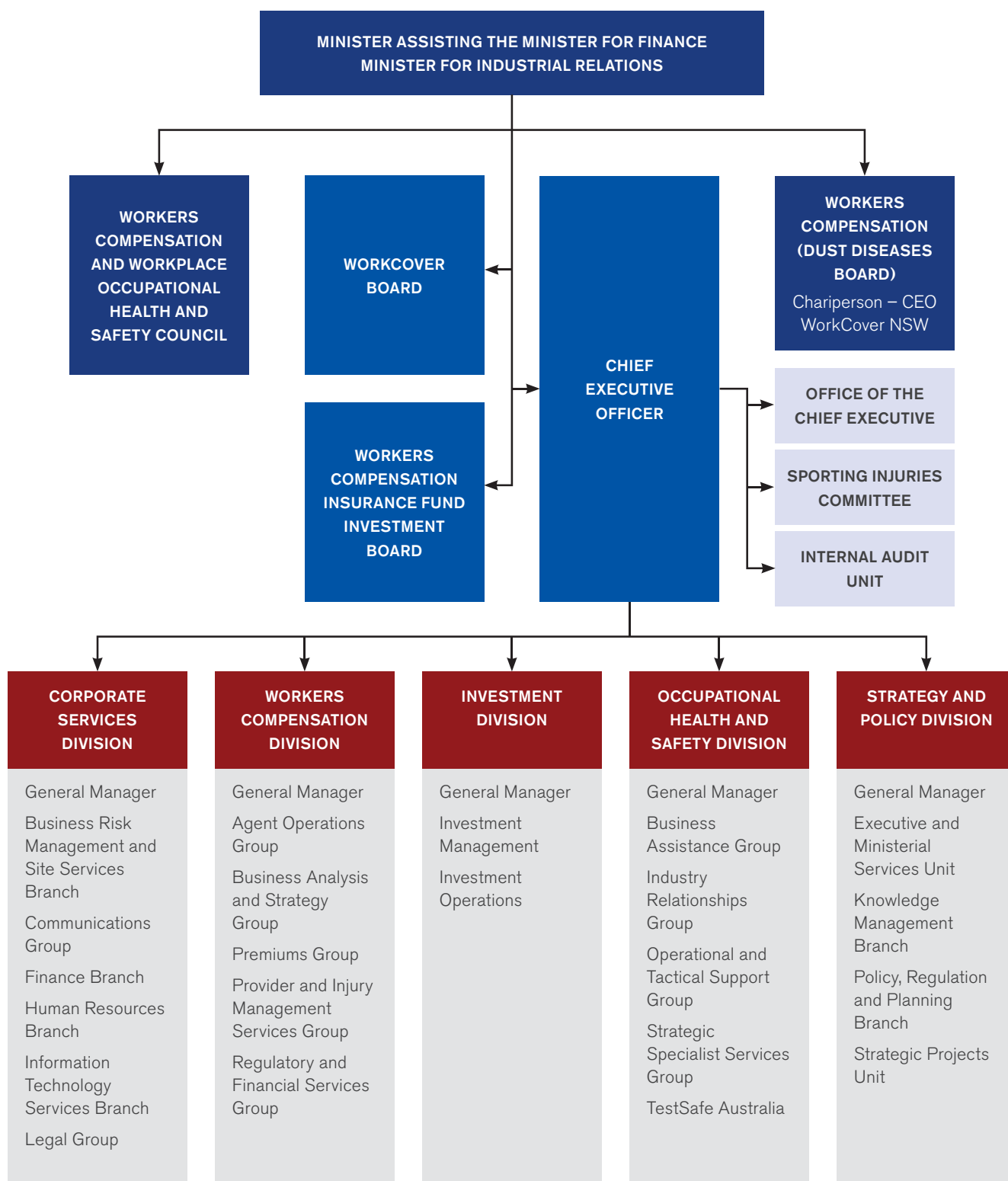
\* Name changed to WorkCover Board Audit and Risk Management Committee from May 2008.

\*\* Jon Blackwell as Chief Executive Officer is a standing invitee of the Board Audit and Risk Management Committee, and attended all four meetings during the year ended 30 June 2008.

\*\*\* Mark Lennon appointed as a deputy member in October 2007.

\*\*\*\* Donna Staunton (previously a deputy member) appointed as a full member in October 2007.

## ORGANISATIONAL STRUCTURE ON 30 JUNE 2008



Post period note: WorkCover became responsible to the Minister for Finance after 30 June 2008.

# INJURY AND ILLNESS PREVENTION

WorkCover administers NSW occupational health and safety legislation by providing advice and assistance, undertaking workplace inspections, investigations into workplace incidents and complaints, and where necessary the application of sanctions.

To measure the effectiveness of its illness and injury interventions WorkCover looks to the changes in the incidence rates for major injuries and workplace fatalities. The most recent figures show that work related injuries in NSW have dropped to their lowest levels since the workers compensation Scheme began in 1987.

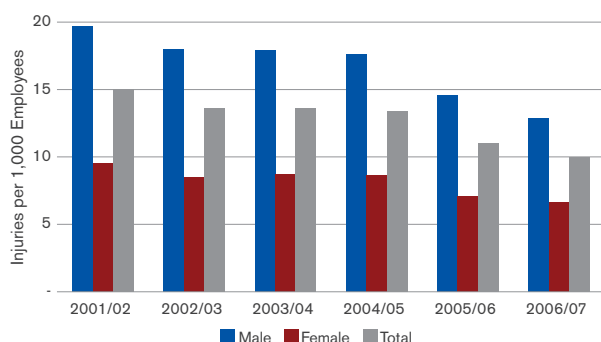
The Workplace Relations Minister's Council's 10th Comparative Performance Monitoring Report for 2006-07 reveals NSW has achieved significant reductions in the incidence of injuries, the number of long-term injury claims and Scheme expenditure. In addition, the incidence of workplace injuries across NSW remains below the national average.

## Workplace injuries

The incidence rate for major workplace injuries is defined as the number of major workplace injury claims per 1000 employees. Major workplace injury claims are those that result from incidents causing death, permanent disability or temporary disability where five or more days have been paid for total incapacity. Workplace injuries are defined as those caused by incidents occurring at the workplace either during work or during a work break, where the worker's activity is under the control of an employer. The graph below indicates the incidence rates of major workplace injury claims.

A reclassification of road accidents in 2004/05 means that road traffic accidents at work are now included in workplace calculations. This reclassification should be taken into consideration when comparing pre 2004/05 workplace injury and fatality data with recent years.

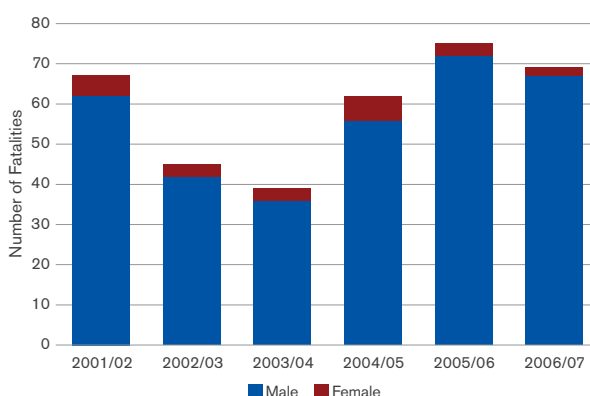
WORKPLACE INCIDENCE RATES - MAJOR INJURIES



There were a total of 29,326 major workplace injuries reported in 2006/07 (latest data available), a reduction of seven per cent from the 31,613 reported in 2005/06. This represents a nine per cent reduction in major workplace injury incidence rates from 11.0 per 1000 employees in 2005/06 to 10.0 in 2006/07. Workplace injuries resulting in permanent disability declined by 22 per cent from the previous year. The number and incidence of major workplace injuries has fallen 23.4 per cent since 1999/00. This decrease is significant considering the reclassification of road traffic accidents in 2004/05.

There have been a total of 741 workplace fatalities reported during the ten years from 1997/98 to 2006/07. During this period annual workplace fatalities declined from 100 in 1997/98 to 69 in 2006/07, a reduction of 31 per cent. Of the 69 workplace fatalities in 2006/07, 67 were males and two were females. Fourteen fatalities were in the transport and storage industry representing 20 per cent of the annual loss.

WORKPLACE FATALITIES



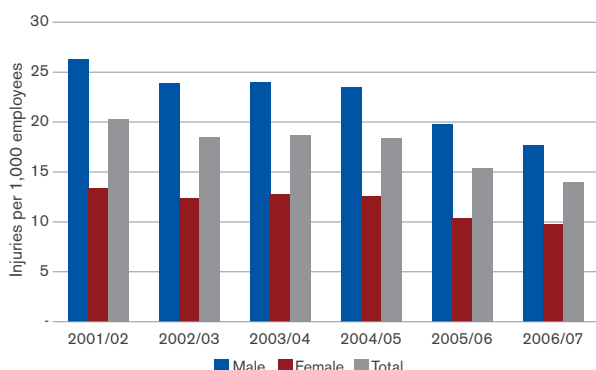
## Employment injuries

Employment injuries comprise all injuries resulting from incidents and all occupational diseases contracted or aggravated in the course of a worker's employment. Total employment injuries include all claims whether or not there was any time lost from work and also include claims for medical costs only. There were 140,203 employment injuries reported in 2006/07, a reduction of one per cent from 141,240 in 2005/06. This represents a three per cent reduction in the incidence rate (total employment injuries per 1000 employees) from 49.3 in 2005/06 to 47.6 in 2006/07.

Major injury claims are those that result from incidents causing death, permanent disability or temporary disability where five or more days have been paid for total incapacity. Major employment incidence rates (major employment injuries per 1000 employees) have continued to decrease in 2006/07, having reduced from 28.6 in 1994/95 to 14.0 in 2006/07 (based on the latest data available). This represents a reduction of 51 per cent since 1994/95.



INCIDENCE RATE - MAJOR EMPLOYMENT INJURIES

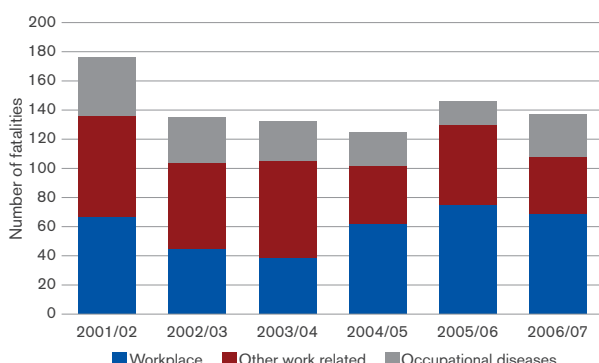


Since 1997/98, workers compensation claims for employment injuries resulting in permanent disabilities have dropped by 4905 or 35 per cent. Claims for temporary disability injuries have reduced by 12,424 or 28 per cent during the same period.

There were 137 fatalities resulting from employment related injury and disease reported during 2006/07 (based on the latest data available), a reduction of 34 per cent since the workers compensation scheme commenced in 1987/88. Of these:

- ▶ 69 occurred as a result of traumatic injury while the person was at work (including 13 fatalities resulting from road traffic accidents while at work)
- ▶ 29 resulted from diseases contracted or aggravated as a result of employment
- ▶ 39 occurred while the person was away from their place of work (for example commuting to or from work).

EMPLOYMENT FATALITIES



## BALANCED PROVISION OF INFORMATION, ASSISTANCE, EDUCATION AND APPLICATION OF SANCTIONS

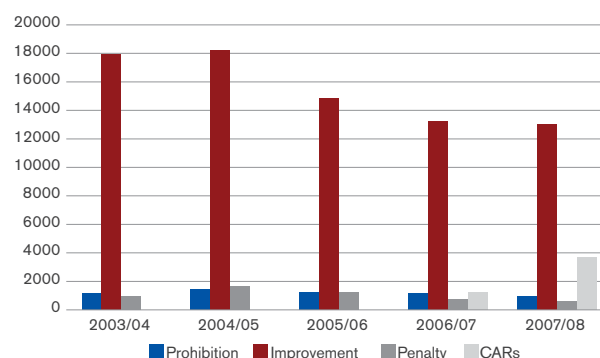
WorkCover provides workers compensation and occupational health and safety information, advice and educational services through its inspectorate, project teams, business assistance officers and ongoing business activities, to assist employers to meet their workplace safety obligations.

This service is delivered through advice and education programs, individual site visits, targeted intervention industry rebate programs and a range of seminars and workshops held throughout the state. More details are found on page 36.

In 2007/08, WorkCover inspectors carried out workplace visits that have resulted in the issue of 3919 confirmation of advice records (CARs), 619 penalty notices, 994 prohibition notices and 13,109 improvement notices for non-compliance with workplace safety legislation.

As the regulator for workplace safety in NSW, WorkCover undertakes strategic prosecutions for non-compliance with occupational health and safety legislation. Further information about WorkCover's workplace safety prosecutions are found on page 17.

NOTICES ISSUED



WorkCover's focus on the provision of information and advice has seen a reduction in the number of prohibition and penalty notices issued, as evidenced in the figure above. Improvement notices and the new CARs note the advice provided to employers on how to improve their workplace safety, without the need to issue formal enforcement notices.

# ► INJURY AND ILLNESS PREVENTION

## Industry Solutions Program

The Industry Solutions Program commenced in August 2006 and continues to see the establishment of consultative committees made up of representatives from WorkCover, key industry experts, worker and employer groups, manufacturers, designers, suppliers and end users. The committees work in partnership to address key safety issues across a range of industries and recommend practical and innovative solutions to specific hazards.

To date, key initiatives have been undertaken with peak bodies from the construction and rural industries. These committees are developing practical solutions to longstanding issues that were otherwise considered to be in the 'too hard basket'.

Positive results have already been achieved through the Program, including the implementation of three industry safety standards relating to the safe erection of timber roof trusses, safe use of grain augers and post drivers in April 2007. A 12-month review and update of the industry safety standards has been completed.

In 2007/08, WorkCover strengthened its hazard management capacity by establishing four hazard teams specialising in chemicals, engineering, the working environment and major hazard facilities. The new teams provide effective management of strategic investigations, the coordination of occupational health and safety complaints, incident notification and an after-hours emergency response service. WorkCover assists business to manage workplace hazards through risk and compliance policy development, technical guidance and field support, workshops, seminars and licensing and permissioning activities.

Consultative committees were established in August 2007 to develop practical solutions to issues relating to wood splitters and prefabricated steel modular scaffolding. Two industry safety standards were developed and will commence in August 2008 with a six-month transitional arrangement. Throughout this period, WorkCover and committee members will provide advice and assistance to manufacturers, designers, suppliers, users and other duty holders on implementing the requirements of the industry safety standards. Following the transitional period, WorkCover will verify whether the safety measures in the industry safety standards have been adopted and will report back to industry on the outcomes of its verification activities.

## Permissioning Control Framework

Over one million people in NSW hold licences, permits, registrations or certificates (generally termed 'permissions') under the *Occupational Health and Safety Act 2000* and the associated regulations.

To improve the strategic policy framework for the regulation of all occupational health and safety permissioning activities, WorkCover is undertaking a project to provide the most effective and efficient use of resources and the best health and safety outcomes with the least regulatory burden.

A permissioning lifecycle developed in 2007/08 encompasses four main steps:

- agreed acceptance criteria
- documented assessment and determination processes
- a verification plan
- an evaluation and risk management process.

The staged project will deliver permissioning policies and procedures.

## Major Hazard Facilities

The *Occupational Health and Safety Amendment (Major Hazard Facilities) Regulation 2008* is to be gazetted in July 2008, with a commencement date later in that month.

The amendment regulation is designed to reduce the risk of major incidents occurring at major hazard facilities and to limit the consequences of incidents. The amendment regulation will apply to approximately 35 major hazard facilities across the state. It is possible the amendment regulation will apply to a further 165 potential major hazard facility sites across the state.

By January 2009 major hazard facilities and potential major hazard facilities are required to provide WorkCover with a safety report that justifies the measures taken to ensure the safe operation of the facility. Facilities are also required to have a safety management system, security plan and emergency plan. A notification and registration process will provide transitional steps to allow facilities the necessary time to achieve each of the safety milestones. WorkCover will continue to monitor industry's compliance with the Regulation following its implementation.

The Regulation applies to oil refineries, processing plants, liquefied petroleum gas depots, and large chemical warehouses with hazardous materials and explosives storage facilities, and brings NSW into line with the *National Standard for the Control of Major Hazard Facilities*.

An interagency team comprising staff from WorkCover, NSW Police, NSW Fire Brigades, Department of Planning and the Department of Environment and Climate Change will administer the regulation. The team will focus on catastrophic risks, off-site impacts, safety management systems, emergency preparedness and occupational security.

## Where everybody knows your name...

The close-knit WorkCover Narrabri team know about effective service delivery in regional NSW. Their team of four service an area of over 50,000 square kilometres that includes six shire councils.



*The Narrabri Team: Gary Mason, Louisa Burns, Mark Chillingworth and John Foster*

While the main industry in this area is farming and agricultural production, the diversity of the region means that each member of the team must be a true WorkCover 'generalist'. From hairdressers to horse breeders, from labourers to baristas, the Narrabri team provide occupational health and safety and workers compensation advice and compliance support to people in every conceivable industry.

A typical week might involve taking enquiries over the phone or counter, delivering safety solutions workshops and attending field days, attending local business alliance meetings and investigating complaints or compliance matters 200 kilometres from the office. Sometimes it is about having lengthy discussions with a small business owner who has travelled over 100 kilometres just to visit the office.

Narrabri is a close-knit community with a population of around 13,000 residents. So when it comes down to workplace safety, it's personal. Staff member Louisa sums it up perfectly, "everyone has to be treated equally in terms of OHS... after all, safety is safety..."

## OHS prosecutions

In 2007/08 WorkCover successfully prosecuted 182 defendants involving 231 charges in 110 matters. These prosecutions were for breaches of occupational health and safety legislation and resulted in penalties of over \$8.6 million.

A total of 145 charges were laid against 113 defendants for breaches of the legislation in relation to 55 occupational health and safety matters.

As at 30 June 2008, WorkCover had 180 active charges against 128 defendants in 72 matters before the courts for breaches of occupational health and safety legislation. This does not include matters before the Coroner or under investigation.

## AN EFFECTIVE AND EFFICIENT LEGISLATIVE FRAMEWORK

### Harmonisation program 2007/08

WorkCover's occupational health and safety harmonisation program progressed through 2007/08. The harmonisation program will improve regulatory frameworks across Australia through greater uniformity and by cutting red tape for workers and employers operating in more than one state.

WorkCover's occupational health and safety harmonisation program will:

- ▶ improve consistency in workers compensation and occupational health and safety regulation across state and territory borders through:
  - greater regulatory uniformity
  - reducing red tape through streamlined administrative arrangements
  - cooperative programs by regulators that deliver a more consistent safety message, for example common guidance material
  - improved federal/state and territory cooperative arrangements
- ▶ reduce compliance costs for employers and employees who work across state and territory boundaries
- ▶ improve resource efficiency of state and territory regulators through reduced duplication and more cost effective use of resources.

Victoria and New South Wales have agreed to a second program of works. Ongoing discussions continue with representatives from WorkSafe Victoria and relevant forums such as the Heads of Workplace Safety Authorities.

## ► INJURY AND ILLNESS PREVENTION

### **Implementation of new first aid training arrangements in NSW**

First aid certification in NSW is currently regulated under the *Occupational Health and Safety Regulation 2001*. Employer-provided first aid personnel must hold either paramedical or medical qualifications or have successfully completed a WorkCover approved course.

An extensive review of WorkCover's first aid course approval process and consultation with accreditation bodies and industry stakeholders has provided clearer directions for the licensing of first aid providers. WorkCover will now recognise nationally accredited units of competency that will require all providers to become a registered training organisation.

A three-year transitional period for existing providers to adopt the new system and apply for national accreditation with the Vocational Education and Training Accreditation Board was established. The transitional period concludes on 30 June 2009.

### **Implementation of the *National Standard for Licensing Persons Performing High Risk Work***

The Australian Safety and Compensation Council declared the *National Standard for Licensing Persons Performing High Risk Work (National Standard)* in April 2006. The National Standard aims to facilitate the operation of a uniform national, competency based licensing system for persons performing certain types of high-risk work.

In 2007, WorkCover commenced consultation with other occupational health and safety jurisdictions and the Vocational Education and Training (VET) sector and over 550 stakeholders to ensure consistency with implementation of the National Standard within NSW. A key focus was the movement of training and assessment to the VET sector. This requires WorkCover accredited assessors, training and assessment to be delivered under the supervision of, or in partnership with, a registered training organisation.

WorkCover will commence licensing high-risk activity under the National Standard on 1 September 2009.



### **Implementation of the *National Code of Practice for Induction for Construction Work* in NSW**

NSW will implement the *National Code of Practice for Induction for Construction Work* from 1 September 2009. To facilitate the code, WorkCover has developed a statement of agreement with the NSW State Training Authority and the Vocational Education and Training Accreditation Board, outlining the responsibilities of each party. The agreement is fundamental to ensuring that a joint approach is maintained, eliminating process duplication, while ensuring communication and information transfer is accurate and efficient.

### **Review of the *Occupational Health and Safety (Clothing Factory Registration) Regulation 2001***

The *Occupational Health and Safety (Clothing Factory Registration) Regulation 2001* (the Regulation) is due for staged repeal on 1 September 2008.

In 2008, WorkCover distributed a discussion paper to over 3000 stakeholders to evaluate whether the Regulation is effective in meeting its objectives of achieving safe workplaces and to determine whether the benefits of the Regulation outweigh the costs of compliance.

In response to stakeholder submissions that both challenged and supported the Regulation, the clothing factory provisions will be transferred to the general *Occupational Health and Safety Regulation 2001*.

### **Review of Part 9.2 of the *Occupational Health and Safety Regulation 2001* (Certificates of Competency for formwork and the operation and use of explosive-powered tools)**

NSW is currently the only jurisdiction where formwork and explosive-powered tool operation is licensed by an occupational health and safety regulator.

In support of the Government's commitment to harmonise occupational health and safety legislation throughout Australia, WorkCover has facilitated a review of the current certificate of competency requirements for formwork and explosive-powered tools operations. In March 2008 a discussion paper was released to over 600 stakeholders to evaluate the net benefit of retaining certificates of competency for formwork and the operation and use of explosive-powered tools.

Submissions received from stakeholders both challenged and supported various aspects of regulation, as well as identified a number of issues that have inhibited the effectiveness of occupational health and safety regulation in these areas. To this end, a better regulation statement is currently being prepared for further public comment on this issue.



## Review of the OHS Consultation Course

WorkCover has commissioned research on the content, design and structure of the occupational health and safety consultation course to determine the most effective method of achieving meaningful and effective consultation.

Researchers have completed a literature review of comparable interstate and international training models and mapping of a course curriculum against the requirements of occupational health and safety legislation.

A steering committee comprising employee, employer and WorkCover representatives oversaw the review project, providing feedback, advice and direction. The steering committee will consider the results from the initial research findings. The Vocational Education and Training Accreditation Board has granted an extension of the current course until 30 June 2009.

## Licensing Business Development Program

### Creation and implementation of an Asbestos and Demolition Licensing Framework in NSW

From 1 January 2008 licensing thresholds for the removal or disturbance of bonded asbestos were reduced to ten square metres. Amendments to the *Occupational Health and Safety Regulation 2001* were gazetted in May 2008 clarifying the licence requirements.

The amendments form part of the new Asbestos and Demolition Licensing Framework developed to improve safety for the handling of bonded asbestos. All forms and guides have been revised and updated and the renewal process refined in consultation with industry and employee associations.

## Review of the *Occupational Health and Safety Act 2000*

A report on the statutory review of the *New South Wales Occupational Health and Safety Act 2000* was tabled in Parliament on 2 May 2006. A draft Bill was also released for public comment.

The Government commissioned an independent inquiry by the Hon Paul Stein AM QC to consider whether changes were required to the legislation. The inquiry was to consider comments made on the draft Bill and proposals arising from the original report on the review of the Act.

The review of the *Occupational Health and Safety Act 2000* has been subsumed by the national occupational health and safety review. The Stein Report has been released to the public and has been provided to the review panel for the national occupational health and safety review for its information.

WorkCover is committed to working with the Commonwealth and other jurisdictions to harmonise and implement model workplace safety laws by the end of 2011, as agreed by the Council of Australian Governments. WorkCover believes that harmonisation can achieve reduced costs for business without compromising the safety of workers.

## National Occupational Health and Safety review

The Commonwealth National Review into Model Occupational Health and Safety Laws (the National Review) is currently underway to provide a nationally consistent approach to workplace safety.

The advisory panel conducting the National Review released its issues paper in May 2008. The New South Wales Government made a submission on the issues paper, which included a copy of the report on the independent inquiry into the *New South Wales Occupational Health and Safety Act 2000* by the Hon Paul Stein.

The implementation timetable for national uniformity of occupational health and safety laws has been brought forward one year, to the end of 2011.

## Commencement of the *Occupational Health and Safety Regulation 2001* review

As the review of the *Occupational Health and Safety Act 2000* has been subsumed by the national occupational health and safety review, the review of the *Occupational Health and Safety Regulation 2001* pursuant to the *Subordinate Legislation Act*, has been extended until September 2009.

## ENABLING EMPLOYERS TO UNDERTAKE RISK ELIMINATION AND MINIMISATION

### Smart Move Week

In May 2008, WorkCover held the inaugural Smart Move Week. This initiative focused on practical solutions to overcome manual handling injuries. The initiative included three manual handling conferences and the launch of online discussion forums.

The conferences addressed industry specific issues facing the health and community services, government administration and education as well as retail and wholesale industries. Speakers from industry and WorkCover provided examples of actions that have significantly improved manual handling outcomes.

Smart Move Week culminated in the launch of an interactive discussion board on WorkCover's dedicated manual handling 'smartmove' website. The discussion board enables employers and workers to post their manual handling questions to the website and receive information and advice from WorkCover and other site visitors.

## WorkCover will commence licensing high-risk activity under the National Standard on 1 September 2009

# ► INJURY AND ILLNESS PREVENTION

## **Rural Safety Improvement Program 2005-08**

The Rural Safety Improvement Program commenced in 2005 to provide a range of safety solutions and activities across the agriculture industry. The program aims to raise awareness of workplace health and safety risks in agriculture by providing financial and other assistance to the state's farmers. The program will continue to contribute to safer farms, farming equipment and work practices.

The rural safety improvement program includes a number of discrete projects:

- Power Take-off Guard Rebate Program
- Safer Silos Program
- All Terrain Vehicles Safety Program
- Fostering Local Farm Safety
- Farm Safety Information
- Entry Level Farm Safety Training Program
- Wine Industry Safety Strategy 2008.

## **Drought Recovery Assistance Package**

The Drought Recovery Assistance Package will be launched on 1 July 2008. The package provides improvements to the silo safety and power take-off rebate schemes as well as allowing self-employed farmers to apply for a safety solutions rebate.

The package will also sponsor existing drought-related mental health programs. Farmers may also access a three per cent discount for full payment of workers compensation premiums in advance and an apprentice incentive scheme.

## **Power Take-off Guard Rebate Program**

Entanglement with power take off (PTO) drive shafts can result in severe injuries or death. Fitting a guard eliminates this risk.

WorkCover's Power Take-off Guard Rebate Program provides up to \$1 million in rebates over four years to NSW farmers to encourage them to fit PTO guards to tractors. Originally on a dollar for dollar basis, the program was upgraded in 2008 to a full cost rebate of up to \$200 per farm.

The program has been extended to 31 August 2009. As at 30 June 2008, 2355 rebates have been approved for a total expenditure of \$322,326, with a total of 3844 PTO guards being purchased under the rebate scheme.

## **Safer Silos Program**

On-farm silos pose significant risks to farmers exposing them to falls from ladders, falls into silos (usually containing grain), and working in confined spaces risks such as fire, explosion and asphyxiation. Poorly designed or maintained silos may also collapse, causing injury to users or bystanders.

The Safer Silos Program provides a range of support to the state's farmers to reduce the key risks associated with silo use. A seminar program promotes a new code of practice for safe silo use to farming communities and provides specialist advice on silo design for silo designers, manufacturers and suppliers.

A rebate scheme to assist farmers to purchase and fit silo safety devices commenced in January 2007. The scheme originally provided farmers with a dollar for dollar rebate up to \$750 towards the cost of improving the safety of their silo operations. As at the end of June 2008, 1934 silos have been upgraded under the program with rebates totalling \$328,101 being paid to 521 applicants. The total of pre-approved works is \$461,596 to a total of 776 applicants.

## **All Terrain Vehicles (quad bikes) Safety Program**

All terrain vehicles (ATVs) are a major cause of injuries and fatalities in farming communities. The ATV Safety Program commenced in 2004 to promote safe ATV selection, maintenance and riding, through practical demonstrations. WorkCover continues to fund safe riding demonstrations at the major NSW rural field days and rural events.

## **Entry Level Farm Safety Training Program**

Each year young people and other new farming workers are highly represented in the farming injuries and fatalities statistics.

In partnership with Farmsafe NSW and NSW Farmers Association, WorkCover is developing the Entry Level Farm Safety Training Program. The program draws on existing farm safety training and resources to develop a simple yet comprehensive training package for new farm workers. Training will be piloted in several areas and be available for on-farm use and delivery as formal training by registered training organisations.

## **Wine Industry Safety Strategy**

In response to a series of fatalities and serious incidents in the wine industry, a program of advisory visits to the NSW wine regions commenced in April 2008.

Safety issues identified through the visits will be addressed at a series of seminars and workshops at 10 major wine producing areas across the state. The workshops will focus on risk assessment and solutions in high-risk plant and work practices. A review of the industry code of practice is also underway to develop a wine industry safety guide by early 2009.

## Rural Mental Health Support Program

The Drought Recovery Assistance Package includes a new program to support existing mental health prevention and support programs in regional and rural NSW.

Initial discussions have been held with the NSW Farmers Association and the Department of Primary Industry who coordinate a network of service providers. Further meetings are scheduled to discuss sponsorship arrangements with other key program partners.

## Hotel and club safety

Manual handling injuries and minimising the risk of armed hold up are key safety issues in the hotel and club industry.

In partnership with the NSW Police Crime Prevention Team and the NSW Office of Liquor, Gaming and Racing, WorkCover conducted safety seminars for licensees and managers of hotels and clubs to assist businesses to better meet their legislative safety obligations. A total of 69 licensees and managers attended seminars held in Sydney and Mount Pritchard in September 2007. The seminars provided information and advice on workplace safety responsibilities with a focus on eliminating or reducing risks associated with manual handling and armed hold-ups.

The NSW Police presentation provided information on situational crime prevention strategies for licensed premises, which included crime prevention through environmental design and working with the police.

The presentation by the NSW Office of Liquor, Gaming and Racing presented information on standards and systems audits of licensed venues and the Alcohol Response Taskforce; an initiative that focuses on venues with an identified link to high levels of alcohol related assaults and street crime.

Attendees were also made aware of WorkCover's 'Managing for Safety' workshops that were held in October 2007, with 25 of the attendees also registering for these workshops.



## Fact Sheet on the placement of automatic teller machines

Avoidance of serious injury and death were factors that contributed to WorkCover developing a new fact sheet to assist the cash in transit industry manage the risk of robberies associated with automatic teller machines (ATMs). The fact sheet complements the existing *Cash In Transit Code of Practice 2002*.

The primary focus of the *Fact Sheet – ATM Placement* is to provide key risk reduction strategies in relation to the location of ATMs. Where an ATM is placed and the manner in which cash is replenished are significant factors to workers' safety in the cash in transit industry.

The Fact Sheet was developed in consultation with a 45-member industry working party. Membership included the NSW Police, the Transport Workers Union, Chubb, Linfox Armaguard, Comcare, major Australian banks and WorkCover. Further work is underway with Chubb developing independent guidelines on ATM placement and the NSW Police preparing guidance material on ATM theft reduction strategies.

## WorkCover and the Office of Industrial Relations transport mutual responsibility campaign

In late 2007, WorkCover NSW joined with the Office of Industrial Relations to run an advisory campaign throughout NSW. The campaign was aimed at providing up to date information to large and small organisations in the long haul trucking industry.

WorkCover inspectors in conjunction with Office of Industrial Relations inspectors visited 192 transport organisations since December 2007.

During the visits, WorkCover inspectors provided information on the obligations of duty holders in relation to long haul trucking under occupational health and safety legislation, including developing and implementing driver fatigue management plans as part of an overall fatigue management system. Organisations were provided with a range of guidance material to assist duty holders to meet their legislative requirements and provide a safe working environment for their drivers.

Each year young people and other new farming workers are highly represented in the farming injuries and fatalities statistics

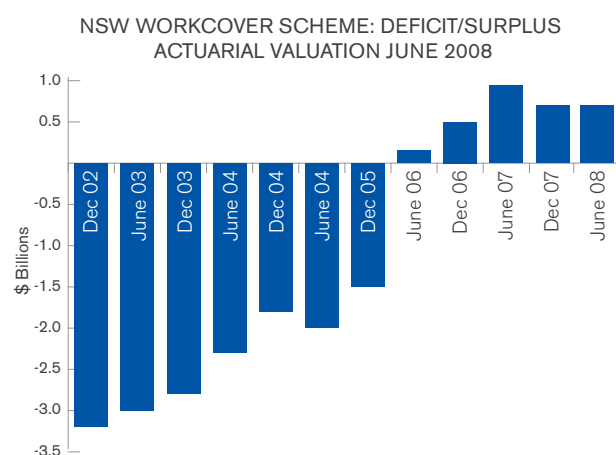
# ▶ EFFECTIVE WORKERS COMPENSATION SYSTEM

Recent workers compensation system reforms have delivered better services and increased benefits for injured workers, savings for employers and improved levels of efficiency:

- ▶ the WorkCover Scheme's financial position has improved from a deficit of \$3.2 billion in 2002 to a surplus of \$625 million in June 2008
- ▶ five premium rate reductions since November 2005 have reduced workers compensation premium rates by an average of 30 per cent, saving NSW industry \$785 million per year
- ▶ apprentice wages have been removed from the calculation of workers compensation premiums, saving employers an additional \$74 million per year
- ▶ cutting the red tape surrounding workers compensation wage declarations and certificates of currency requirements has saved employers an additional \$20 million per year
- ▶ lump sum payments for workers sustaining a permanent injury were increased by ten per cent from January 2007
- ▶ automatic workers compensation coverage for most employers that pay annual wages of \$7500 or less.

## A FINANCIALLY BALANCED SCHEME AND SYSTEM

As at 30 June 2008 an independent valuation from PricewaterhouseCoopers estimates the WorkCover Scheme to be in surplus by \$625 million. The graph below shows the continuing improvement in the Scheme valuation from December 2002 as a result of sustained Scheme performance.



Effective funds management, improved claims management, reduced legal costs and the lowest injury rates since the Scheme began in 1987 have delivered the Scheme's strong financial position.

This strong financial position has provided benefits to employers and injured workers alike. There have been five premium rate cuts since November 2005, reducing premium rates by an average of 30 per cent and saving \$785 million per year for businesses and the state's economy.

## Automatic workers compensation coverage for households and very small employers

From 30 June 2008, most NSW employers that pay \$7500 or less in annual wages will automatically receive workers compensation coverage.

For policies commencing or renewing from 30 June 2008, only employers with annual wages greater than \$7500 are required to take out workers compensation insurance. However, automatic coverage does not apply to employers who are part of a group for workers compensation purposes or who employ an apprentice or trainee. Employers in these circumstances must continue to take out a workers compensation insurance policy, regardless of the size of their wages.

As a result of the new arrangements, 2.5 million NSW households will automatically be covered for workers compensation without having to purchase a policy, if they pay wages to workers of \$7500 or less annually.

Implementation of these changes has simplified workers compensation arrangements in NSW and reduced costs for the state's smallest employers while still providing workers compensation protection for injured workers and employers.

Exempt employers continue to have the same workplace safety obligations and are required to provide the same assistance with injury management and return to work if an injury does occur. A small administration fee (currently \$175) will be payable by the employer should a successful claim be made.

These changes align New South Wales with Victorian workers compensation insurance requirements, providing greater harmony between the two schemes.



As a result of the new arrangement 2.5 million NSW households will automatically be covered for workers compensation.



## Harmonisation Project – workers compensation

The primary objective of harmonisation initiatives is to reduce red tape for employers who operate across jurisdictions, by increasing the national consistency of workers compensation and occupational health and safety arrangements, while maintaining high safety and service standards.

WorkCover has fostered close working relationships with the other jurisdictions (in particular Victoria), to ensure a strategic approach to harmonising key areas in workers compensation. Each jurisdiction participated in the development and implementation of initiatives, with New South Wales and Victoria implementing the majority of actions from the *Intergovernmental Agreement for Harmonisation of Workers Compensation and Occupational Health and Safety Arrangements* signed by the Council for the Australian Federation in October 2006. Queensland and South Australia have also implemented many of the initiatives, with the remaining jurisdictions having implemented the initiatives where possible.

A second program of works has now been developed by NSW in conjunction with Victoria to address the remaining areas of concern identified by multi-state employers during workshops conducted in 2006.

The phase two program of works includes initiatives such as:

- ▶ alignment and updating of the New South Wales and Victorian WorkCover Industry Classification systems
- ▶ adoption by New South Wales of Victoria's small employer minimum policy exemption threshold
- ▶ development of a common curriculum and national qualification for return to work coordinators to allow this workforce to operate unimpeded across state and territory borders
- ▶ increasing the knowledge and skills of insurer and Scheme Agent staff, thereby improving staff retention rates and consistency of service delivery for customers
- ▶ assisting in making workers compensation an industry of choice through the availability of targeted training programs in the field, for example the Personal Injury Education Foundation and the introduction of Certificate IV Workers Compensation.

## Workers compensation employer compliance

To protect workers and their employers in the event of a work related injury or disease, all NSW employers other than exempt employers must have a workers compensation policy. An employer is a business (including an individual) that employs or hires workers on a full-time, part-time or casual basis, under an oral or written contract of service or apprenticeship (from 30 June 2008, an exempt employer will be an employer who

pays less than \$7500 in wages annually, who does not employ an apprentice or trainee and is not a member of a Group for workers compensation purposes). The policy cover issued must reflect the remuneration paid to workers and the industries in which the employer operates, and must cover all workers at all times.

Workers compensation payments are used to provide injured workers with benefit payments for income support, as well as medical and other related expenses, to assist them to return to work, and to provide lump sum payments for permanent impairment.

WorkCover's regulatory function aims to ensure compliance by employers in relation to their workers compensation statutory responsibilities. As a result of compliance activities undertaken in 2007/08, WorkCover completed 5840 wage audits identifying \$25.1 million in additional premiums and also returning \$9.5 million to employers for over-declaration of wages.

## Workers compensation fraud investigation

WorkCover monitors the workers compensation system to identify suspected cases of fraud. It also investigates potentially fraudulent activity that is identified through monitoring or referrals from the public.

Where fraud is proven, a range of remedies are available including prosecution (which can result in fines or imprisonment), recovery of overpayments and cautionary notices.

In 2007/08 WorkCover resolved one of the largest workers compensation fraud cases in NSW to date. The investigation resulted in a western Sydney man being convicted and jailed for five years for defrauding the NSW Workers Compensation Scheme of \$363,542 over a four-year period.

During 2007/08, WorkCover received 309 referrals of alleged fraudulent activity, all of which were investigated.

Nineteen fraud prosecutions were completed during 2007/08, with 17 resulting in a conviction or a finding of guilt not leading to a conviction. Sixteen cautions were issued in lieu of prosecution.

In addition to investigating fraud offences, WorkCover invests significant resources in fraud prevention activity. For example, during 2007/08 a fraud awareness and detection training program was delivered to over 1100 Scheme Agent claims staff. The program will continue to focus on Scheme Agent staff during 2008/09 and will also be tailored for and rolled out to self and specialised insurers.

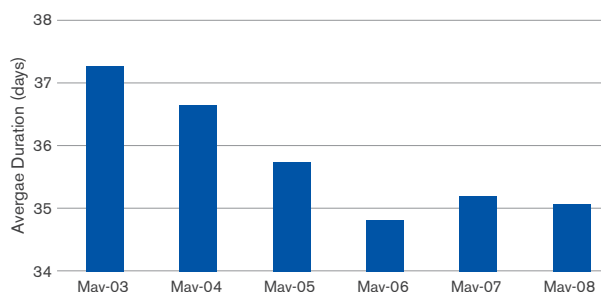
# ▶ EFFECTIVE WORKERS COMPENSATION SYSTEM

## IMPROVED HEALTH OUTCOMES AND RETURN TO WORK

### WorkCover Scheme return to work (RTW) performance

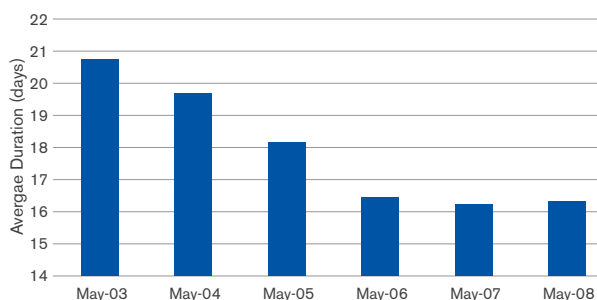
The average duration on weekly benefits is used as a measure for monitoring the return to work performance of the WorkCover Scheme. The measure examines all claims resulting in five or more days of incapacity to work, but separates them into categories based on the length of incapacity (6, 12 and 18 months).

WORKCOVER SCHEME RTW RESULTS - 6 MONTHS MEASURE



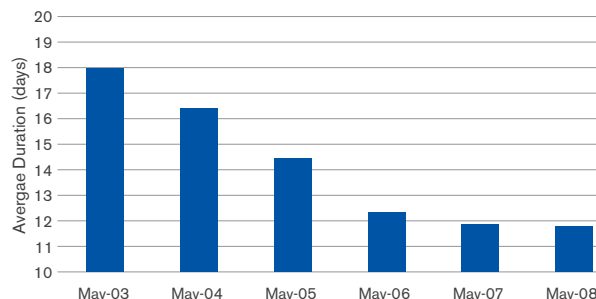
For the six-month duration measure in the five years to May 2008, there was an average annual improvement of 1.2 per cent.

WORKCOVER SCHEME RTW RESULTS - 12 MONTHS MEASURE



For the 12-month duration measure in the five years to May 2008, there was an average annual improvement of four per cent.

WORKCOVER SCHEME RTW RESULTS - 18 MONTHS MEASURE



For the 18-month duration measure in the five years to May 2008, there was an average annual improvement of seven per cent.

All three measures show improvement in return to work outcomes since 2003.

### Soft tissue injury management

WorkCover has published a package of practical advice for reducing the risk of long-term disability and work loss in workers suffering soft tissue injury, which was developed following extensive consultation with providers and stakeholders.

The soft tissue injury information package includes a comprehensive overview of an integrated, active management approach and five advice sheets on:

- ▶ advice for workers
- ▶ acute intervention
- ▶ review and transition process
- ▶ secondary intervention
- ▶ treatment using work related activity.

The overview and advice materials were developed to provide information and guidance about important principles and activities which, when implemented, should assist in reducing the risk of a worker with a soft tissue injury suffering from long term disability and work loss. The information is based on scientific evidence and NSW workers compensation system requirements.

The specific objectives of this advice are to promote:

- ▶ successful early, safe and durable return to work
- ▶ a worker and work focused approach to injury management
- ▶ effective communication and common goals between key parties
- ▶ an evidence-based, active approach
- ▶ cost effective, prompt and efficient interventions.

## AN EFFECTIVE DISPUTES SYSTEM

Workers compensation dispute arrangements underwent significant change from 1 November 2006 focusing on streamlining and increasing transparency in the dispute process and to encourage the early resolution of disputes.

The changes included improved claims management decision-making and communication practices, streamlined resolution procedures and improved medical examination and report procedures.

An evaluation of the impact of the 2006 reforms has commenced and is reviewing the implementation of the changes by Scheme Agents, self and specialised insurers. It includes examination of:

- ▶ Scheme Agent reports and claim files
- ▶ case management audits of self and specialised insurers
- ▶ Workers Compensation Commission and Claims Assistance Service data.

To date the review has found a high level of compliance of insurers and Scheme Agents with dispute notices and response to workers' requests for review, and an improvement in the use of independent medical examinations.

The evaluation also found that there was a 22 per cent reduction in general disputes, a 34 per cent reduction in arbitral appeals and an 11 per cent reduction in medical appeals.

The evaluation findings are also informing new initiatives intended to further improve service delivery within the workers compensation system.

## MANAGE AND OVERSEE AGENTS, INSURERS, INVESTMENT MANAGERS AND SERVICE PROVIDERS

### Case management consistency for all workers

To ensure that all NSW workers receive consistent, quality-assured service and assistance in the event of a workplace injury, WorkCover has extended the application of *Case Management Principles* to self and specialised insurers. Scheme Agents were already required to follow the *Case Management Principles*.

WorkCover's case management framework is a set of clearly defined practices for ensuring the effective management of a claim, from notification of injury through to finalisation.

By applying the *Case Management Principles* within their businesses, WorkCover expects that self and specialised insurers will continuously improve their service levels by:

- ▶ managing injuries, claims and return to work outcomes in a holistic and systematic manner
- ▶ maximising return to work and health outcomes for injured workers, while minimising risk of re-injury

- ▶ establishing an effective claims management infrastructure and process with open communication channels
- ▶ delivering cost-effective case management with a strong focus on outcomes.

WorkCover and the Self Insurers Association collaborated on the development of a case management auditing process to support the introduction of these principles.

Implementing these arrangements demonstrates the commitment of WorkCover and self and specialised insurers to ensure that workers receive the best possible treatment if they sustain a work related injury.

### Workplace rehabilitation provider framework

In June 2008, the Heads of Workers Compensation Authorities (HWCA) endorsed a position paper, *Nationally Consistent Approval Framework for Workplace Rehabilitation Providers*, which was developed to provide a robust approval system for rehabilitation service providers working in more than one state.

WorkCover has implemented a new approval framework for rehabilitation providers, which is consistent with the national framework. The new arrangements are the result of a comprehensive review of the accreditation framework for occupational rehabilitation providers, which incorporated extensive consultation with professional associations, employer groups, unions, insurers, internal stakeholders, board members and rehabilitation providers.

The approval framework promotes provider responsibility in achieving quality service, including:

- ▶ new principles and conditions
- ▶ a three-year renewal process
- ▶ provider self-evaluation arrangements
- ▶ ongoing evaluations and periodic audits conducted by WorkCover.

## The 2006 reforms have resulted in a 22 per cent reduction in general disputes

# ▶ EFFECTIVE WORKERS COMPENSATION SYSTEM

## REVIEW OF AGENT CONTRACTS THAT SUPPORT THE NEEDS OF THE SCHEME

### Agent Contract Review Project

As part of the Government's continued reform of the NSW workers compensation system, a new legal structure was introduced in 2005 with the aim of:

- ▶ improving service delivery and outcomes for workers and employers
- ▶ improving return to work rates
- ▶ improving Scheme financial performance
- ▶ introducing competition into the market.

Under these new arrangements there is now a single insurance entity (the Nominal Insurer) responsible for the performance of the Scheme. WorkCover acts on behalf of the Nominal Insurer, and manages commercially focused contracts with seven agents to deliver claims and policy services. These agents are accountable to the Nominal Insurer.

As at 30 June 2008 the Scheme Agents were:

- ▶ Allianz Australia Workers' Compensation (NSW) Limited
- ▶ Cambridge Integrated Services Australia Pty Ltd
- ▶ CGU Workers Compensation (NSW) Limited
- ▶ Employers Mutual NSW Limited
- ▶ Gallagher Bassett Services Pty Ltd
- ▶ GIO General Limited
- ▶ QBE Workers Compensation (NSW) Limited



## ENGAGEMENT AND EDUCATION OF SYSTEM PARTICIPANTS

### Workers compensation insurance industry resourcing

In 2007/08 WorkCover commenced the Certificate IV (Vocational Training) Project. The Project is the central initiative within a broad program of activities designed to assist the workers compensation insurance industry attract, develop and retain experienced and highly skilled personnel.

Under the Certificate IV Project, WorkCover has been working with industry, Deakin University and WorkSafe Victoria to design, develop and produce a nationally accredited Certificate IV level qualification in workers compensation claims management. Delivery of the new qualification will commence in September 2008.

The establishment of this new qualification will contribute to the creation of formal and specialised pathways of professional development for workers compensation industry personnel. The pathways, which will link specialised training and qualifications from an entry-level through to the postgraduate level, will increase the professional attractiveness of the industry, and build on its existing skill base and performance.

To encourage and support industry personnel to attain industry specific postgraduate qualifications, WorkCover has also established an industry scholarship program. The program provides up to five scholarships annually, with a value of \$15,000 each per year, for individuals undertaking postgraduate courses in injury management offered by the Personnel Injury Education Foundation. In addition to the five industry scholarships, WorkCover offers another two scholarships annually to its own employees.

### Engaging general practitioners

WorkCover has implemented a multi-modal strategy to assist general practitioners to interact with the workers compensation system.

A program to provide general practitioners with easier access to information has been developed. The program will deliver an introductory education module on the workers compensation system and clinical training modules on evidence-based treatment for common work injuries through on-line and face-to-face sessions with general practitioners.

An important part of the strategy is to educate other system participants, including compensation case managers on how to best work with general practitioners.

A tender to select a contractor to deliver the program was conducted in 2007/08 and awarded to rehabilitation and medical services provider, Recovre. Recovre will work in partnership with the University of Sydney and has established an external project reference group. Work has commenced on the development of education modules and an information package for general practitioners.

The expected outcomes from the program are:

- ▶ an increase in the level of understanding general practitioners have of the workers compensation system
- ▶ greater satisfaction of general practitioners about their relationships with others operating in the workers compensation system
- ▶ insurers will be able to interact more easily and effectively with nominated treating doctors
- ▶ greater acceptance and application of evidence-based, active back to work treatment strategies
- ▶ a reduction in disability and associated costs of workers compensation claims.

## Large employer premium reform

In 2007, WorkCover began a process of consultation regarding an improved workers compensation premium method that would:

- ▶ assist in retaining large employers within the NSW Scheme
- ▶ provide stronger incentives for large employers to improve workplace safety, injury management and return to work performance
- ▶ meet a public commitment to further consider the needs of large employers.

In consultation with stakeholders, WorkCover is developing a framework for the phased introduction of an alternative premium method (based on commercial burning cost arrangements).

## EFFECTIVE FUNDS MANAGEMENT

### Workers Compensation Insurance Fund

The Workers Compensation Insurance Fund (the Fund) was established in July 2005 to achieve positive investment results and ensure long-term viability of the workers compensation system. The Fund consolidated six separate funds previously held by licensed insurers. It is managed independently by the Workers Compensation Insurance Fund Investment Board (the Board), which was also established in 2005 and is supported by WorkCover.

The *Workers Compensation Legislation Amendment Act 2004* prescribed the establishment of the Workers Compensation Insurance Fund Investment Board (the Board). The Board has responsibility for:

- ▶ determining investment policies for the investment of the investment fund
- ▶ reporting to the Minister on the investment performance of the investment fund.

The functions of the Board are distinct from the functions of the WorkCover Board.

The Board develops appropriate policies and procedures and makes decisions relating to investment policy. WorkCover, as agent of the Nominal Insurer, implements these decisions. The Board has entered into a memorandum of understanding with the WorkCover Authority of NSW to facilitate the conduct of its policies.

The part-time Board members are: David Spruell (Chairperson), Nicholas Whitlam (Deputy Chairperson), Kerry Adby, Peter Collins, Terry Downing, with Jon Blackwell, CEO of WorkCover being an ex-officio member. The Governor of New South Wales appointed the Board on 18 February 2005 for a three-year term. The Board members were reappointed for a further three-year term in February 2008.

### Fund developments

The Fund implemented a number of initiatives over the year. These initiatives aimed to reduce risk, improve the efficiency of the Fund and further increase the probability that the Fund can meet all future claims. The main developments are summarised below.

#### Defensive portfolio

The Fund undertook a number of enhancements over the year within the defensive section of the Fund, including:

- ▶ reduced exposure to Australian fixed interest in favour of Australian inflation-linked bonds
- ▶ decreased exposure to global inflation linked bonds in favour of Australian inflation linked bonds
- ▶ increased the duration of the fixed interest portfolio
- ▶ invested the Fund's Australian fixed interest allocation into AAA rated semi-government securities.

The main advantage to the Fund of these initiatives is the increased immunisation of the Fund's liabilities by the investment assets, for example:

- ▶ the allocation between Australian inflation linked bonds and Australian nominal fixed interest is in the same proportion as the split in the Fund's expected liabilities between those liabilities that will grow by an inflation linked factor and other liabilities
- ▶ the greater allocation to Australian inflation linked bonds rather than global inflation linked bonds, means that the returns from the Fund's assets will more closely match the impact of future inflation on the stated value of the Fund's liabilities
- ▶ the duration profile of the defensive assets more closely matches the duration of the Fund's liabilities.

Further, the investment in highly rated semi-government securities aims to capture an attractive spread over Commonwealth Government securities, which will enhance the return of the portfolio without the Fund being significantly exposed to credit risk.



# ▶ EFFECTIVE WORKERS COMPENSATION SYSTEM

## Equity portfolio

### *Review of Australian equities*

The Fund's Australian equity structure was restructured resulting in the following changes:

- ▶ sixty per cent of the portfolio invested in a passive futures overlay, with three of the eight active Australian equity managers retained to manage the remaining 40 per cent of the portfolio
- ▶ no dedicated allocation to an Australian small companies manager
- ▶ reduced cost of management due to the high degree of explicit passive management, and a better risk-adjusted expected outcome
- ▶ performance based fees have been negotiated with the Fund's remaining Australian equity managers.

### *Strategic call option writing*

The Board authorised the WorkCover Authority to implement a strategy of call option writing over a portion of the Fund's equity portfolio. The strategy is essentially a potential pre-sale of the Fund's equities significantly above the then prevailing market level, and generates additional returns for the Fund.

Since the program was implemented, the Fund has earned additional income of approximately \$32.7 million from this strategy.

### *Reduction in equities and change in strategic asset allocation in favour of international equities*

In December 2007 the Fund reduced exposure to equities by two per cent, in favour of a cash allocation. Cash was funded equally from Australian and international equities.

In addition, Australian equity exposure was reduced in favour of international equities on the advice of the asset consultants to the Fund and the WorkCover Authority.

## Future developments

WorkCover and the Board are continuously looking at ways to reduce risk, improve the efficiency of the Fund and further ensure that the Fund can meet all future claims. The following is a summary of some future initiatives currently being considered.

### Commodities

As an asset class, commodities tend to move in an opposite direction to that of the share market. As a result, commodities are said to have a low (if not a negative) correlation to the share market. Consequently, an allocation to commodities should reduce the equity risk in the Fund by diversifying risk, without any expected reduction in Fund return over the long term.

## Infrastructure

Infrastructure has a number of attributes similar to that of an inflation-linked bond security. For example, a mature infrastructure asset can provide a reliable income stream, which may increase with inflation or a similar increment. With Board approval, WorkCover is working towards establishing a global infrastructure mandate, possibly by working with an 'infrastructure partner' to help the Fund gain access to infrastructure assets which would meet its investment needs. An allocation to infrastructure would further diversify the Fund.

### Management efficiencies

With the encouragement of the Board, WorkCover is evaluating ways in which it can improve the expected addition of value from its investment management costs. Possible outcomes are:

- ▶ greater use of passive strategies where no benefit can be gained from paying active management fees
- ▶ assumption of certain functions by WorkCover where in-house expertise (for example the construction of the semi-government bond portfolio) and cost savings can be made
- ▶ increased use of performance based fees. The focus will be on maximising the expected after fee return to the Fund whilst maintaining strict risk controls.

### Asset allocation

Changes to the Fund's strategic asset allocation over the year aimed to reduce risk and immunise a portion of the Fund against its liabilities. The main changes were a reduction to overall equities, shifting the balance of equity exposure in favour of International equities, reducing exposure to Australian fixed interest and an increase to Australian inflation-linked bonds. Table 1 below details the Fund's strategic asset allocation as at June 2008.

**Table 1: The strategic asset allocation of the Fund**

Asset class	SAA (%)
Australian equities	13.0
International equities <sup>1</sup>	20.0
Property	10.0
Australian fixed interest bonds	5.0
Australian inflation-linked bonds	45.0
Global inflation-linked bonds	5.0
Cash	2.0
<b>Total</b>	<b>100.0</b>

1. Developed market currency exposure 50 per cent hedged

# making a difference

## Investment managers

All investment managers as at June 2008 are listed below.

<b>Australian shares</b>	
	BlackRock Investment Management (Australia) Limited
	Independent Asset Management Pty Limited
	Perennial Investment Partners Limited
	Tyndall Investment Management Limited
<b>Global shares</b>	
	Alliance Capital Australia Limited
	Colonial First State Investments Limited (emerging markets shares)
	GMO Australia Limited
	Lazard Asset Management Pacific Co
	MFS International (UK) Limited
	State Street Global Advisors Australia Limited
<b>Property</b>	
<i>Australian listed property</i>	
	Vanguard Investments Australia Ltd
<i>Global listed property</i>	
	Russell Investment Management Ltd
<i>Australian unlisted property</i>	
	AMP Capital Investors Limited
	GPT Group Limited
	Goodman Wholesale Limited
	Lend Lease Real Estate Investments Limited
	Dexus Property Group
<i>Australian fixed interest</i>	
	WorkCover NSW (Portfolio Construction)
	BlackRock Investment Management (Australia) Limited (Portfolio implementation)
<i>Australian inflation-linked bonds</i>	
	Colonial First State Asset Management (Australia) Limited
	Credit Suisse Asset Management (Australia) Limited
<i>Global inflation-linked bonds</i>	
	Fischer Francis Trees & Watts Inc.
<i>Currency hedging</i>	
	BNP Paribas Asset Management UK Limited
<i>Absolute return</i>	
	Barclays Global Investors Australia Limited
<i>Cash</i>	
	New South Wales Treasury Corporation

## ▶ EFFECTIVE WORKERS COMPENSATION SYSTEM

### Custodian transition

The Board together with WorkCover conducted a tender for master custody and related services during 2006 and 2007 with State Street Bank & Trust, the successful party. The master custodian of the Fund was BNP Paribas Securities Services up until 30 September 2007 with all assets transitioned to State Street Bank & Trust in the fourth quarter of 2007.

Extensive planning was conducted to ensure an efficient transition with WorkCover reporting on a fortnightly basis to the Implementation & Transition Committee.

The transition of assets and accounting records was relatively smooth. The Board engaged Ernst & Young to review the transition in accordance with Australian Auditing Standards and provide their detailed assessment. No major issues were highlighted.

### Investment Performance and Market Information

The Fund declined over the financial year ended June 2008 by 0.46 per cent. Performance over the period exceeded investment benchmarks, but underperformed the change in the value of the Fund's liabilities. Since the inception of the Fund in July 2005, the Fund has outperformed its liability benchmark by over five per cent per annum and its strategic asset allocation benchmark by 0.9 per cent per annum. Table 2 below outlines the Fund's total strategic asset allocation performance against the Fund's estimated liability and Table 3 outlines the Fund's performance across each asset class.

**Table 2: Fund total performance for the year ending June 2008 and since inception**

	Total Fund performance (% p.a.) 1 Yr	Since Inception
Total Fund performance	(0.5)	7.3
Strategic benchmark return	(1.5)	6.4
Relative performance	1.0	0.9
Liability benchmark return	2.1	2.0
Relative performance	(2.5)	5.3

Performance over the  
period exceeded  
investment benchmarks



**Table 3: Fund asset class performance for the year ending June 2008 and since inception<sup>1</sup>**

Asset class	Performance (% p.a.)		Benchmark (% p.a.)		Outperformance / (Underperformance) (% p.a.)	
	1 Yr	Since Inception	1 Yr	Since Inception	1 Yr	Since Inception
Aust. equities (incl overlays)	(13.5)	8.8	(13.8)	9.1	0.3	(0.3)
Aust. equities (ex. overlays)	(16.0)	8.5	(13.8)	9.1	(2.3)	(0.6)
Int'l equities <sup>2</sup>	(14.1)	5.0	(15.0)	3.6	0.9	1.4
Aust. listed property	(37.8)	(5.7)	(37.7)	(4.8)	(0.1)	(0.9)
Aust. unlisted property	11.2	13.1	8.6	8.6	2.6	4.5
Int'l listed property	(19.8)	3.8	(21.3)	2.4	1.5	1.5
Aust. fixed interest	5.9	3.7	4.2	3.3	1.7	0.4
Aust. inflation-linked bonds	7.5	5.2	6.5	4.8	1.1	0.4
Int'l inflation-linked bonds	13.8	6.9	15.3	7.6	(1.5)	(0.6)
Absolute return strategies	6.8	8.9	7.3	7.1	(0.6)	1.8
Cash	7.0	6.1	7.3	6.6	(0.3)	(0.5)

1. Inception date for performance is 30 November 2005, except Unlisted Property 20 December 2005 and ARS 28 December 2006.

2. International developed markets currency exposure hedged 50 per cent at June 2008. Decreased from 75 per cent in May 2008.

Listed growth assets declined significantly over the year. Australian listed property in particular fell in terms of market value following issues around Centro and debt markets generally. Generally listed equity markets provided negative returns following the troubles in US housing, credit markets, concerns around inflation and the significant increases in commodity prices (for example, oil).

Australian unlisted property provided a good return for the year. Valuations at the end of June 2008 indicated some decline in capital valuation rates, but these declines were generally offset by rental growth.

Fixed interest markets both in Australia and internationally provided solid positive returns. The Fund's large allocation to fixed interest across the portfolio, helped soften the negative impact resulting from the decline in growth assets. Enhancements made to the Fund's Australian fixed interest and inflation-linked bond portfolios over the past two years have contributed positively to the Fund.

Overall, the Fund declined 0.46 per cent for the year, outperforming the strategic benchmark by 1.0 per cent, which was equivalent to approximately \$106 million. However, the Fund underperformed the liability estimate by 2.5 per cent or approximately \$266 million.

### Fund costs

The estimated cost of running the Fund for the financial year ending June 2008 was approximately 0.31 per cent of the average monthly value of the Fund. This estimate includes costs attributed to WorkCover.

## ▶ EFFECTIVE STAKEHOLDER RELATIONSHIPS

Effective engagement with our stakeholders is seen as essential to WorkCover NSW providing best practice occupational health and safety and workers compensation outcomes.

The 2007-10 Corporate Plan identified four key strategies to improve our engagement with stakeholders:

- ▶ effective stakeholder relationships
- ▶ driving national development of harmonised, best practice occupational health and safety and workers compensation outcomes
- ▶ actively assist small and medium enterprises to build capability to improve occupational health and safety and workers compensation outcomes
- ▶ effectively manage current and emerging issues.

Young workers believe injuries and incidents are par for the course



### EFFECTIVE STAKEHOLDER RELATIONSHIPS

#### Young Workers Program

Young workers preparing to enter or having just entered the workforce, face greater risks of injury and death than any other group of workers in NSW. Inexperience, fear of asking for assistance and lack of training or education means this group has a disturbingly high injury rate with over sixteen young people injured at work each day. The primary purpose of the program is to increase awareness of the rights and responsibilities of young workers amongst parents, educators, employers and young workers themselves.

The Young Workers Poster Competition is part of the young worker program and runs across the calendar year. The competition challenges entrants to identify occupational health and safety issues that affect young workers and portray these in a poster format.

The 2007 competition received 322 entries from around NSW. The winners were announced at the 2007 Awards Ceremony held at Luna Park, Sydney in November. The winning entries have been printed as A3 posters and are available free of charge through the publications hotline.

Research into the issues, concerns and motivations of young workers was undertaken in January 2008. The results showed that young workers believe that injuries and incidents are par for the course, and that if they report a risk, hazard or injury they will lose their jobs.

In response to this research, an e-learning tool to assist employers with their work safety and induction responsibilities will be developed in 2009. This tool will be available in CD ROM and online format, free of charge. It is currently under development and due to be launched in the first half of 2009.

Other initiatives to consult with and improve workplace safety for young workers include:

- ▶ a WorkCover Assist grant was awarded to the Australian Retailers Association and Youthsafe to develop an occupational health and safety high school curriculum for students, parents and teachers
- ▶ assisting the Commission for Children and Young People in developing a babysitter's guide for young people
- ▶ working with the Office of Fair Trading to develop an online occupational health and safety game *Escape from the Mall*
- ▶ contributing to the development of occupational health and safety content for a new curriculum resource for high school students called *Girls@Work*
- ▶ assisting the Royal Agricultural Society by providing OHS instruction to workers at the 2008 Royal Easter Show including presentation to young workers and the provision of advice to their employers, as well as monitoring noise levels of amusement devices.



## NSW Workplace Health and Safety Strategy 2005-2008

The *New South Wales Workplace Health and Safety Strategy 2005-2008* continues to provide a strategic framework to guide improvements in workplace safety and reaffirms WorkCover's commitment to reduce workplace fatalities by at least 20 per cent and to further reduce the incidence of workplace injuries by at least 40 per cent by June 2012 (from June 2002).

Implementation of the NSW Strategy is overseen by a tripartite Review Committee, chaired by WorkCover's Chief Executive Officer, and comprises senior representatives of industry, employer associations, unions and senior officers from relevant New South Wales Government agencies.

The Review Committee agreed to convene a number of industry-based working groups to lead the review and implementation of each of the Strategy's Industry Action Plans. Senior industry representatives were invited to contribute to the working groups, bringing broader industry experience and leadership to the proceedings.

Each of the working groups has reviewed activity to date by employer organisations, unions and the NSW Government in support of the Industry Action Plans. The working groups have also continued to review trends in the incidence of workplace injury and disease, to ensure that strategies continue to effectively target the most vulnerable workers and high-risk work activities. The Review Committee has noted that most industries are on track to achieve the targeted reduction in the incidence of workplace injuries and illness by June 2012.

The Review Committee has also developed a series of industry-specific progress reports, which now serve as a comprehensive source of information on the activities and initiatives being undertaken in each industry to address their most significant health and safety concerns.

## WorkCover NSW Safe Work Awards 2007

The annual WorkCover SafeWork Awards showcase innovation and excellence and recognise best practice by highlighting industry achievement in workplace safety.

WorkCover received the highest number of entries since the awards began in 2004 with 17 finalists chosen from 111 entries. The entries submitted covered a wide range of occupational health and safety issues, including manual handling, working at heights, personal protective equipment and safe work practices.

A judging panel made up of senior representatives from WorkCover, unions, employer groups and specialist OHS bodies chose the 2007 award winners.

Category winners were:

- ▶ Best Workplace Health and Safety Management System – Catholic Schools Office, Diocese of Broken Bay
- ▶ Best Solution to an Identified Workplace Health and Safety Issue – NSW Rape Crisis Centre

- ▶ Best Workplace Health and Safety Practices in Small Business – Sharpe Bros. (Aust.) Pty Ltd
- ▶ Highly Commended – Pure Hair Pure Body
- ▶ Best Individual Contribution to Workplace Health and Safety – Woolworths Supermarkets.
- ▶ Highly Commended – Mirvac Hotel - Quay West Suites Sydney

The award winners were also entered in the Australian Safety and Compensation Council's National Safe Work Australia Awards held in April 2008. Two NSW businesses won national recognition for developing innovative solutions to workplace safety at the national awards with the Catholic Schools Office, Diocese of Broken Bay and Central Coast based business Sharpe Bros Australia Pty Ltd winning their respective categories.

## Working Together: Public Sector OHS and Injury Management Strategy 2005-2008

*Working Together* is a three-year strategy designed to secure improvements in the public sector's workplace safety and injury management performance and builds on the progress made by public sector agencies through earlier occupational health and safety and injury management initiatives. All public sector agencies and state-owned corporations participate in the Strategy.

The Strategy provides a series of workplace safety and injury management targets for public sector agencies to achieve. The targets are supported by a number of deliverables, whereby:

- ▶ Ministers and Chief Executives are to implement a framework of health and safety accountabilities
- ▶ occupational health and safety and injury management performance indicators are to be established for all agencies, and
- ▶ public sector employees are encouraged and supported to improve occupational health and safety, claims management and return to work outcomes.

The Strategy has resulted in substantial improvements across the NSW public sector. A report of progress is available on [www.workingtogether.nsw.gov.au](http://www.workingtogether.nsw.gov.au). Improvements to date translate into an estimated 8700 workplace injuries prevented since 2001/02.

As a result of improved return to work outcomes, the proportion of injured workers still off work at eight, twelve and twenty six weeks since the date of injury have reduced by nine per cent, nine per cent and thirteen per cent respectively since June 2005. As at December 2007, Treasury Managed Fund (TMF) agencies have also achieved a 17 per cent reduction in the average cost of claims compared to baseline, saving the public sector an estimated \$125 million.

WorkCover continues to work closely with the public sector to secure further improvement to workplace safety and injury management performance and facilitate the sharing of resources and solutions throughout the public sector.

## ► EFFECTIVE STAKEHOLDER RELATIONSHIPS

### Homecomings Safety Awareness Campaign

The WorkCover NSW Homecomings campaign aims to raise awareness of the need to be safe at work via a strongly emotive campaign linking the importance of workplace safety to family life. The campaign aired on television and in cinemas across NSW in 2007.

A refreshed version produced by Victoria and adopted by NSW aired in May 2008 and promoted a new tagline "your reason for workplace safety is not at work at all".

The Homecomings campaign increases general awareness about the importance of workplace safety among the community. Research has shown that Homecomings is contributing to increased awareness levels with an 87 per cent audience recall rate.

The refreshed Homecomings campaign will continue to air during 2008 through a mix of television, cinema and radio.

### WorkCover NSW Paralympian Speakers Program

WorkCover has a long-standing partnership with the Australian Paralympic Committee supporting them through annual sponsorship of paralympian athletes.

The WorkCover NSW Paralympian Speakers Program was instigated in 2001 to convey the vital message of the importance of workplace safety through people who were injured in the workplace. The paralympians visit workplaces to share their powerful stories in a bid to change the way workers and employers think about workplace safety.

During 2007/08 the six sponsored athletes told their stories to 7200 audience members in 144 appearances across NSW, including participating in the 2007 Safety Show and Conference. They also made 19 interstate appearances with costs being met by the companies that engaged them.

Organisations accessing the program attribute its success to the use of real people, injured in real workplace incidents, to deliver strong work safety and rehabilitation messages. This gives the audience greater insight into the impact of workplace injury and makes the message emotive and compelling.

Two new paralympians joined the program during 2007/08, Shannon Dallas, a sit skier who was injured after a roof he was working on collapsed and Liesl Tesch who was injured in a bicycle accident and is now the Captain of the Australian women's wheelchair basketball team.

In 2007 a longtime member of the speaking team Terry Giddy retired from competitive events after the Melbourne Commonwealth Games at the age of 65. Terry holds numerous national, world and Paralympic records in discus, shot put and athletics. Terry competed in six Paralympic Games and three Commonwealth Games.

The paralympian program will continue in 2008/09 with the launch of a new promotional DVD in August 2008. The DVD aims to provide the viewers with a heart-felt narration of the paralympians' stories and encourage them to book a speaker.

### Customer Service

The WorkCover Assistance Service has two defined components that combine to deliver superior service and assistance to injured workers and stakeholders. The two areas are the Information Centre and the Claims Assistance Service. The Information Centre provides advice and assistance to employees, employers, injured workers and the community on workplace health and safety, injury management and the workers compensation system. The Claims Assistance Service offers specific information and assistance to injured workers and employers about claims, injury management and workers compensation, particularly the resolution of potential disputes.

In 2007/08 there were a total of 217,686 telephone, email and counter contacts to the Information Centre, a decrease of approximately 27 per cent when compared with the previous year. In 2006/07 a total of 296,234 telephone, email and counter contacts to the Information Centre were received which was unusually high due to licensing reforms.

In 2007/08, the Claims Assistance Service handled 4394 cases (4678 in 2006/07), achieving an average monthly resolution rate of 85.3 per cent, an improvement on 82.6 per cent achieved in 2006/07. The most common causes of referral were:

- delayed or unpaid benefits
- declined claims
- difficulties with medical and other expenses
- difficulties with employers, commonly not passing on monies
- problems with return to work
- difficulties in making a notification to the insurer.



2007 Safety Show and Conference

In addition, the CAS handled 5966 'no response matters', which are failure of the Insurer to communicate the determination of a claim. This is an increase of 33 per cent when compared to the previous year. The most common no response matters received were for Section 66 and 67 lump sum claims.

### **WorkCover wins national contact centre award**

In August 2007, the WorkCover NSW Information Centre was recognized nationally for its work as the *Best Government Contact Centre operation with less than 30 employees*. The Government Contact Centre Excellence Awards recognise achievement of the highest level across local, state and federal agencies and departments within the Asia-Pacific region. The award acknowledged the achievements of all Information Centre staff in the daily provision of a positive and important public service for our organisation.

The award recognised the Information Centre's excellence in five key areas:

- ▶ service level improvement
- ▶ customer relationship management strategies
- ▶ process improvement strategies
- ▶ feedback and evidence of customer satisfaction over time
- ▶ outstanding teamwork and culture.

### **Customer satisfaction survey**

During April and May 2008, a customer satisfaction survey was conducted for the WorkCover Assistance Service (WAS) involving 800 telephone based questionnaires. The purpose of the survey was to gather and analyse data with regard to levels of customer satisfaction with WAS and to measure changes since the first survey in 2006.

The representative sample included 173 employers, 388 employees and 119 injured workers who had contacted the Information Centre via the phone for advice and assistance and 120 customers who had contacted the Claims Assistance Service (CAS) for assistance in resolving their workers compensation dispute.

The survey results recorded a very high satisfaction rating with WAS receiving an overall score of higher than eight out of ten for the service provided. The results from CAS customers were extremely positive scoring higher than nine out of ten across all fourteen service attributes.

The most significant improvement from the 2006 survey was in the key service attribute of getting through to an operator quickly, scoring 8.85 out of ten in 2008, compared to 5.51 in 2006.

### **Customer Service Charter**

A strong customer service focus is central to WorkCover's success in providing information, education and advice to assist employers improve workplace safety throughout NSW. Our new Customer Service Charter has been developed as a guide for

staff when dealing with both internal and external customers, and to inform our customers of the standard of service they can expect when dealing with anyone from WorkCover.

The Charter is supported by WorkCover's *Charter of Management Commitment* and will also be supported by the *Feedback and Complaints Policy* as part of the overall strategy to improve organisational capability.

The Charter is available on WorkCover's website and all staff have received a copy of the Charter, with incoming staff members receiving a copy at their induction program.

### **Safety Show and Conference including Safe Work Australia Week**

Since its inception in 2003, the Safety Show and Conference has established itself as NSW' premier safety event. Each year WorkCover has been the principal sponsor of the Safety Show and the Safety Conference and has been instrumental in the year-on-year growth the event has experienced since that time. This growth has seen an increase from 5020 visitors to the show in 2003 to over 10,000 visitors in 2007.

## **In 2007/08, the Claims Assistance Service handled 4394 cases (4678 in 2006/07)**

The event ensures that new and established safety solutions and equipment as well as training and wellness programs are showcased in the one place for access by influential occupational health and safety decision makers. Over 30 WorkCover staff worked at the WorkCover stand over the three days of the show to provide information and promotional items to over 10,000 visitors.

The 2007 Safety Show and Conference corresponded with the running of the Safe Work Australia Week 21-27 October 2007 enabling WorkCover to undertake a number of initiatives highlighting the importance of workplace safety. Promotion of Safe Work Australia Week also consisted of encouraging workplaces to register their safety event. Around 400 businesses registered with WorkCover and each business was sent a promotional pack including items to help raise the profile of the week within their organisations.

WorkCover will again be a major sponsor of the Safety Show and Conference in 2008. This year a second stand will also be present from TestSafe Australia to showcase the work they do testing equipment and products to ensure they are safe to use in the workplace.

## ► EFFECTIVE STAKEHOLDER RELATIONSHIPS

### Publications tender

In February 2007 a public tender was advertised inviting interested parties to tender for the WorkCover publications contract. Parties could tender for the design and print component, the warehousing and distribution component, or both. The tenders were conducted to improve the management of the design, print, warehousing and distribution of WorkCover's publications to workers, employers and the community.

In September 2007 WorkCover announced that the successful tenderer was Blue Star Print Group.

At the same time WorkCover reviewed its pricing and distribution policy. Previously the public paid for many publications, except for those deemed to be 'core' publications. The policy was changed to allow customers to receive a copy of almost all items on the catalogue free of charge.

### DRIVING NATIONAL DEVELOPMENT OF HARMONISED, BEST PRACTICE OCCUPATIONAL HEALTH AND SAFETY AND WORKERS COMPENSATION OUTCOMES

#### The national agenda

The Commonwealth, state and territory governments have agreed to work cooperatively to harmonise occupational health and safety legislation. In February 2008, the Workplace Relations Ministers' Council agreed that development of model occupational health and safety legislation would be the most effective way to achieve harmonisation. On 4 April 2008, the Commonwealth Government appointed an independent advisory panel to conduct a national review to inform the development of a national model occupational health and safety Act.

To formalise the cooperative working arrangements and establish appropriate governance arrangements between the Commonwealth, state and territory governments, the Council of Australian Governments agreed to entering into the proposed Intergovernmental Agreement for Regulatory and Operational Reform in Occupational Health and Safety.

The agreement confirms national uniformity of the occupational health and safety legislative framework, comprised of a model occupational health and safety Act, supported by model regulations and model codes of practice. The framework will be complemented by a nationally consistent approach to compliance and enforcement. It has been agreed that all jurisdictions will implement the model occupational health and safety Act and model regulations by the end of 2011.

The Australian Safety and Compensation Council released an issues paper in May 2008 to provide information and raise issues about Australia's occupational health and safety laws in order to stimulate discussion and encourage written submissions to the national review. The New South Wales Government submission to the issues paper was sent to the review panel for their consideration and included a copy of the Stein report (see page 19).

WorkCover NSW met with the Review Panel to discuss priority areas. The review panel is due to provide their first report recommending priority areas that should be included in the model Act by the end of October 2008. The final report is due at the end of January 2009 for consideration by the Workplace Relations Ministers' Council.

WorkCover is continuing to pursue practical harmonisation initiatives through the Heads of Workplace Safety Authorities (HWSA) and Heads of Workers Compensation Authorities (HWCA). These are national bodies, both chaired by NSW. They comprise of senior representatives from the peak bodies responsible for the regulation of occupational health and safety and workers compensation in Australia and New Zealand.

HWSA mounts national compliance campaigns targeted at specific industries across all jurisdictions. National occupational health and safety campaigns that WorkCover has supported over the past financial year include the guarding of machinery in manufacturing; the prevention of falls in general construction; and manual handling and slips and trips in hospitals.

National workers compensation activities that WorkCover has supported through HWCA over the past 12 months include the development of a guide for a nationally consistent framework for the approval of workplace rehabilitation providers and developing a national occupational health and safety audit tool designed to assess the safety management of self-insurers.

### ACTIVELY ASSIST SMALL AND MEDIUM ENTERPRISES TO BUILD CAPABILITY TO IMPROVE OCCUPATIONAL HEALTH AND SAFETY AND WORKERS COMPENSATION OUTCOMES

#### Business advisory officer awareness campaign

WorkCover has increased its business advisory officer numbers in regional NSW. These officers provide practical assistance and advice to small and medium businesses to help them improve their occupational health and safety and workers compensation management capabilities.

A campaign was undertaken in 2007 to improve the perception of WorkCover in regional NSW as an educator and provider of practical advice and assistance for small and medium businesses. The campaign was an outstanding success, increasing small business awareness of WorkCover's business advisory officers by 42 per cent and increasing small business engagement in advisory visits registrations by 238 per cent during the campaign.

WorkCover is undertaking a second stage of the campaign in 2008/09. The second stage will focus on WorkCover's advisory services for small business, while continuing to build on the awareness and engagement of the officers based across the state.



## Small and medium business – three year plan

Small and medium business operators are often unclear of what it means for them to comply with occupational health and safety and workers compensation legislation.

A three year program has been developed to assist small business effectively manage their workplace safety obligations and to reduce small business injury rates. WorkCover delivers practical and helpful products and services tailored to meet the needs of small and micro businesses. The program includes:

- ▶ a mentoring program for small businesses
- ▶ provision of workshops and presentations
- ▶ workplace advisory visits
- ▶ small business forums (consultative framework)
- ▶ the Safety Solutions Rebate Program.

## Safe business is good business mentor program

The mentor program provides small business participants with appropriate tools and information to manage occupational health and safety, workers compensation and injury management responsibilities. The program provides small business free access to large businesses and to WorkCover's technical and administrative support.

The initial program saw 68 small business operators being mentored by 13 large businesses within the construction and manufacturing industries.

In June 2008, the second phase of the program was launched in the retail, consumer and business services and agriculture industries. A total of 99 small business mentees will receive coaching from 28 large business mentors.

## Workshops and presentations

In 2007/08, WorkCover undertook 335 workshops and 126 presentations to small and medium businesses to provide them with consistent, relevant, practical and accurate information on workplace safety, workers compensation and injury management. A key message from the workshops is that 'safe business is good business', with the program providing evidence that safe business practices do have tangible business benefits. The success of the workshops is evident with 89 per cent of participants indicating satisfaction with the information provided and feeling more capable of implementing occupational health and safety, workers compensation and injury management systems.

## Workplace advisory visits

In 2007/08, WorkCover provided 400 free workplace advisory visits to small and medium businesses, as well as 118 advisory sessions with business operators and representatives at locations other than the workplace.

During the on-site visit, small to medium business operators are encouraged to develop safety action plans to make their business a safe business. At the completion of a visit, WorkCover

will issue an advisory report of the issues discussed. Follow-up visits can also be arranged to assist the business to monitor the implementation of their safety action plan.

## Small business forums (consultative framework)

In 2007/08 WorkCover conducted eight small business forums across the state to engage local businesses to ensure the region obtains the advice and services it needs from WorkCover.

The forums form part of an integrated small and medium business consultative framework and follow on from the successful pilot of the *Central Coast Advisory Group* and the *Sydney Employer Round Table* session. These forums were responsible for the development of small business products such as the *Serious About Safe Business* pack, the *Safety Solutions Rebate Program*, and the Small Business industry web page.

Each forum will meet up to four times per year and may include workshops, presentations, briefings and one-on-one advisory sessions. Participants have the option of attending part or all of the activities taking place during the forum.

## Safety Solutions Rebate Program

The Safety Solutions Rebate Program is an incentive program to encourage small business operators to work with their employees to identify safety problems and fix them.

Up to 30 June 2008, employers who qualify for the rebate receive half the costs (excluding GST) up to \$500, of adopting an effective solution to a safety problem in their workplace. The rebate is provided after the purchase or implementation of an eligible safety improvement.

The program will be expanded in 2008/09 with the launch of the Drought Recovery Assistance Program. The program will expand the eligibility of the safety solutions rebate program to include sole traders, and allows applicants to claim full cost recovery of up to \$500.

## ACTIVELY MANAGE CURRENT AND EMERGING ISSUES

### Policy Workshops

Executive policy workshops are held on a regular basis to discuss and analyse key and emerging issues affecting occupational health and safety and workers compensation outcomes. The workshops are used to develop policy positions for the organisation and devise practical ways to move forward in response to issues.

Executive policy workshops held in 2007/08 were:

- ▶ update on the impact of federal legislation
- ▶ strategic research and evaluation framework
- ▶ the changing world of work and implications for occupational health and safety and workers compensation
- ▶ measuring health outcomes.



## ► ORGANISATIONAL CAPABILITY

### MOTIVATED, APPROPRIATELY SKILLED AND RESOURCED STAFF, EMBRACING CULTURE CHANGE

#### WorkCover occupational health and safety and workers compensation performance

As the regulator of occupational health and safety in NSW, WorkCover is positioning itself to lead by example through best practice occupational health and safety models that form part of its core business systems.

There were 47 new claims in 2007/08, with 21 recording no time lost. WorkCover has seen a continuing decline in the number of significant injury claims over the past six fund years from 21 in 2002/03 to 15 in 2007/08. The average time lost per claim has reduced from 18 days to 10 days over the same period. Supporting the reduction in injuries, WorkCover has seen an increase in hazard identification and reporting, reflecting an improved awareness across the organisation of safety policies, workplace safety responsibilities and risk management.



WorkCover has improved its own hazard management, injury management and workers compensation performance by:

- ▶ regularly reviewing safety policies and procedures and reminding all staff of their responsibilities to report any identified hazards
- ▶ reminding all supervisors and managers of their responsibilities to eliminate or minimize risks to the health and safety of their staff and training them in applying risk management processes
- ▶ increasing awareness of workplace safety and return to work (RTW) among all staff, but particularly through targeting supervisors and managers for OHS training (a key outcome of the NSW Government's *Working Together Strategy*)
- ▶ minimising time lost due to workplace injury and illness through a consistent focus on early reporting and proactive RTW action
- ▶ including consideration of OHS risks and OHS performance as standard agenda items for WorkCover's Risk Management Steering Committee
- ▶ developing measures to monitor WorkCover's performance against the key performance indicators of *Working Together*, the NSW Government's Public Sector Occupational Health and Safety and Injury Management Strategy.

A reduced experience premium, reflective of improved claims management and proactive RTW across the organisation, has significantly reduced WorkCover's Treasury Managed Fund (TMF) deposit premium for workers compensation coverage for the 2008/09 fund year. The deposit premium of \$666,360 represents a reduction of \$37,890 below that paid for the 2007/08 fund year and is \$173,200 below the 2008/09 TMF benchmark funding of \$839,560.

WorkCover has convened a bullying working party with representatives from WorkCover management, the Public Service Associate (PSA) and the OHS committee chairs. This forum is reviewing the issues relating to bullying identified by the WorkCover Corporate Culture survey and by the PSA bullying survey. The planned actions include trialing a bullying risk assessment checklist across WorkCover, reviewing policies and procedures relating to the notification of and management of bullying allegations, and reviewing internal training on bullying prevention.

#### New inspector graduation and authorities ceremonies

At a graduation ceremony held in April 2008, 14 new inspectors from the January 2006 intake were awarded with a Diploma in Government (Workplace Inspection). The Diploma is a nationally recognised qualification granted on successful completion of the new inspector training program. Two inspectors were awarded an Advanced Diploma. This qualification is aimed at more experienced inspectors who seek to further their careers within the inspectorate. New inspectors from the October 2007 intake received their 'Authorities' empowering them to enter NSW workplaces unaccompanied.

The next ceremony will be held in April 2009 to award diplomas to successful candidates from the November 2006 intake.

## **Promoting social justice in NSW workplaces**

As a corporate citizen and employer, WorkCover is committed to providing equitable access to all its services and actively promotes social justice. Important initiatives in 2007/08 included:

- ▶ continued implementation of the 2007/08 Social Justice Plan and Policy Statement
- ▶ continued implementation of Affirmative Action Strategies including:
  - development and implementation of the 2007/08 Spokeswomen's Strategic Plan
  - development and implementation of WATSIN (WorkCover's Aboriginal and Torres Strait Islander Network) Future Directions Strategic Plan to provide a cohesive organisational wide commitment to the implementation of initiatives that build on our community engagement activities and enhance staff awareness of the unique cultures of Aboriginal people and Torres Strait Islanders
  - development and delivery of the Social Justice Management Education Program and resource tool
  - continued promotion and participation in key social justice events including Harmony Day, International Day for People with a DisAbility and Loud Shirt Day
- ▶ continued integration of social justice into WorkCover planning and project management framework including the incorporation of the social justice tool and links to the client diversity profile to assist in the implementation of social justice activities in project planning activities
- ▶ continued improvements in knowledge management and the collation of data on cultural diversity to guide ethnic affairs and indigenous activities
- ▶ continued incorporation of social justice strategies and consultation processes in workshops, such as holding tailored workshops for different cultural groups
- ▶ continued implementation of an Aboriginal information strategy to engage NSW Aboriginal communities and increase their understanding of, and compliance with occupational health and safety legislation.

## **Social Justice**

WorkCover undertakes a number of activities in partnership with NSW employers, employees, the community and other government agencies to address social justice issues in the promotion of workplace safety and improving workers compensation outcomes.

## **Workers Compensation Commission client survey**

In April 2008 the Commission engaged consultants, New Focus, to conduct a major client survey. The research had three main objectives:

- ▶ identification of areas of strength and areas for improvement with the service delivery of the Commission
- ▶ user expectations and experiences of the service provision
- ▶ measurement of the Commission's performance

The final report was provided to the Commission in June 2008. During 2008/09, the Commission will use the report to better assist injured workers, employers, insurers/Scheme Agents and legal representatives in resolving disputes before the Commission.

## **Workers Compensation Commission organisational review**

In December 2007, the Commission undertook a comprehensive review to examine the way in which it undertakes its functions and to assess opportunities to improve its services.

The review considered the dispute resolution model and related service delivery channels; case management practices, procedures and business processes; corporate services, support and governance arrangements and organisational structure; and resource requirements, including staffing and engagement of service providers.

The final report to be delivered in July 2008 will be used in the development of strategic direction within the Commission.

## **Workers Compensation Commission information sessions**

In April 2008 the Commission wrote to the ten law firms who are the most frequent users of the Commission, offering to hold an information session at their premises. The Commission will provide a speaker to address the group about practice and procedure in the Commission and to answer questions raised by attendees. The sessions are a cost effective way of providing continuing legal education opportunities to solicitors. It also provides a valuable networking opportunity for the Commission to communicate directly with some of its frequent users. The first sessions are scheduled for July and August 2008.

## **Intranet portal**

The WorkCover Intranet is being modified to improve usability to staff that are photosensitive and are not able to use standard style sheets. The development of web style sheets will minimise the use of the light spectrum that causes photosensitivity.

# ► ORGANISATIONAL CAPABILITY

## **New Inspector cultural awareness and diversity training**

A one day cultural awareness and diversity training session provided to new inspectors will improve their understanding of the impact of equity and access on occupational health and safety, injury management and workers compensation. These sessions promote the skills required to meet the needs of service delivery to people from culturally and linguistically diverse and special needs backgrounds.

## **Multicultural small business forum**

The need to provide more effective occupational health and safety, injury management and workers compensation information and training to workers from diverse language groups and cultures was identified in feedback from the 2007/08 round of small business forums.

The small business forums reported that multicultural workers often experience difficulty in receiving adequate information in a medium or language they understand. Engagement with multicultural communities to provide information and assistance would help to improve their workplace safety capabilities.

## **Traineeships**

WorkCover acknowledges the challenges faced by Equal Employment Opportunity (EEO) groups in entering the workforce. During the 2008/09 year, the organisation will provide three traineeship positions to EEO groups through its Workforce Action Plan.

## **Youthsafe Program**

The Australian Retailers Association and Youthsafe are working collaboratively to develop, pilot and evaluate an occupational health and safety resource kit made up of a DVD, CD ROM and a website for high school students, parents, teachers and employers of young people. This resource kit, "In Working Order" will assist teachers to deliver lessons that raise student awareness of risk identification, risk management and reporting methods.

The kit will also raise student awareness of young worker's rights and responsibilities under occupational health and safety and workers compensation legislation. The resources are specifically designed to meet the needs of teachers, young people, their families and their employers. The kit will be distributed by Youthsafe to NSW secondary schools and will be available on the Youthsafe, WorkCover NSW and the Australian Retailers Association websites.

## **Indigenous businesses**

WorkCover has identified a need to address occupational health and safety and workers compensation issues in Indigenous businesses across NSW. WATSIN (WorkCover's Aboriginal and Torres Strait Islander Network) is developing an initiative to promote workplace safety and workers compensation awareness in Indigenous businesses.

The organisation will engage a consultant to actively identify Indigenous businesses across the state, to develop an approach that will meet specific requirements for approaching Indigenous businesses and assist them to improve their workplace safety capability.

## **Provision of advice, education and assistance to social justice groups**

WorkCover delivers workshops, presentations and advisory visits throughout metropolitan and regional NSW to provide information, assistance, education and advice to small and medium sized businesses. Specific activities undertaken to assist social justice groups include:

- development and implementation of a workshop program for Aboriginal communities in partnership with NSW Aboriginal Lands Councils
- workshops delivered for the Indigenous Identities and NSW Disability Discrimination Legal Centre with the latter requiring the use of a Deaf Society interpreter for the presentation to staff
- tailored advisory visits for Indigenous, women's, youth, respite and disability organisations.

The business advisory officer awareness campaign was delivered in remote areas and took into consideration culturally and linguistically diverse backgrounds and people of Aboriginal and Torres Strait Islander descent.

WorkCover considers the diversity of our clients in the development of all forums, presentations and products, such as the development of the work place visit checklist. In the development of the checklist the format, language, length and complexity of the document were considered to ensure suitability and cultural diversity were recognised.

Rural field days run in partnership with FarmSafe NSW considered culturally and linguistically diverse backgrounds and people with low literacy and numeracy levels in the development of the program.

## **Client-related violence in residential care services group homes project**

Issues in dealing with clients who have complex challenging behaviour and client related violence were highlighted as key safety concerns at the tripartite forum on occupational health and safety for community services non-government organisations. Similar concerns were also identified at the 2005 Safety Summit. A project is being undertaken to address these issues and provide practical ways to reduce or eliminate these issues within the health and community services industry.

## **Ethnic affairs priority statement**

WorkCover's planning, development and delivery of services aims to be inclusive of and sensitive to the cultural, ethnic and religious needs of the people of NSW. WorkCover's Ethnic

# making a difference

Affairs Priority Statement supports the principles of multiculturalism and outlines strategies to achieve equitable access to its services.

The main initiatives in 2007/08 were:

- ▶ implementing the Social Justice Management Education Program to enhance management's understanding of social justice, what it means to WorkCover and how it can be included in project planning activities
- ▶ implementing the social justice tool to assist staff in the implementation of social justice in internal and external communication activities including project planning
- ▶ continued promotion of WorkCover's client diversity profile that provides a general picture of the characteristics and location of culturally and linguistically diverse workers and Indigenous workers across industries and occupations to assist in planning and implementation of tailored projects and services
- ▶ continued enhancement of the 2008 inspector recruitment campaign to attract applicants from equal employment opportunity minority groups, and those with bilingual skills
- ▶ continued incorporation of an equity and access curriculum to help new inspectors build understanding of the needs of people from culturally and linguistically diverse backgrounds
- ▶ continued promotion of the Community Language Allowance Scheme with improvement in knowledge management and the collation of data. There are currently 17 officers offering services for 12 languages
- ▶ continued promotion and participation in key social justice events, such as Harmony Day.

## Disability Action Plan

WorkCover's Disability Action Plan aims to meet the needs of service users, both as clients and workers. The main initiatives in 2007/08 included:

- ▶ continued improvement of WorkCover buildings and facilities through a capital works program for all WorkCover sites
- ▶ enhancement of staff access to emergency information and ongoing training reflecting the needs of people with a disability in emergency planning and training programs
- ▶ continued consideration for people with disabilities when planning corporate training programs
- ▶ promoting positive community attitudes by sponsoring five paralympians injured in the workplace to assist with the promotion of workplace safety (see page 44).
- ▶ continued promotion and participation in key social justice events, such as International Day for People with a DisAbility and Loud Shirt Day.

## Equal employment opportunity management

WorkCover collects Equal Employment Opportunity (EEO) data on a regular basis for the Department of Premier and Cabinet Workforce Profile, which measures performance in meeting the

Government's employment benchmarks for staff from EEO minority groups and informs the planning and development of EEO initiatives.

The 2008 workforce profile indicates the proportion of women increased to 55 per cent with the highest proportion, 38 per cent employed at the salary level \$65,527 - \$84,737. Women occupy a total of 59 per cent of management and administrator positions.

WorkCover's proportion of Aboriginal and Torres Strait Islander staff is 3.2 per cent, exceeding the public sector benchmark of two per cent. The proportion of staff from racial, ethnic or ethno-religious minority groups was 14 per cent.

The proportion of staff with a disability was 7.0 per cent, the same as the previous year. Of those with a disability, 3.5 per cent required workplace adjustment.

WorkCover promoted EEO in 2007/08 by:

- ▶ incorporating the organisation's EEO Management Plan into the 2007/08 Social Justice Plan, and ensuring alignment with WorkCover's Corporate Plan
- ▶ enhancing our EEO workforce profile data collection tool to increase participation and enhance reporting requirements
- ▶ promoting a policy development template, guidelines and a policy review process that incorporate EEO criteria
- ▶ reviewing and implementing of flexible work practices (see page 44) to support work/life responsibilities such as job sharing, variable year employment and purchased leave.



## Promoting positive community attitudes

## ► ORGANISATIONAL CAPABILITY

### Trends in the representation of equal employment opportunity groups on 30 June

EEO group	Benchmark or target %	Percentage of total staff*					
		2008	2007	2006	2005	2004	2003
Women	50.0	55.0	54.0	52.0	51.0	49.0	47
Aboriginal people and Torres Strait Islanders	2.0	3.2	2.9	1.1	1.1	1.0	0.9
People whose first language was not English	20.0	14.0	15.0	15.0	17.0	16.0	17.0
People with a disability	12.0	7.0	7.0	7.0	7.0	7.0	8.0
People with a disability requiring work-related adjustment	7.0	3.5	3.6	6.8	2.8	2.6	2.5

Notes:

\* Excludes casual staff

### Trends in the distribution of equal employment opportunity groups on 30 June.

EEO group	Benchmark or target %	Distribution index <sup>1</sup>					
		2008 <sup>2</sup>	2007	2006	2005	2004	2003
Women	100	90	89	89	88	89	88
Aboriginal people and Torres Strait Islanders	100	91	94	N/A	N/A	N/A	N/A
People whose first language was not English	100	101	100	101	97	97	95
People with a disability	100	100	104	N/A	105	103	95
People with a disability requiring work-related adjustment	100	97	105	104	103	101	102

Notes:

1 A distribution index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values of less than 100 mean the EEO group tends to be more concentrated at lower salary levels than other staff. The more pronounced this tendency, the lower the index. In some cases, the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels.

2 WorkCover results as determined by the Department of Premier and Cabinet.



## Spokeswomen's program

The *WorkCover NSW Spokeswomen's Program* outcomes are linked with broader human resources and social justice initiatives. In 2007/08, the Spokeswomen conducted a number of successful initiatives including:

- ▶ the Springboard Program, which raises self awareness and promotes career opportunities for women through the provision of short-term higher grade placements within an area of career path choice, relevant workplace traineeship opportunities and external training opportunities up to a Certificate IV. In 2007/08, 12 women participated in the program with two of the women successfully gaining short-term placements that subsequently resulted in securing permanent higher-grade positions.
- ▶ continued implementation of the *Female Inspector Support Strategy*, which is designed to address the needs and challenges of women working in non-traditional roles such as inspectors
- ▶ the WorkCover Toastmasters Club commenced in 2007/08 and was organised by WorkCover's Spokeswomen's Committee to assist staff to improve their communication, public speaking and leadership skills.

## Aboriginal and Torres Strait Islander development strategies

WorkCover aims to build the capacity of Aboriginal and Torres Strait Islander employers, workers and communities by delivering culturally appropriate information and services and capturing a profile of Aboriginal and Torres Strait Islander staff and skills. Key initiatives in 2007/08 included:

- ▶ increasing WorkCover's proportion of Aboriginal and Torres Strait Islander staff to 3.2 per cent, which exceeds the public sector benchmark of two per cent
- ▶ implementation of the 2007/08 Aboriginal and Torres Strait Islander Employment and Development Strategy
- ▶ development of the Aboriginal understanding program to ensure its occupational health and safety and workers compensation services are accessible to Aboriginal employers and employees
- ▶ development and implementation of the Aboriginal Builders Education program that aims to provide Aboriginal building companies with enhanced awareness of their rights and responsibilities regarding building compliance. This project is a WorkCover, Office of Fair Trading and Australian Taxation Office cross agency initiative
- ▶ development and implementation of a culturally appropriate education program to the New South Wales Local Aboriginal Land Council that aims to provide the 121 Local Aboriginal Land Councils with increased awareness of occupational health and safety and workers compensation rights and responsibilities

- ▶ televising the 'Apology to the Stolen Generation' in all WorkCover offices, with the Chief Executive Officer addressing the staff at head office. WorkCover Aboriginal and Torres Strait Islander staff also attended regional events
- ▶ holding NAIDOC Week celebrations at head office with internal activities reflecting the lives and history of WorkCover's Aboriginal and Torres Strait Islander staff, a cultural talk by a local Aboriginal Elder and sampling of 'bush tucker'
- ▶ participating in the local Central Coast Community NAIDOC Week celebrations by entering a WorkCover team in the 2008 Kikupa Cup touch football competition. WorkCover also participated in the Central Coast Community Gathering and Health Expo
- ▶ celebration of Reconciliation Day with the launch of WorkCover's guide to Aboriginal protocols
- ▶ convening of Aboriginal forums with other key agencies on workplace relations and employee rights and responsibilities specifically designed to engage with NSW Aboriginal communities
- ▶ continued participation in the seventh Indigenous Jobs Market held in Sydney. This was WorkCover's fourth attendance at this event.

## WorkCover's Aboriginal and Torres Strait Islander Network

WATSIN (WorkCover's Aboriginal and Torres Strait Islander Network) provides a formal network of support and encouragement to Aboriginal and Torres Strait Islander staff. It also plays an active role in providing advice and assistance to management on a range of matters involving both WorkCover staff and clients with an Aboriginal and Torres Strait Islander background.

WATSIN coordinated the annual NAIDOC week celebrations within WorkCover and organised lunchtime events in conjunction with Reconciliation Week. WATSIN members participated in Indigenous career expos during the year, encouraging young Aboriginal and Torres Strait Islanders to look to a career in occupational health and safety or workers compensation in WorkCover or in industry.

## ► ORGANISATIONAL CAPABILITY

### NAIDOC Week Celebrations

NAIDOC Week provides an opportunity for Aboriginal and Torres Strait Islander people to celebrate and share their culture and heritage with the broader Australian community. WorkCover's 2007 NAIDOC celebrations were attended by over 60 staff at the Gosford head office.

Tex Skuthorpe, an Aboriginal artist from Goodooga in northwestern NSW was the guest speaker, sharing his culture and art with staff.

The celebrations included a 'This is us' exhibition, with staff invited to take an interpretive journey of discovery of the diverse cultures, histories and experiences of our Indigenous staff.

The week also saw WorkCover sponsor a staff team to participate in the Kikupa Cup touch football competition at the Gosford Showground. The Kikupa Cup, organised by NSW Health, brings local business and Indigenous community teams together to compete in the annual touch football competition.

### Flexible work practices

WorkCover is committed to implementing strategies that encourage a productive balance between work and personal commitments. The organisation recognises that flexible work practices offer mutual benefits to the organisation and its staff members and will enable WorkCover to attract and retain high calibre staff.

In addition to the standard flexible work practices offered generally across the public sector, in 2007/08 WorkCover introduced additional flexible work practices.

A number of employees across the agency are utilising flexible work practices to accommodate carer responsibilities including in our customer call centre where traditionally it has been viewed that flexible hours were difficult to manage. The options regularly utilised by employees across the agency include flexible working hours, part time leave without pay, working from home agreements (on a regular or an ad hoc basis), parental leave, flex-time and purchased leave.

Study leave and financial assistance is also provided to staff members undertaking professional training that will benefit the organisation.

### Chief Executive Officer Staff Awards

In July 2007 the Chief Executive Officer launched the Employee of the Month Award as well as continuing the annual Chief Executive Officer Staff Awards. The Employee of the Month Award has been well accepted by staff with employees from across the organisation being nominated for their achievements above and beyond the requirements of their role.

The program provides four categories of awards and an 'Outstanding Employee of the Year Award'. A total of 31 nominations were received for the categories of excellence in support of organisational culture, excellence in support of the corporate plan's key strategies and outcomes, innovation and creativity; and commitment and achievement in social justice. In 2007/08 the awards recognised both teams and an individual winner in each category.

Erika Berzins, Manager Program Office in the Corporate Services Division, received the 'Outstanding Employee of the Year Award' for her work in the development of an index to help WorkCover better understand our stakeholders' and customers' needs.

The Outstanding Team of the Year Award was received by the Nowra district office for their continuous demonstration of outstanding teamwork in ensuring support for the corporate plan, its objectives and our organisational culture.

### Workforce action plan

WorkCover's workforce planning challenges include an ageing workforce, recruitment for high level and specifically skilled functions and the changing expectations of the workforce. To meet these challenges a 'Workforce Action Plan' was developed in 2007 and is reviewed annually to respond to emerging issues. The Plan addresses four critical areas of attraction, retention, leadership and knowledge management.

In 2007/08, WorkCover continued to focus on new advertising strategies, implementing our employer of choice brand (*Making a Difference*), assessing priority areas for knowledge transition and delivering a talent program. The Department of Premier and Cabinet has identified WorkCover as a leading sector agency in workforce planning.

Research identified one of the fundamental reasons employees enjoyed working for WorkCover was their role in ensuring people across the State are safe at work and that they return home to their families and friends at the end of their working day.

In 2007/08, WorkCover delivered its inaugural Talent Program. The program builds individual and organisational capability through training and development opportunities to high potential and motivated employees.



Players from WorkCover's KIKUPA CUP touch football team.

## Human resource statistics

	2007/08						2006/07						2005/06						2004/05
	OWCA <sup>(1)</sup>	WCA <sup>(1)</sup>	WCC <sup>(1)</sup>	LSPC <sup>(1)</sup>	SIC <sup>(1)</sup>	DDB <sup>(1)</sup>	OWCA	WCA	WCC	LSPC	SIC	DDB	OWCA	WCA	WCC	LSPC	SIC	DDB	
Administration and clerical	930	745	87	63	5	30	912	710	90	64	5	43	890	682	104	65	4	35	694
Associates/ministerial							1		1				1		1				1
Departmental professional officers	35	23				12	41	24				17	33	22				11	23
Engineers	13	13					13	13					12	12					15
General division	1	1					2	2					2	2					2
Legal officers	32	26	6				29	22	6			1	38	29	8			1	31
Librarians	2	2					2	2					2	2					2
Library technicians	1	1					1	1					1	1					
Lift specialists																			1
Medical staff																			2
Safety inspectors <sup>(2)</sup>	284	284					290	290					287	287					277
Senior management (senior executive service) <sup>(3)</sup>	15	14		1		1	14	13		1			53	48	3	1		1	45
Senior officers	50	46	3				41	37	3			1							
Statutory and other officers	4		4				3		3				4		4				4
Technical officers	17	17					15	15					15	15					16
<b>TOTAL</b>	<b>1,384</b>	<b>1,172</b>	<b>100</b>	<b>64</b>	<b>5</b>	<b>43</b>	<b>1,364</b>	<b>1,129</b>	<b>103</b>	<b>65</b>	<b>5</b>	<b>62</b>	<b>1,338</b>	<b>1,100</b>	<b>120</b>	<b>66</b>	<b>4</b>	<b>48</b>	<b>1,113</b>

Note: The HR statistics quoted for 2007/08 are headcount figures as at 26 June 2008 (a census date for the DPC Workforce profile data collection). In previous years the reported figures have been a headcount as at 30 June in the reporting year, which have excluded temporary contracts expiring at the end of that reporting year.

(1) From 17 March 2006, employees from WorkCover NSW (WCA), the Building and Construction Industry Long Service Payments Corporation (LSPC), the Dust Diseases Board (DDB), the Sporting Injuries Committee (SIC) and the Workers Compensation Commission (WCC) have become employees of the Office of the WorkCover Authority (OWCA)

(2) There were 29 vacant inspector positions as at 30 June 2008

(3) From 30 June 2007, senior officers and senior management are noted separately

## ► ORGANISATIONAL CAPABILITY

### Value of recreation and long service leave at 30 June

	2008 \$'000	2007 \$'000	2006 \$'000	2005 \$'000	2004 \$'000
<b>CURRENT</b>					
Recreation leave	9,957	9,102	8,321	7,466	6,178
Extended leave	8,754	7,156	5,727	5,013	3,888
	18,711	16,258	14,048	12,479	10,066
<b>NON-CURRENT</b>					
Extended leave	15,528	14,402	14,239	14,686	12,167
<b>TOTAL</b>	<b>34,239</b>	30,660	28,287	27,165	22,233

### Senior Executive Service (SES) and Chief Executive Service (CES) positions

	2007/08						2006/07						2005/06						2004 /05
	OWCA	WCA	WCC	LSPC	SIC	DDB	OWCA	WCA	WCC	LSPC	SIC	DDB	OWCA	WCA	WCC	LSPC	SIC	DDB	
Number of CES/SES positions	15	14		1			14	13		1			15	14		1			17
Number of positions filled by women	6	6					5	5					6	6					6
Positions at or above SES level 5	5	5					5	5					5	5					6

Note: 1 vacant SES position not reported in 2006/07.

### DEVELOP AND PROMOTE LEADERSHIP AND MANAGEMENT SKILLS

WorkCover is committed to continually improving leadership and management skills across the organisation. The following initiatives will enable WorkCover to improve the level of leadership skills of current and future leaders.

#### Charter of management commitment

WorkCover managers and leaders are committed to delivering a positive organisational culture. Executive and senior management initiated the Charter of Management Commitment to deliver the desired culture.

The Charter links all managers within WorkCover to a behavioural commitment fostering teamwork, promoting communication and ensuring fairness, equity and consistency are key principles to the way we work. It discusses the expectations WorkCover has of its managers and leaders within the organisation.

The Charter was issued to over 200 participants of the Corporate Leadership Development Program in 2007 and 2008. The Charter is also issued to all new managers at the Essential Toolkit for Managers Program.

In 2008 a management forum was held for 100 WorkCover managers. At this forum the managers specifically focused on the dimension of the Charter relating to leading by example ensuring fairness, equity and consistency. Action plans devised around this dimension and rolled out across the organisation will be tracked and reported on to the executive on a quarterly basis.

In addition to the Charter, a Respectful Behaviours Guide will be implemented in February 2009, further promoting teamwork and modelling behaviours.

## **2007/08 Corporate Leadership Development Program**

The Corporate Leadership Development Program (CLDP) was introduced in 2005 to enhance and develop leadership talent across all levels of the organisation. The program aims to progressively move the culture to a more flexible and responsive modern public sector organisation and align activities to the key corporate plan strategies and outcomes.

Prior to June 2007, the CLDP was delivered to 100 participants. In 2007/08, a further 101 managers completed the program. Participants attended six half-day learning modules over a five-month period. The learning modules were aligned to desired leadership capabilities and considered topics such as leadership and change, persuading and influencing and getting things done through others.

Participants engaged in a 360-degree questionnaire and an Occupational Personality Questionnaire (OPQ) to assess current leadership behaviours and potential outcomes against the WorkCover Leadership Capability Framework. They also conducted development centre activities including a group situational role-play. The results of these activities provide participants with a good starting point on which to base their ongoing leadership development activities.

Ongoing coaching support is provided to participants through their managers, allowing them to focus on developing their workplace skills and behaviours and to focus on fulfilling their personal development plan.

### **Coaching support program**

In 2007, WorkCover conducted a coaching support program to provide participants of the Corporate Leadership Development Program (CLDP) with the opportunity to review their behavioural assessments and their personal development plans.

The coaching support program was conducted immediately following the CLDP to enhance leadership across WorkCover by providing participants with an understanding of the impact of their personal leadership style and an increased flexibility and responsiveness in leadership capacity. The line managers will provide ongoing coaching support.

## **PROVIDE EFFECTIVE GOVERNANCE, RISK MANAGEMENT AND SUPPORT SYSTEMS**

### **Corporate Data Repository / Data Quality / Enhanced Enterprise Reporting**

The Corporate Data Repository, Data Quality and Enhanced Enterprise Reporting projects will foster continuous improvement to the organisation's information supply chain. The provision and availability of high quality data to improve our evidence based decision-making capacity is achieved through the effective management of the information supply chain.

Key to the delivery of these projects is the Corporate Data Repository (CDR) of workers compensation claims and policy data. The CDR provides a solid foundation for delivery of data for actuarial valuations and business reporting and planning.

Implementation of an effective management system for WorkCover's information supply chain will enable the organisation to progressively recognise and realise the value of its existing information assets.

To achieve this WorkCover data needs to be up to date and accessible to the organisation and stakeholders. Information can then be used efficiently to undertake benchmarking, evaluation and research, as well as being usable for story telling and will support decision-making and policy formulation.

Throughout 2007/08 significant improvements have been made in the quality, timeliness and availability of data and information on workers compensation claims and policies. The focus for 2008/09 will be to:

- ▶ improve claims data reporting of self and specialised insurers
- ▶ continuously improve enterprise data quality
- ▶ improve the timeliness and availability of data and information to support evidenced based decision-making.

Information and data management will continue to be a focus for WorkCover, including the defining and management of data acquisition, data quality, data governance, metadata, reference data and business reporting.



# ► ORGANISATIONAL CAPABILITY

## Project Concordance

Project Concordance will set the foundations for the continued provision of high quality data and information for WorkCover business reporting by implementing the improved industry, occupation and injury and incident classifications. These national standards have recently been updated to better reflect contemporary occupational health and safety practice and the evolving workplace.

WorkCover utilises the national classification standards to enable a consistent data representation of occupational health and safety incidents. Compensable occupational health and safety incidents, described with these classification standards, are collected in claims data provided to WorkCover by Agents and Self and Specialised Insurers (SSI). The data provides insight into workplace safety risk and workers compensation costs and trends to enable WorkCover business activity to efficiently and effectively address risk to workers' safety and scheme management. It also allows comparisons of workplace safety data with other jurisdictions.

To date, the requirements specifications for Scheme Agents and SSI have been developed, with educational workshops being delivered to these stakeholders providing the opportunity to discuss implementation issues. A detailed implementation plan for all stakeholders has been developed through to the July 2010 implementation date.

## Information Security

In the conduct of its core business activities WorkCover gathers, generates and stores large amounts of information that is sensitive in nature and critical to the continued success of the organisation's activities. This information supports business processes, customer services and contributes to operational and strategic business decisions.

To protect this valuable information, WorkCover has developed an Information Security Management System. The system has been developed and implemented to maintain the confidentiality, integrity and availability of the organisation's information and information systems in a secure environment that complies with the requirements of AS/NZS ISO/IEC 27001:2006 *Information Technology – Security Techniques – Information security management systems* along with the Premier's Circulars 2001-46 *Security of Electronic Information* and 2004-6 *Electronic Information Security – Certification to AS/NZS 7799*.

The certification body, Lloyd's Register Quality Assurance, undertakes biannual audits of the system and monitors ongoing compliance with the International Standard. Implementation and ongoing management of the system ensures WorkCover adopts a continual improvement approach to the security of its information.

## Infra Enterprise upgrade

The Infra application is used extensively throughout WorkCover, particularly by the IT service desk and the WorkCover Information Centre. In 2007/08, upgrades to the Infra system have provided the service desk with a federated configuration management database, sms integration providing alerts to be sent to mobile devices, improved workflow processes and the ability to automate the change management process. The Information Centre upgrades provided additional functionality around their knowledge base and improved management reporting capability.

In March 2008, WorkCover adopted the Infra application to log licensing enquiries from the general public. Within one week of implementation, the organisation was logging over 150 calls a day and providing customers with accurate and consistent information from the Infra knowledgebase.

In June 2008, the Human Resources Branch also implemented Infra to better track and manage the large number of enquiries received relating to payroll and recruitment matters.

## Internet Redevelopment

The WorkCover website is a primary source of occupational health and safety, injury management and workers compensation information for customers and stakeholders. Research undertaken with stakeholders showed that there was a significant level of dissatisfaction with the site, specifically around user friendliness and the ability to find relevant information.

The Internet redevelopment project will address the concerns of the survey by redesigning the site to make it more user friendly and more industry relevant and to improve search capability. Extensive engagement of industry groups, service providers, unions and internal stakeholders has been undertaken to ensure the project delivers maximum benefits to all interested parties.

The Internet redevelopment project has two phases. Phase 1 delivered a new infrastructure platform and improved search capability. Phase 2 will deliver new information architecture, improved meta data, more intuitive navigation paths and a new look and feel for the web site. The majority of phase 1 development is complete with deployment of this phase expected in August 2008.

Implementation of the fully redeveloped WorkCover Internet site is expected to be completed in 2009.

## WorkCover eNews

WorkCover actively promotes the electronic newsletter 'WorkCover eNews' to people with an interest in receiving the latest news in occupational health and safety and workers compensation in NSW.

The electronic newsletter provides information in 'bite-sized' pieces on a wide range of topics including safety alerts, regulatory requirements, codes of practice updates and upcoming events such as workshops, forums and seminars.

To subscribe to eNews visit: [www.workcover.nsw.gov.au/eNews](http://www.workcover.nsw.gov.au/eNews)

## Internal Communications

WorkCover implemented phase 1 of the 'Making it Happen' internal communication improvement program during 2007/08 to enhance internal communication across the organisation.

Following consultation with staff, a number of new initiatives were introduced including an enhanced intranet site, more face-to-face forums with staff, improved daily bulletins, a new staff magazine, a DVD of the corporate plan launch and the commencement of a calendar of events on the intranet.

Staff also provided suggestions on how internal communication could be further improved, including comments relating to the volume and relevance of information, particularly relating to electronic tools such as email. These will be investigated further in 2009 as part of phase 2 of the program.

## Risk management framework

The compliance and compensation nature of WorkCover's business operations results in exposure to a wide range of risks. In November 2006, the WorkCover Executive endorsed the development and implementation of an enterprise risk management framework to address risks and improve organisational governance.

To help communicate and develop a risk management culture across WorkCover, a risk management steering committee was established to provide guidance that ensured the development and maintenance of an effective enterprise risk management framework.

The enterprise risk management framework was developed in line with the *Australian Standard ASNZ 4360 - 2004*. The framework encompasses both strategic and organisational risks across a full range of risk categories. The framework incorporates an annual review of WorkCover's strategic risk environment and biennial reviews of inherently high-risk activities. The assessment process identifies potential areas of fraud risk, which is accessed by WorkCover's Internal Audit Group and contributes to meeting WorkCover's Fraud and Corruption Control Plan.

The Executive and senior management are involved in the strategic risk review process, which assesses WorkCover's risk profile with regard to corporate and divisional objectives, the operating environment and current control framework.

The review of WorkCover's 'high risk' activities is structured as a rolling program with the aim of assessing each 'high risk' function every two years. The process involves a cross-section of staff with the 'group' knowledge and experience to analyse and evaluate activities.

A common risk register is used to record risks and report the status of mitigating actions to management. Reports on the status of WorkCover's strategic risk environment are provided to the Executive and Board Audit Committee on a quarterly basis.



## ► ORGANISATIONAL CAPABILITY

### Energy performance and waste reduction

WorkCover NSW is committed to achieving savings in energy usage and maintaining sustained energy management principles. During 2007/08 WorkCover purchased electricity for 31 owned and leased sites through State Contracts Control Board electricity contracts. These contracts minimise costs and achieve a reduction of greenhouse gas emissions by purchasing a percentage of green power.

Where feasible and economically viable, WorkCover identifies and implements strategies to reduce energy consumption.

Fuel	Total energy consumed GJ			Annual cost \$			CO2 emissions tonnes			Energy % change in the last year
	2007/08	2006/07	2005/06	2007/08	2006/07	2005/06	2007/08	2006/07	2005/06	
Electricity (black coal)	19,549	18,813	19,667	545,475	527,350	538,712	5,192	4,997	5,224	+3.8%
Electricity (green power)	1,212	1,079	952	46,859	40,946	35,445	0	0	0	+12.3%
Natural gas	1,219	692	679	16,483	9,244	8,819	63	36	35	+76%
LPG	75	59	214	1,677	1,133	3,868	4	4	13	+27%
Diesel	1,210	115	34	44,548	3,519	1,046	84	8	2	+952%
Petrol	37,460	41,141	40,525	1,325,845	1,333,007	1,227,089	2,473	2,716	2,675	-8.9%
<b>TOTAL</b>	<b>60,725</b>	<b>61,899</b>	<b>62,071</b>	<b>1,980,887</b>	<b>1,915,199</b>	<b>1,814,989</b>	<b>7,816</b>	<b>7,761</b>	<b>7,949</b>	





The table on page 50 shows that in 2007/08 WorkCover's energy consumption decreased by 1.9 per cent. Petrol consumption decreased by 8.9 per cent. The figure shown for petrol consumption includes use of Ethanol blended fuel E10, accounting for approximately 3554 GJ (or 9.4 per cent) of the petrol consumed by the WorkCover fleet.

The amount of accredited Green Power purchased increased by 12.3 per cent from 2006/07.

Consumption of diesel fuel has increased as a result of introducing two diesel buses into the WorkCover fleet. The buses are used to promote workplace safety to small to medium enterprise across NSW. In 2007/08, 17 diesel powered all wheel drive vehicles were also introduced to the WorkCover fleet. These vehicles contribute to an improvement to the environmental performance of the fleet.

WorkCover will continue to consult with the Department of Commerce to keep up to date with the latest innovations in energy management to identify strategies to implement that will allow it to achieve sustainable energy saving targets and deliver desirable environmental outcomes.

#### **Tender and contract management framework**

The implementation of the tender and contract management framework has resulted in a number of benefits, including:

- ▶ standardisation of the tendering and contract management process activities across WorkCover
- ▶ assurance that tendering and contract management are conducted in accordance with NSW Government and WorkCover tender, contract management and purchasing policies and procedures.

The framework also ensures that risk is minimised by having the appropriate terms and conditions written into WorkCover contracts. This will contribute to achieving best value for money outcomes for tendering and contracting activities. WorkCover is conducting workshops on the framework to assist staff to understand and use the framework.

WorkCover has also developed and implemented a contract performance management system to ensure contract managers undertake effective contract management and manage contractor and supplier performance as per the conditions of contract. The reporting system is based on a matrix of seven key performance indicators and provides a robust framework within which the contract manager can monitor and report on contract and supplier performance. The resulting performance data is captured in WorkCover's central contracts register and is available as a resource to contribute to improved contract management practices across the organisation.

#### **Accommodation refurbishment program - 2007/08**

In 2002 WorkCover commenced its office refurbishment program with the relocation of its head office from Sydney to Gosford. The "WorkCover Office Accommodation Standard" was established at this time and a refurbishment program was implemented. The program has been progressively rolled out across the state with offices having been either relocated or refurbished to meet the standard.

WorkCover staff affected by the fit outs are extensively consulted in regards to office layout, colours, relocation timeframes and strategies.

During 2007/08 the Oxford Street, Darlinghurst office was refurbished. The new fitout meets the benchmarks set out in the Standard and provides improved amenity and working conditions for the office staff.

WorkCover's regional office located at Wollongong was also scheduled to be relocated and refurbished during the 2007/08 period. However due to a lack of suitable office accommodation in the Wollongong area, the project was not able to proceed. This project has now been deferred until the 2008/09 financial year, completing the refurbishment program.

## The amount of accredited Green Power purchased increased by 12.3 per cent from 2006/07



## ▶ WORKCOVER STAFF *making a difference*





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# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

WORKCOVER AUTHORITY

## OVERVIEW OF WORKCOVER NSW FINANCIAL PERFORMANCE

### INTRODUCTION

Under the *Public Finance and Audit Act 1983* WorkCover is required to prepare financial reports for the following entities:

- ▶ A consolidated entity that reports the combined results of both the WorkCover Authority and the Workers Compensation Commission (WCC). This report also shows the individual results of just the WorkCover Authority. Under Australian accounting standards WorkCover controls the WCC and is required to show the results of the consolidated entity of WorkCover and WCC in a financial report.
- ▶ The Workers Compensation Commission.
- ▶ The Office of the WorkCover Authority.

The financial results of the WorkCover Scheme Statutory Funds are reported separately.

Discussion of the key aggregated financial results contained in each of these reports follows.

### 1. WorkCover Authority:

	2008 Actual \$m	2007 Actual \$m
<b>OPERATING RESULTS</b>		
Revenue	203.6	188.9
Expenses	331.0	169.6
Operating (Deficit)/Surplus	(127.4)	19.3
<b>FINANCIAL POSITION</b>		
Short Term Solvency	97%	63%
Long Term Solvency	116%	149%
Total Assets	303.2	485.3
Total Liabilities	261.4	325.5
Equity	41.8	159.8

### Operating Results

The operating results for the year ended 30 June 2008 was a deficit of \$127.4m. The operating deficit has decreased excess accumulated funds of \$148.7m to 22.1m. The result for 2007/08 is featured by:

- ▶ Increases of \$16.6m in superannuation liabilities following actuarial review.
- ▶ Reductions of \$4.0m in the value of outstanding claims in the compensation schemes managed by WorkCover following actuarial review.
- ▶ Reduction of \$36.1m in Investment income.

- ▶ Increase in expenditure of \$84m associated with the transition to the new funding model on 1 July 2008. The Workers Compensation Legislation Amended (Financial Provisions) Act 2008 provides for the payment from the WorkCover Authority Fund to the Workers Compensation Insurance Fund any amount by which the Authority determines the Fund to be in surplus from time to time. The WorkCover Board resolved that \$84m of assets were surplus as at 30 June 2008 given the transition to the new funding model and \$48m worth of cash was actually transferred to the Workers Compensation Insurance Fund prior to 30 June 2008 and provision was made to transfer another \$36m after 30 June 2008.

### Financial Position

Overall, WorkCover's financial position is sound.

Short-term solvency is adequate with current assets representing 97 per cent (63 per cent, June 2007) of current liabilities.

Long-term solvency is also more than adequate with total assets representing 116 per cent of liabilities (149 per cent, June 2007). Outstanding claims are the main liabilities and they have been actuarially assessed at \$102m (\$173m, June 2007). It should be noted that the Uninsured Liability Indemnity Scheme (ULIS) transferred to the Workers Compensation Insurance Fund during 2007/08. This resulted in a \$68m reduction in outstanding claims liability.

### 2. Workers Compensation Commission

In accordance with the *Public Finance and Audit Act* and Australian accounting standards the WorkCover Authority controls the Workers Compensation Commission and is required to produce a separate financial report for it.

Under Section 35(2)(e1) of the *Workplace Injury Management and Workers Compensation Act, 1998* the costs of the Commission are to be met from the WorkCover Authority Fund. Accordingly the Commission is funded by WorkCover at a level sufficient to meet costs and has no operating surplus or equity.

The results of the Commission for 2007/08 show that overall costs increased by \$3.4m in 2007/08 compared to 2006/07. This increase was in the area of arbitrator and medical specialist costs.

### 3. Office of the WorkCover Authority

- ▶ WorkCover Authority
- ▶ Building and Construction Industry Long Service Payments Corporation
- ▶ Dust Diseases Board
- ▶ Workers Compensation Commission
- ▶ Sporting Injuries Committee

OWCA has no operating surplus or equity as it only receives funding from these entities equal to the value of the personnel services it provides to them.

## STATEMENT BY DIRECTORS

Pursuant to Section 41C of the *Public Finance and Audit Act 1983* and in accordance with a resolution of the Board of Directors of the WorkCover Authority of New South Wales, we declare on behalf of the Board that in our opinion:

1. the accompanying consolidated financial report exhibits a true and fair view of the consolidated financial position of the WorkCover Authority of New South Wales as at 30 June 2008 and transactions for the year then ended; and
2. the report has been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005* and the Treasurer's Directions.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



**Greg McCarthy**  
Chairperson

13 November 2008




**Jon Blackwell**  
Chief Executive Officer

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

WORKCOVER AUTHORITY



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**WORKCOVER AUTHORITY of NSW**

**Actuarial Certificate**  
**Outstanding claims liabilities at 30 June 2008**

Ernst & Young has been contracted by the WorkCover Authority of NSW ("the WorkCover Authority") to make estimates of the outstanding claims liabilities as at 30 June 2008 of the following funds:

- ▶ Emergency and Rescue Workers Compensation Fund ("ERWCF")
- ▶ Bushfire Fighters Compensation Funds ("BFFCF")
- ▶ Insurers' Guarantee Fund ("IGF"), covering the pre-WorkCover liabilities of the following failed insurers: National Employers Mutual ("NEM"), Bishopsgate, AGCI, Greatlands and HIH.

**Data**

Data was provided to us by the WorkCover Authority, except as follows:

- ▶ For HIH liabilities in the IGF, additional data was provided by Insurance Australia Group
- ▶ For all other failed insurer liabilities in the IGF, data was provided by Corporate Management Services (Australia) Pty Ltd, on behalf of the Authority
- ▶ Some historical data was also obtained from PricewaterhouseCoopers.

Ernst & Young has relied on historical data and other quantitative and qualitative information supplied by the WorkCover Authority and other parties without audit or independent verification. We did however review this information for reasonableness and internal consistency where possible. The accuracy of our results is dependent upon the accuracy and completeness of the underlying data.

**Basis of Our Estimates**

We have made *central estimates* of the outstanding claims liabilities - this means that our assumptions have been selected to yield estimates that are not knowingly above or below the ultimate liabilities. Our estimates include allowances for:

- ▶ Future inflation and investment return
- ▶ Future expected recoveries

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Ernst & Young ABC Pty Limited ABN 12 003 794 296  
Australian Financial Services Licence No. 238167

### Valuation Results

The estimated outstanding claims liability at 30 June 2008 for the Other Fund, net of recoveries is set out in the following Table.

Outstanding Claims Liability at 30 June 2008 - Other Funds	\$m
ERWCF	9.0
BFFCF	12.5
Non-HIH	71.4
HIH	8.7
Total	101.6

It is our understanding that the WorkCover Authority has provided \$101.6 million in the Financial Statements of the above Funds as at 30 June 2008 for the outstanding claims liabilities.

### Uncertainty

There is a limitation upon the accuracy of the estimates in this certificate in that there is inherent uncertainty in any estimate of outstanding claim liabilities. This is due to the fact that the ultimate liability for claims is subject to the outcome of events yet to occur. These include, but are not limited to, the likelihood of injured workers lodging claims under the Schemes, the amount of compensation paid and the attitudes of claimants towards settlement of their claims. In our judgement, we have employed techniques and assumptions that are appropriate, and we believe the conclusions presented herein are reasonable, given the information currently available. However, it should be recognised that future claim development is likely to deviate, perhaps materially, from our estimates.

### Reports

Full details of data, method, assumptions and results for the Other Funds are set out in two separate reports dated 1<sup>st</sup> September 2008 for ERWCF and BFFCF and 26<sup>th</sup> August 2008 for IGF.

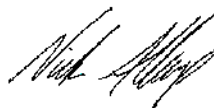
### Relevant Standards

Our estimates and reports are prepared in accordance with the Australian Accounting Standard AASB137 and the Institute of Actuaries of Australia's Professional Standard 300.

Peter McCarthy



Nick Allsop



Fellows of the Institute of Actuaries of Australia  
24 November 2008





GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDITOR'S REPORT

### WorkCover Authority of New South Wales and controlled entities

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the WorkCover Authority of New South Wales (the Authority) and controlled entities, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of recognised income and expense and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The consolidated entity comprises the Authority and the entities it controlled at the year's end or from time to time during the financial year.

#### Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Authority and the consolidated entity as at 30 June 2008, and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005

My opinion should be read in conjunction with the rest of this report.

#### The Board's Responsibility for the Financial Report

The members of the Board of the Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Authority's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Board, as well as evaluating the overall presentation of the financial report.

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

My opinion does *not* provide assurance:

- about the future viability of the Authority or consolidated entity,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

#### Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



C J Giumelli  
Director, Financial Audit Services

14 November 2008  
SYDNEY

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

WORKCOVER AUTHORITY

### INCOME STATEMENT for the year ended 30 June 2008

	Note	Consolidated		Authority	
		2008	2007	2008	2007
		\$'000	\$'000)	\$'000	\$'000)
<b>REVENUES</b>					
Contributions	3(e) & 4	173,373	121,586	173,373	121,586
Fees and charges	5	14,034	15,557	14,034	15,557
Investment revenue	6	(257)	35,793	(257)	35,793
Other revenue	7	15,178	14,691	16,489	16,001
<b>TOTAL REVENUES</b>		<b>202,328</b>	<b>187,627</b>	<b>203,639</b>	<b>188,937</b>
<b>EXPENSES</b>					
<b>WorkCover Authority operations</b>					
Salaries and employee payments	8	676	749	676	749
Personnel services	9	146,043	98,233	134,654	87,453
Office accommodation		13,429	12,911	11,881	11,360
Depreciation & amortisation		12,903	11,581	12,013	10,975
Other operating expenses	10	145,693	76,753	128,869	62,512
		<b>318,744</b>	<b>200,227</b>	<b>288,093</b>	<b>173,049</b>
<b>WorkCover Scheme services</b>					
Grants	11	1,250	937	33,212	29,425
Net claims incurred	12	(1,433)	(50,919)	(1,433)	(50,919)
Finance costs	12	6,483	12,363	6,483	12,363
Other expenses	3(j)(iii)	4,608	5,651	4,608	5,651
		<b>10,908</b>	<b>(31,968)</b>	<b>42,870</b>	<b>(3,480)</b>
<b>TOTAL EXPENSES</b>		<b>329,652</b>	<b>168,259</b>	<b>330,963</b>	<b>169,569</b>
<b>(DEFICIT)/SURPLUS FOR THE YEAR</b>		<b>(127,324)</b>	<b>19,368</b>	<b>(127,324)</b>	<b>19,368</b>

The accompanying notes form part of these financial statements.

## BALANCE SHEET as at 30 June 2008

	Note	Consolidated 2008	2007	Authority 2008	2007
		\$'000	\$'000)	\$'000	\$'000)
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	24	44,098	19,935	44,097	19,934
Inventory	18	2,091	–	2,091	–
Trade and other receivables	13	49,291	39,414	50,007	39,264
<b>TOTAL CURRENT ASSETS</b>		<b>95,480</b>	59,349	<b>96,195</b>	59,198
<b>NON-CURRENT ASSETS</b>					
Trade and other receivables	13	21,471	33,334	20,132	33,668
Financial assets	14	129,542	339,981	129,542	339,981
Intangible assets	17	18,642	20,807	17,192	19,003
Property, plant and equipment	16	41,281	35,060	40,165	33,488
<b>TOTAL NON-CURRENT ASSETS</b>		<b>210,936</b>	429,182	<b>207,031</b>	426,140
<b>TOTAL ASSETS</b>		<b>306,416</b>	488,531	<b>303,226</b>	485,338
<b>CURRENT LIABILITIES</b>					
Trade and other payables	19	17,542	24,727	16,158	24,104
Provisions	20	72,103	50,331	69,933	48,061
Outstanding claims	21	13,572	17,794	13,572	17,794
<b>TOTAL CURRENT LIABILITIES</b>		<b>103,217</b>	92,852	<b>99,663</b>	89,959
<b>NON-CURRENT LIABILITIES</b>					
Trade and other payables	19	50,429	60,417	51,366	60,417
Provisions	20	22,911	20,108	22,338	19,808
Outstanding claims	21	88,042	155,337	88,042	155,337
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>161,382</b>	235,862	<b>161,746</b>	235,562
<b>TOTAL LIABILITIES</b>		<b>264,599</b>	328,714	<b>261,409</b>	325,521
<b>NET ASSETS</b>		<b>41,817</b>	159,817	<b>41,817</b>	159,817
<b>EQUITY</b>					
Asset revaluation reserve	22	19,721	11,054	19,721	11,054
Retained earnings	22	22,096	148,763	22,096	148,763
<b>TOTAL EQUITY</b>		<b>41,817</b>	159,817	<b>41,817</b>	159,817

The accompanying notes form part of these financial statements.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

WORKCOVER AUTHORITY

### CASH FLOW STATEMENT for the year ended 30 June 2008

	Note	Consolidated		Authority	
		2008	2007	2008	2007
		\$'000 Inflows (Outflows)	\$'000 Inflows (Outflows)	\$'000 Inflows (Outflows)	\$'000 Inflows (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Contributions		149,920	168,102	149,920	168,102
Investments		7,360	1,829	7,360	1,829
Recoveries		–	3,530	–	3,530
GST refund from ATO		10,026	11,460	8,501	11,460
Other receipts		38,616	23,621	38,616	23,619
Salaries and employee payments		(676)	(749)	(676)	(749)
Personnel services		(131,565)	(116,667)	(119,667)	(105,611)
Office accommodation		(14,410)	(17,587)	(12,737)	(15,515)
Grants paid		(1,912)	(2,860)	(32,842)	(31,740)
Compensation claims paid		(76,197)	(15,299)	(76,197)	(15,299)
GST Payment to ATO		(786)	(768)	(786)	(768)
Other payments		(150,166)	(72,379)	(131,460)	(57,138)
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	23	<b>(169,790)</b>	<b>(17,767)</b>	<b>(169,968)</b>	<b>(18,280)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment and intangibles		(8,869)	(11,222)	(8,691)	(10,709)
Proceeds on sale of property, plant and equipment		–	5	–	5
Purchase of investments		–	–	–	–
Redemption of investments		202,822	–	202,822	–
<b>NET CASH PROVIDED BY/(USED) IN INVESTING ACTIVITIES</b>		<b>193,953</b>	<b>(11,217)</b>	<b>194,131</b>	<b>(10,704)</b>
Net increase/(decrease) in cash held		24,163	(28,984)	24,163	(28,984)
Cash at the beginning of the financial year		19,935	48,919	19,934	48,918
<b>Cash at the end of the financial year</b>	24	<b>44,098</b>	<b>19,935</b>	<b>44,097</b>	<b>19,934</b>

The accompanying notes form part of these financial statements.

### STATEMENT RECOGNISED INCOME AND EXPENSE for the year ended 30 June 2008

	Note	Consolidated		Authority	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Net increase arising from transition to new inventory policy	3 (l) & 22	657	–	657	–
Net increase in property, plant and equipment asset revaluation reserve	22	8,667	–	8,667	–
<b>Total income and expenses recognised directly in equity</b>		<b>9,324</b>	<b>–</b>	<b>9,324</b>	<b>–</b>
(Deficit)/Surplus for the year	3(g) & 22	(127,324)	19,368	(127,324)	19,368
<b>Total income and expenses recognised for the year</b>		<b>(118,000)</b>	<b>19,368</b>	<b>(118,000)</b>	<b>19,368</b>

The accompanying notes form part of these financial statements.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 1. Reporting Entity

The WorkCover Authority as a reporting entity comprises all the entities under its control. In this financial report the WorkCover Authority is referred to as the 'Authority' and 'Consolidated' comprises the WorkCover Authority and its controlled entity the Workers Compensation Commission (WCC) (refer Note 3(j)(i)).

As profit is not the principal objective of the WorkCover Authority it is a not for profit entity.

This financial report for the year ended 30 June 2008 has been authorised for issue by the Chief Executive Officer of the WorkCover Authority on 13/11/2008.

### Note 2. Constitution and functions of the WorkCover Authority

The WorkCover Authority is constituted under the Workplace Injury Management and Workers Compensation Act 1998. The Authority has responsibility for the direction, control and management of a range of funds as outlined in Note 27. A reference in this financial report to the Authority refers to all of those funds.

WorkCover is exempt from the payment of income tax under Section 23(d) of the Income Tax Assessment Act 1936.

### Note 3. Summary of Significant Accounting Policies

#### (a) Basis of Financial Statements

This financial report has been prepared on the basis of historical cost except for the reporting of property, plant and equipment and investments which are valued at fair value.

This financial report is a general purpose financial report and has been prepared on an accrual basis.

Proper accounts and records have been maintained for all of the operations of the WorkCover Authority in terms of Section 41(1) of the *Public Finance and Audit Act 1983*.

This financial report has been prepared having regard to applicable Australian Accounting Standards, Australian Accounting Interpretations and the *Public Finance and Audit Act 1983*.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

Amounts shown in this financial report are in Australian dollars and have been rounded to the nearest thousand dollars.

#### (b) Property, plant, equipment and depreciation

Property, plant and equipment are valued on the fair value basis.

Where available, fair value is determined having regard to the highest and best use of the asset on the basis of current market selling prices for the same or similar assets. Where market selling price is not available, the asset's fair value is measured as its market buying price. That is, the replacement cost of the asset's remaining future economic benefits.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life. The rates applied are:

	%
Buildings	3.0
Furniture and fittings	10.0
Library	10.0
Scientific equipment	20.0
Technical Equipment	14.3
Mechanical equipment	20.0
Office machines and equipment	20.0
Computer hardware	20.0-33.3

Leasehold improvements are depreciated over the unexpired terms of the respective leases or the estimated life of the improvements, whichever is the shorter.

#### Capitalisation policy

Property, plant and equipment are those assets with a useful life of more than one year and with a unit cost in excess of \$2,000 but with the exception of:

	Unit cost
Computer hardware	\$1,000
Reference books	\$500

#### (c) Intangible and Amortisation

Intangible are measured at cost and their useful lives are finite.

Amortisation is provided on a straight line basis for all intangible assets so as to write off the depreciable amount of each asset as it is consumed over this useful life. The rates applied are:

	%
Computer software	14.3-33.0

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

#### Note 3. Summary of Significant Accounting Policies (continued)

##### Capitalisation Policy

Intangibles are those assets with a useful life of more than one year and with a unit cost in excess of \$3,000.

##### (d) Net claims incurred

Net claims incurred include claims paid and the movement in the provision for outstanding claims liabilities. The provision for outstanding claims liabilities includes claims incurred but not yet paid, incurred but not yet reported and allowances for the costs of claims administration. An assessment of outstanding claims by independent actuarial consultants is undertaken to determine this liability and the central estimate of that liability is brought to account.

##### (e) Contributions

Contributions to the major funds, the WorkCover Authority Fund and the Insurers' Guarantee Fund, are principally made by the Nominal Insurer and licensed self-insurers and:

- i. for the WorkCover Authority Fund, are brought to account on the basis of the Nominal Insurers' premium income and self-insurers' deemed premiums relating to each policy renewal year, and are determined after having regard to the estimate of WorkCover's net operating expenses;
- ii. for the Insurers' Guarantee Fund, are brought to account to recognise the full funding of total claims costs.
- iii. Contributions to the Bush Fire Fighters and Emergency and Rescue Workers Compensation Funds are made through the NSW Treasury and are brought to account to recognise the full funding of total claims costs. The annual cash contributions by NSW Treasury are determined on the basis of the anticipated cost of claims on a "pay as you go" basis for each year together with an allowance for administration expenses.

##### (f) Leases

WorkCover has entered into a number of operating lease agreements for office accommodation where the lessors effectively retain the entire risks and benefits incidental to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Income Statement over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

##### (g) Retained Earnings

The retained earnings has decreased by the amount of the operating deficit for the year, \$127.3m and a transfer in relation to the introduction of inventories in January 2008 following a change in Workcover's publication policy (Refer Note 3(l)) of \$0.6m to \$22.1m (\$148.8m – 2007).

##### (h) New Australian Accounting Standards issued

In this reporting period, the following recent Australian Accounting Standards that are not yet effective were not used in preparing this financial report.

AASB Amendment	Affected Standards	Operative Date
AASB 1049	Whole of government and General Government Sector Financial Reporting	1 July 2008
AASB 101	Presentation of Financial Statements (revised September 2007)	1 January 2009
AASB 2007-8	Amendments to Australian Accounting Standards arising from AASB 101	1 January 2009

Australian Accounting Standards issued but not yet effective will have no direct impact on the Authority's financial results as they are concerned with disclosures.

##### (i) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred by WorkCover as a purchaser is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Cash flows are included in the cash flow statement on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

##### (j) Grants

Grants include:

##### (i) Workers Compensation Commission

The Workers Compensation Commission was established on 1 January 2002 by the Workers Compensation Legislation Amendment Act 2001. The WorkCover Authority is responsible for funding the Commission and has to provide to the Commission:

- a. facilities (including registry facilities); and
- b. any additional staff that may be necessary.

The Commission replaced the Workers Compensation Resolution Service which was the administrative responsibility of the Department of Industrial Relations, and the Compensation Court which was the administrative responsibility of the Attorney General's Department.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 3. Summary of Significant Accounting Policies (continued)

#### (ii) Compensation Court

The *Compensation Court Repeal Act 2002* abolished the Compensation Court from 1 January 2004 and transferred the Court's jurisdiction to the Workers Compensation Commission. Certain matters such as coal miners' workers compensation disputes and Police "hurt on duty" matters were transferred to the residual jurisdiction of the District Court which was funded by the WorkCover Authority until 30 June 2005.

Workcover is responsible for funding the pension costs of retired judges of the former Compensation Court.

#### (iii) General Grants

Workcover provides grants to support registered trade unions and employer associations to assist their members to implement occupational health and safety and workers compensation legislation. It also provides research grants to independent organisations to undertake commissioned research into occupational health and safety and injury management issues. As payment of the grant is conditional on the completion of significant future milestones, the cost of these grants are recognised progressively as milestones are met.

#### (k) Personnel Services

The Authority's staff are supplied by the Office of the WorkCover Authority. Salaries and wages and associated oncosts, annual leave and long service leave are recognised and measured in respect of employee services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

#### (l) Inventory

In 2007/08 WorkCover changed its publication policy. Under the new policy WorkCover is now the owner of its publications and will account for them in accordance with AASB 102 Inventories. WorkCover's publications are held for distribution and are measured at cost using the weighted average cost method.

The introduction of this policy has resulted in an increment of \$0.6m to equity to recognise that the fair value of inventory initially acquired by WorkCover was greater than the consideration paid for it. (Refer Note 18).

### Note 4. Contributions

Contributions to the various funds were:

	Consolidated		Authority	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
<b>WorkCover Authority Fund</b>				
Nominal Insurer, self and specialised insurers	144,741	143,348	144,741	143,348
<b>Workers Compensation Insurance Fund</b>				
Management and administration expenses	13,964	7,662	13,964	7,662
	<b>158,705</b>	151,010	<b>158,705</b>	151,010
<b>Insurers' Guarantee Fund</b>	<b>4,372</b>	(28,992)	<b>4,372</b>	(28,992)
<b>Bush Fire Fighters Compensation Fund</b>	<b>4,701</b>	(130)	<b>4,701</b>	(130)
<b>Emergency &amp; Rescue Workers Compensation Fund</b>	<b>5,595</b>	(302)	<b>5,595</b>	(302)
	<b>173,373</b>	121,586	<b>173,373</b>	121,586

Contributions from the Workers Compensation Insurance Fund (WCIF) were received to reimburse WorkCover for costs incurred on the WCIF's behalf.

The contribution rate for the WorkCover Authority Fund in 2008 was 4.0% (4.0% – 2007) of the agents of the Nominal Insurers' premium income and self-insurers' deemed premiums.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

WORKCOVER AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

#### Note 5. Fees and charges

	Consolidated		Authority	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
TestSafe Australia testing fees	2,865	3,193	2,865	3,193
Certificates of competency	3,831	3,231	3,831	3,231
Testing and boiler inspection	789	799	789	799
Registration of plant	897	1,479	897	1,479
Biological monitoring	884	622	884	622
Demolition and pest control licences	454	444	454	444
Construction Induction Training	2,400	3,318	2,400	3,318
Consultancy and training	106	172	106	172
Dangerous goods licensing activities	718	1,181	718	1,181
Asbestos licences & removal permits	404	379	404	379
Accreditation fees	284	329	284	329
Other	402	410	402	410
	<b>14,034</b>	<b>15,557</b>	<b>14,034</b>	<b>15,557</b>

#### Note 6. Investment revenue

	Consolidated		Authority	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Interest on call and term deposits	7,359	1,829	7,359	1,829
Movement in market values	(7,616)	33,964	(7,616)	33,964
	<b>(257)</b>	<b>35,793</b>	<b>(257)</b>	<b>35,793</b>

#### Note 7. Other revenue

	Consolidated		Authority	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Distribution from liquidator – IGF	262	771	262	771
OHS prosecution fines	4,118	5,511	4,118	5,511
Professional costs recoveries	2,430	2,823	2,430	2,823
Workers compensation s.156 recoveries	3,908	1,806	3,908	1,806
Infringement Notices	529	731	529	731
Motor vehicle and overtime recoveries	232	213	232	213
Legal aid and interpreter scheme recoveries	3	11	3	11
Other	3,696	2,825	5,007	4,135
	<b>15,178</b>	<b>14,691</b>	<b>16,489</b>	<b>16,001</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 8. Salaries and employee payments

	Consolidated		Authority	
	2008	2007	2008	2007
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Payment to Board Members	676	749	676	749
	<b>676</b>	<b>749</b>	<b>676</b>	<b>749</b>

Payments to Board members are made in accordance with Premier's Guidelines and cover the WorkCover Board and the Workers Compensation Insurance Fund Investment Board.

### Note 9. Personnel services

	Consolidated		Authority	
	2008	2007	2008	2007
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Salaries and allowances	97,457	88,982	89,713	81,007
Annual leave	7,958	7,324	7,457	6,584
Long service leave	4,192	3,034	4,100	2,735
Payroll tax	6,715	6,166	6,158	5,503
Workers compensation insurance	514	561	454	509
Fringe benefits tax	934	1,017	920	1,010
Superannuation	28,273	(8,851)	25,852	(9,895)
	<b>146,043</b>	<b>98,233</b>	<b>134,654</b>	<b>87,453</b>



# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

WORKCOVER AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

#### Note 10. Other operating expenses

	Consolidated		Authority	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Consultants	687	665	587	646
Contractors	17,372	14,059	2,274	2,054
Travel & Vehicle expenses	8,178	7,663	8,050	7,466
Communication expenses	2,476	2,471	2,177	2,020
Advertising	1,146	4,530	1,137	4,524
Fees	11,287	13,774	11,199	13,669
External audit – Audit of the financial report – WorkCover Authority	277	228	260	218
Internal Audit	7	55	7	55
Printing	1,351	1,812	1,302	1,645
Repairs & maintenance	4,537	3,742	4,506	3,674
Stores	1,410	1,573	1,249	1,373
Training	2,134	1,664	2,067	1,550
Media expenses	5,577	3,200	5,570	3,190
Legal aid & Rehab	337	497	337	497
Interpreter Services	421	426	54	34
Voluntary Redundancy expenses	5	5	–	–
Inventory	595	–	595	–
Allowance for doubtful debts	137	(321)	137	(321)
Bad debts	–	–	–	–
Property, plant and equipment written off	19	379	19	379
Other	87,740	20,331	87,342	19,839
	<b>145,693</b>	<b>76,753</b>	<b>128,869</b>	<b>62,512</b>

Other Expenses includes \$84m that the WorkCover Board resolved were surplus funds as at 30 June 2008 for the WorkCover Authority Fund given the transition to the new funding model on 1 July 2008. Under the Workers Compensation Legislation Amendment (Financial Provisions) Act 2008 this will be paid from the WorkCover Authority Fund to the Workers Compensation Insurance Fund (Note 29 refers).

#### Note 11. Grants

The following grants were provided to other government agencies throughout the year:

		Consolidated		Authority	
	Note	2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Workers Compensation Commission	3 (j) (i)	–	–	31,962	28,488
Compensation Court of NSW	3 (j) (ii)	1,250	937	1,250	937
		<b>1,250</b>	<b>937</b>	<b>33,212</b>	<b>29,425</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 12. Net claims incurred & Finance costs

Details of the net claims incurred by the Authority's various funds are:

	Claims paid 2008	Finance costs 2008	Movement in claims liabilities 2008	Net claims incurred 2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000
WorkCover Authority Fund – Uninsured Scheme	–	–	–	–	(22,579)
Insurers' Guarantee Fund	4,580	5,513	(14,376)	(4,283)	(15,191)
Bush Fire Fighters Compensation Fund	1,666	581	2,059	4,306	(307)
Emergency & Rescue Workers Compensation Fund	2,809	389	1,829	5,027	(479)
	9,055	6,483	(10,488)	5,050	(38,556)

Borrowing costs relate to the increase in the carrying amount of the outstanding claims liability that reflects the passage of time associated with the use of a discount rate in determining the value of the outstanding claims liability. (Note 21 refers)

As reported in Note 28 last year the *Workers Compensation (Insurance Reform) Act 2003* provided for the transfer of the assets and liabilities of the Uninsured Liability and Indemnity Scheme (ULIS) from the WorkCover Authority Fund to the Insurance Fund. This transfer occurred on 1/7/08.

### Note 13. Trade & Other Receivables

	Consolidated		Authority	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Receivables	54,446	45,600	55,162	45,450
Prepayments	399	668	399	668
	54,845	46,268	55,561	46,118
Less allowance for impairment	(5,554)	(6,854)	(5,554)	(6,854)
<b>Total current receivables</b>	<b>49,291</b>	<b>39,414</b>	<b>50,007</b>	<b>39,264</b>
<b>Non-current</b>				
Receivables	21,471	33,334	20,132	33,668
<b>Total receivables</b>	<b>70,762</b>	<b>72,748</b>	<b>70,139</b>	<b>72,932</b>
<b>Movement in the allowance for impairment</b>				
Balance at 1 July	(6,854)	(7,176)	(6,854)	(7,176)
Amounts written off during the year	(1,434)	–	(1,434)	–
Amounts recovered during the year	–	–	–	–
Increase/(decrease) in allowance recognised in profit or loss	(134)	321	(134)	321
<b>Balance at 30 June</b>	<b>(5,554)</b>	<b>(6,854)</b>	<b>(5,554)</b>	<b>(6,854)</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 13. Trade & Other Receivables (continued)

Receivables include amounts payable to the Authority from the Nominal Insurer for outstanding contributions and management and administration expenses.

Receivables also include amounts payable to WorkCover from the State Debt Recovery Office for OHS prosecution fines and professional costs that can be reliably measured and meet the asset recognition criteria of probable future economic benefits.

### Note 14. Financial assets – Investments

Other financial assets comprise deposits with investment funds managers.

	Consolidated		Authority	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
TCorp Hour Glass investment facilities	129,542	339,981	129,542	339,981
	<b>129,542</b>	339,981	<b>129,542</b>	339,981
<b>Current</b>	–	–	–	–
<b>Non-current</b>	<b>129,542</b>	339,981	<b>129,542</b>	339,981
<b>Total Financial Assets</b>	<b>129,542</b>	339,981	<b>129,542</b>	339,981

Other financial assets are classified as current and non-current depending upon the amount expected to be consumed or converted into cash within 12 months of balance date.

During 2007/08 the WorkCover Board approved of the transfer of all investments held in the WorkCover Authority fund to cash facilities operated by TCorp. Investments held in the Insurers' Guarantee Fund continue to be invested in the TCorp Hour Glass medium and long term growth facilities.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 15. Financial Instruments

WorkCover's principal financial instruments are outlined below. These financial instruments arise directly from WorkCover's operations and are required to finance these operations. WorkCover does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

WorkCover's main risks arising from financial instruments are outlined below, together with WorkCover's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

#### (a) Financial Instrument categories

	Note	Category	Consolidated		Authority	
			2008	2007	2008	2007
			\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>						
Cash and cash equivalents	24	N/A	44,098	19,935	44,097	19,934
Receivables <sup>(1)</sup>	13	Loans and receivables at amortised cost	6,533	6,851	6,528	6,846
Investments	14	At fair value through profit or loss designated as such upon initial recognition	129,542	339,981	129,542	339,981
<b>Financial Liabilities</b>						
Payables <sup>(2)</sup>	19	Financial liabilities measured at amortised cost	15,147	22,361	13,764	21,739

<sup>(1)</sup> Excludes statutory receivables and prepayments (i.e. not within the scope of AASB 7)

<sup>(2)</sup> Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

#### (b) Financial Instrument policies

The accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

Recognised Financial Instruments	Statement of Financial Position Notes	Accounting Policies	Terms and Conditions
<b>Financial Assets</b>			
Cash & Cash Equivalents	24	Short-term deposits are stated at net fair value. Interest is recognised in the Income Statement when earned.	Cash deposits are at call. The bank cash rate averaged 6.9% during the year (2007:6.1%).

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2008**

**Note 15. Financial Instruments** (continued)

**(b) Financial Instrument policies** (continued)

Recognised Financial Instruments	Statement of Financial Position Notes	Accounting Policies	Terms and Conditions
Trade & Other Receivables	13	<p>Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the operating statement when impaired, derecognised or through the amortisation process. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.</p>	Contributions from insurers and legal prosecution debts are payable on dates specified. Credit sales are on 14 day terms.
Financial Assets (Investments)	14	<p>Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. WorkCover determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end. Fair value through profit or loss – WorkCover subsequently measures investments classified as “held for trading” or designated upon initial recognition “at fair value through profit or loss” at fair value. Financial assets are classified as “held for trading” if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the operating statement.</p> <p>The Hour-Glass Investment Facilities are designated at fair value through profit or loss using the second leg of the fair value option i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the agency's key management personnel.</p> <p>The movement in the fair value of the Hour-Glass Investment Facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item ‘investment revenue’.</p>	The standard management agreement between TCorp and government clients is in place. Redemption of any funds invested requires 5 working days.
<b>Financial Liabilities</b>			
Trade & Other Payables (Trade creditors and accruals)	19	<p>These amounts represent liabilities for goods and services provided to WorkCover and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.</p>	Trade liabilities are normally settled in accordance with supplier's terms.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 15. Financial Instruments (continued)

#### (c) Exposure to risk

The use of financial instruments exposes the Authority to three main types of risk:

1. Price risk is the risk of fluctuation in the value of a financial instrument as a result of changes in circumstances pertaining to any one or more of three risk elements:

**Market:** value fluctuations due to changes in market price whether those changes are caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market.

**Interest rate:** value fluctuations due to changes in market interest rates.

**Other price risk – TCorp Hour Glass facilities:** primarily arises through the investment in the TCorp Hour Glass Investment facilities, which are held for strategic rather than trading purposes.

2. Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation thereunder
3. Liquidity risk is the risk that WorkCover will be unable to meet its payment obligations when they fall due.

The major risks are quantified below.

#### 1. (a) Market risk exposure

The exposure to market risk on financial instruments at the balance date and previous year is as follows:

Financial Instruments	Consolidated		Authority	
	Market value 2008	Market Value 2007	Market value 2008	Market Value 2007
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
TCorp Hour Glass investment facilities	129,542	339,981	129,542	339,981
<b>Total financial assets exposed to market risk</b>	<b>129,542</b>	339,981	<b>129,542</b>	339,981
Cash	44,098	19,935	44,097	19,934
Trade and other receivables	6,533	6,851	6,528	6,846
<b>Total financial assets not exposed to market risk</b>	<b>50,631</b>	26,786	<b>50,625</b>	26,780
<b>Total financial assets</b>	<b>180,173</b>	366,767	<b>180,167</b>	366,761
<b>Financial liabilities</b>				
Trade and other creditors	15,147	22,361	13,764	21,739
<b>Total financial liabilities not exposed to market risk</b>	<b>15,147</b>	22,361	<b>13,764</b>	21,739

#### Market risk management

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by WorkCover, to set risk limits and controls and to monitor risk. Compliance with policies is reviewed by the Audit Committee.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

WORKCOVER AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

#### Note 15. Financial Instruments (continued)

##### (b) Interest rate risk exposure

The exposure to interest rate risks and effective interest rates of financial assets and financial liabilities, both recognised and unrecognised for the Authority at the balance date, is as follows:

Financial instruments	Weighted average effective interest 2008	Consolidated 2008			Authority 2008		
		Floating interest rate	Non- interest bearing	Total	Floating interest rate	Non- interest bearing	Total
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>							
Cash at bank	6.9%	10,507		10,507	10,506		10,506
Trade and other receivables	NA		6,533	6,533		6,528	6,528
Investment in cash facilities	6.8%	33,591		33,591	33,591		33,591
Financial assets	NA		–	–		–	–
<b>Total financial assets</b>		44,098	6,533	<b>50,631</b>	44,097	6,528	<b>50,625</b>
<b>Financial liabilities</b>							
Trade and other creditors	NA		15,147	15,147		13,764	13,764
<b>Total financial liabilities</b>		–	15,147	<b>15,147</b>	–	13,764	<b>13,764</b>

##### Interest rate risk exposure – Previous year

Financial instruments	Weighted average effective interest 2007	Consolidated 2007			Authority 2007		
		Floating interest rate	Non- interest bearing	Total	Floating interest rate	Non- interest bearing	Total
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>							
Cash at bank	6.1%	15,451		15,451	15,450		15,450
Trade and other receivables			6,851	6,851		6,846	6,846
Investment in cash facilities	6.4%	4,484		4,484	4,484		4,484
Financial assets	N/A		339,981	339,981		339,981	339,981
<b>Total financial assets</b>		19,935	346,832	<b>366,767</b>	19,934	346,827	<b>366,761</b>
<b>Financial liabilities</b>				–			
Trade and other creditors	N/A		22,361	22,361		21,739	21,739
<b>Total financial liabilities</b>		–	22,361	<b>22,361</b>	–	21,739	<b>21,739</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 15. Financial Instruments (continued)

#### (c) Other price risk exposure

WorkCover holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment horizon	Consolidated		Authority	
			2008	2007	2008	2007
			\$'000	\$'000	\$'000	\$'000
Cash facility	Cash, money market instruments	Up to 2 years	33,591	4,484	33,591	4,484
Medium term growth facility	Cash, money market instruments, Australian and International bonds, listed property, Australian and International shares	4 years to 7 years	66,653	166,880	66,653	166,880
Long term growth facility	Cash, money market instruments, Australian and International bonds, listed property, Australian and International shares	7 years and over	62,889	173,101	62,889	173,101

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for each facility. Unit prices are calculated and published daily.

NSW TCorp as trustee for each of the above facilities is required to act in the best interest of the unitholders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp, acts as a manager for part of the Cash Facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour Glass Facility limits WorkCover's exposure to risk, as it allows diversification across a pool of funds, with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the facilities, using historically based volatility information. The TCorp Hour Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). However, given the legislative guarantee of funding for the Insurer's Guarantee Fund (IGF) holdings with TCorp in the Hour Glass facility that relate to this fund will not impact on WorkCover's profit and have been excluded from the sensitivity analysis below:

	Change in unit price	Impact on profit/loss			
		Consolidated		Authority	
		2008	2007	2008	2007
Hour Glass Investment – Cash facility	+/-1%	336	45	336	45
Hour Glass Investment – Medium term growth facility	+/-7.5%	–	7,265	–	7,265
Hour Glass Investment – Long term growth facility	+/-15%	–	15,070	–	15,070

A reasonable possible change is based on the percentage change in unit price multiplied by the redemption price as at 30th June each year for each facility (as advised by TCorp).

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2008**

**Note 15. Financial Instruments (continued)**

**2. Credit risk**

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of these assets as indicated in the Balance Sheet.

Credit risk arises from the financial assets of WorkCover, including cash and receivables. No collateral is held by WorkCover. WorkCover has not granted any financial guarantees.

WorkCover is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors.

Credit risk associated with WorkCover's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Details of WorkCover's trade debtors follows:

	Total	Consolidated		Total	Authority	
		Past due but not impaired	Considered impaired		Past due but not impaired	Considered impaired
<b>2008</b>	<b>\$'000</b>	\$'000	\$'000	<b>\$'000</b>	\$'000	\$'000
< 3 months overdue	6,044	6,044	–	6,044	6,044	–
3 months – 6 months overdue	21	21	–	21	21	–
> 6 months overdue	468	330	138	463	325	138
<b>2007</b>						
< 3 months overdue	6,206	6,206	–	6,206	6,206	–
3 months – 6 months overdue	67	67	–	67	67	–
> 6 months overdue	578	448	130	573	443	130

Note: Excludes statutory receivables as they are not within the scope of AASB 7 so will not reconcile to the Balance Sheet

**3. Liquidity risk**

WorkCover continuously manages its liquidity risk through monitoring future cash flows to ensure adequate holding of high quality liquid assets.

WorkCover's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

WorkCover's payables are all non interest bearing with a maturity date of less than 1 year.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 16. Property, plant and equipment

	Note	Consolidated		Authority	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
<b>Land and buildings</b>					
Freehold land					
At fair value	(a)	15,138	6,600	15,138	6,600
<b>Total freehold land at fair value</b>	(b)	<b>15,138</b>	6,600	<b>15,138</b>	6,600
<b>Buildings</b>					
Gross carrying value		4,032	4,101	4,032	4,101
Accumulated depreciation		(10)	(197)	(10)	(197)
Total buildings at fair value		4,022	3,904	4,022	3,904
<b>Total land and buildings</b>		<b>19,160</b>	10,504	<b>19,160</b>	10,504
Leasehold improvements					
Gross carrying value		30,583	30,039	27,369	26,825
Accumulated amortisation		(18,614)	(15,192)	(16,405)	(13,365)
<b>Total leasehold improvements at fair value</b>		<b>11,969</b>	14,847	<b>10,964</b>	13,460
<b>Office machines and equipment</b>					
Gross carrying value		1,132	1,343	1,101	1,318
Accumulated depreciation		(859)	(996)	(836)	(975)
<b>Total office machines and equipment at fair value</b>		<b>273</b>	347	<b>265</b>	343
<b>Furniture and fittings (incl library)</b>					
Gross carrying value		512	488	209	186
Accumulated depreciation		(400)	(331)	(129)	(113)
<b>Total furniture and fittings at fair value</b>		<b>112</b>	157	<b>80</b>	73
<b>Computer hardware</b>					
Gross carrying value		10,836	15,420	10,608	15,094
Accumulated depreciation		(5,491)	(9,703)	(5,334)	(9,474)
<b>Total computer hardware at fair value</b>		<b>5,345</b>	5,717	<b>5,274</b>	5,620
<b>Scientific and technical equipment</b>					
Gross carrying value	(a)	3,585	3,111	3,585	3,111
Accumulated depreciation		(1,312)	(834)	(1,312)	(834)
<b>Total scientific and technical equipment at fair value</b>		<b>2,273</b>	2,277	<b>2,273</b>	2,277
<b>Mechanical equipment</b>					
Gross carrying value		540	540	540	540
Accumulated depreciation		(345)	(336)	(345)	(336)
<b>Total mechanical equipment at fair value</b>		<b>195</b>	204	<b>195</b>	204
Motor vehicles					
Gross carrying value		344	303	344	303
Accumulated depreciation		(119)	(47)	(119)	(47)
<b>Total motor vehicles at fair value</b>		<b>225</b>	256	<b>225</b>	256
<b>Capital works in progress</b>					
At fair value		1,729	751	1,729	751
<b>Total capital works in progress at fair value</b>		<b>1,729</b>	751	<b>1,729</b>	751
<b>Total property, plant &amp; equipment</b>		<b>41,281</b>	35,060	<b>40,165</b>	33,488



# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

WORKCOVER AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

#### Note 16. Property, plant and equipment (Continued)

- (a) In accordance with a policy of revaluing non-current assets with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at the reporting date, buildings and freehold land were revalued in 2008 and scientific and technical equipment were revalued in 2005. Freehold land, buildings and scientific and technical equipment were revalued on the basis of net fair value.

The independent valuations as at 30 June 2008 were carried out by:

Land & Buildings	
Paul Goldsmith	– Land & Property Information Valuation Services

The independent valuations as at 30 June 2005 were carried out by:

Scientific and technical equipment	
Mr. V.G. Bourke, AAPI, AIMM	– Herron Todd White

- (b) Details of land owned by WorkCover:

Description of Use	Location	Fair Value
38,529 Hectares	919 Londonderry Road Londonderry NSW	\$15,138,225
Used as a centre for occupational health and safety research and testing.		

Movements during financial year for the Consolidated reporting entity:

Class of asset	Fair value as at 1/7/07	Additions	Disposals	Depn. w/ back on disposal	Net revaln. movements	Recoverable amount w/downs	Depn. expense	Fair value as at 30/6/08
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Freehold land	6,600	–	–	–	8,538	–	–	15,138
Buildings	3,904	112	–	–	129	–	(123)	4,022
Leasehold improvements	14,847	649	(106)	106	–	–	(3,527)	11,969
Office machines and equipment	347	53	(264)	260	–	–	(123)	273
Furniture and fittings	157	29	(4)	4	–	–	(74)	112
Computer hardware	5,717	1,620	(6,203)	6,199	–	–	(1,988)	5,345
Scientific and technical equipment	2,277	525	(50)	29	–	–	(508)	2,273
Mechanical equipments	204	–	–	–	–	–	(9)	195
Motor vehicles	256	41	–	–	–	–	(72)	225
Capital WIP	751	978	–	–	–	–	–	1,729
<b>Total property, plant and equipment</b>	<b>35,060</b>	<b>4,007</b>	<b>(6,627)</b>	<b>6,598</b>	<b>8,667</b>	<b>–</b>	<b>(6,424)</b>	<b>41,281</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 16. Property, plant and equipment (Continued)

Movements during financial year for the Authority:

Class of asset	Fair value as at 1/7/07	Additions	Disposals	Depn. w/ back on disposal	Net revaln. movements	Recoverable amount w/downs	Depn. expense	Fair value as at 30/6/08
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Freehold land	6,600	–	–	–	8,538	–	–	15,138
Buildings	3,904	112	–	–	129	–	(123)	4,022
Leasehold improvements	13,460	650	(106)	106	–	–	(3,146)	10,964
Office machines and equipment	343	46	(263)	258	–	–	(119)	265
Furniture and fittings	73	28	(4)	4	–	–	(21)	80
Computer hardware	5,620	1,620	(6,106)	6,102	–	–	(1,962)	5,274
Scientific and technical equipment	2,277	525	(50)	29	–	–	(508)	2,273
Mechanical equipments	204	–	–	–	–	–	(9)	195
Motor vehicles	256	41	–	–	–	–	(72)	225
Capital WIP	751	978	–	–	–	–	–	1,729
<b>Total property, plant and equipment</b>	<b>33,488</b>	<b>4,000</b>	<b>(6,529)</b>	<b>6,499</b>	<b>8,667</b>	<b>–</b>	<b>(5,960)</b>	<b>40,165</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2008**

**Note 16. Property, plant and equipment (Continued)**

	Note	Consolidated		Authority	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
<b>Land and buildings</b>					
Freehold land					
At fair value	(a)	6,600	6,600	6,600	6,600
<b>Total freehold land at fair value</b>	(b)	<b>6,600</b>	<b>6,600</b>	<b>6,600</b>	<b>6,600</b>
<b>Buildings</b>					
Gross carrying value		4,101	3,688	4,101	3,688
Accumulated depreciation		(197)	(111)	(197)	(111)
Total buildings at fair value		3,904	3,577	3,904	3,577
<b>Total land and buildings</b>		<b>10,504</b>	<b>10,177</b>	<b>10,504</b>	<b>10,177</b>
<b>Leasehold improvements</b>					
Gross carrying value		30,039	28,486	26,825	25,272
Accumulated amortisation		(15,192)	(11,544)	(13,365)	(10,099)
<b>Total leasehold improvements at fair value</b>		<b>14,847</b>	<b>16,942</b>	<b>13,460</b>	<b>15,173</b>
<b>Office machines and equipment</b>					
Gross carrying value		1,343	1,160	1,318	1,134
Accumulated depreciation		(996)	(960)	(975)	(942)
<b>Total office machines and equipment at fair value</b>		<b>347</b>	<b>200</b>	<b>343</b>	<b>192</b>
<b>Furniture and fittings (incl library)</b>					
Gross carrying value		488	500	186	198
Accumulated depreciation		(331)	(290)	(113)	(107)
<b>Total furniture and fittings at fair value</b>		<b>157</b>	<b>210</b>	<b>73</b>	<b>91</b>
<b>Computer hardware</b>					
Gross carrying value		15,420	15,051	15,094	14,683
Accumulated depreciation		(9,703)	(9,658)	(9,474)	(9,428)
<b>Total computer hardware at fair value</b>		<b>5,717</b>	<b>5,393</b>	<b>5,620</b>	<b>5,255</b>
<b>Scientific and technical equipment</b>					
Gross carrying value	(a)	3,111	2,490	3,111	2,490
Accumulated depreciation		(834)	(486)	(834)	(486)
<b>Total scientific and technical equipment at fair value</b>		<b>2,277</b>	<b>2,004</b>	<b>2,277</b>	<b>2,004</b>
<b>Mechanical equipment</b>					
Gross carrying value		540	541	540	541
Accumulated depreciation		(336)	(328)	(336)	(328)
<b>Total mechanical equipment at fair value</b>		<b>204</b>	<b>213</b>	<b>204</b>	<b>213</b>
<b>Motor vehicles</b>					
Gross carrying value		303	136	303	136
Accumulated depreciation		(47)	–	(47)	–
<b>Total motor vehicles at fair value</b>		<b>256</b>	<b>136</b>	<b>256</b>	<b>136</b>
<b>Capital works in progress</b>					
At fair value		751	6	751	6
<b>Total capital works in progress at fair value</b>		<b>751</b>	<b>6</b>	<b>751</b>	<b>6</b>
<b>Total property, plant &amp; equipment</b>		<b>35,060</b>	<b>35,281</b>	<b>33,488</b>	<b>33,247</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 16. Property, plant and equipment (Continued)

Movements during financial year for the Consolidated reporting entity:

Class of asset	Fair value as at 1/7/06	Additions	Disposals	Depn. w/ back on disposal	Net revaln. movements	Recoverable amount w/downs	Depn. expense	Fair value as at 30/6/07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Freehold land	6,600	–	–	–	–	–	–	6,600
Buildings	3,577	818	(404)	24	–	–	(111)	3,904
Leasehold improvements	16,942	1,617	(66)	66	–	–	(3,712)	14,847
Office machines and equipment	200	265	(91)	91	–	–	(118)	347
Furniture and fittings	210	–	(12)	12	–	–	(53)	157
Computer hardware	5,393	2,113	(1,744)	1,736	–	–	(1,781)	5,717
Scientific and technical equipment	2,004	631	–	–	–	–	(358)	2,277
Mechanical equipments	213	(5)	–	–	–	–	(4)	204
Motor vehicles	136	167	–	–	–	–	(47)	256
Capital WIP	6	2,827	(2,082)	–	–	–	–	751
<b>Total property, plant and equipment</b>	<b>35,281</b>	<b>8,433</b>	<b>(4,399)</b>	<b>1,929</b>	<b>–</b>	<b>–</b>	<b>(6,184)</b>	<b>35,060</b>

Movements during financial year for the Authority:

Class of asset	Fair value as at 1/7/06	Additions	Disposals	Depn. w/ back on disposal	Net revaln. movements	Recoverable amount w/downs	Depn. expense	Fair value as at 30/6/07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Freehold land	6,600	–	–	–	–	–	–	6,600
Buildings	3,577	818	(404)	24	–	–	(111)	3,904
Leasehold improvements	15,173	1,618	(66)	66	–	–	(3,331)	13,460
Office machines and equipment	192	265	(91)	91	–	–	(114)	343
Furniture and fittings	91	–	(12)	12	–	–	(18)	73
Computer hardware	5,255	2,105	(1,693)	1,685	–	–	(1,732)	5,620
Scientific and technical equipment	2,004	631	–	–	–	–	(358)	2,277
Mechanical equipments	213	(5)	–	–	–	–	(4)	204
Motor vehicles	136	167	–	–	–	–	(47)	256
Capital WIP	6	2,827	(2,082)	–	–	–	–	751
<b>Total property, plant and equipment</b>	<b>33,247</b>	<b>8,426</b>	<b>(4,348)</b>	<b>1,878</b>	<b>–</b>	<b>–</b>	<b>(5,715)</b>	<b>33,488</b>

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

WORKCOVER AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 17. Intangibles

	Consolidated		Authority	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
<b>Internally generated</b>				
<b>Computer software</b>				
Gross carrying value	32,297	32,170	30,262	30,136
Accumulated amortisation	(20,023)	(14,684)	(19,265)	(14,326)
<b>Total computer software at fair value</b>	<b>12,274</b>	17,486	<b>10,997</b>	15,810
<b>Capital works in progress</b>				
Gross carrying value	4,253	936	4,119	868
Total capital works in progress	4,253	936	4,119	868
<b>Total internally generated intangibles at fair value</b>	<b>16,527</b>	18,422	<b>15,116</b>	16,678
<b>Computer software purchased</b>				
Gross carrying value	5,170	4,434	5,051	4,322
Accumulated amortisation	(3,055)	(2,049)	(2,975)	(1,997)
Total intangible computer software purchased	2,115	2,385	2,076	2,325
<b>Total intangibles</b>	<b>18,642</b>	20,807	<b>17,192</b>	19,003

#### Movements during financial year for the Consolidated reporting entity:

Class of asset	Fair value as at 1/7/07	Additions	Disposals	Amort. w/ back on disposal	Net revaln. movements	Recoverable amount w/downs	Amort. expense	Fair value as at 30/6/08
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internally generated	17,486	127	(1)	–	–	–	(5,338)	12,274
Capital WIP	936	3,317	–	–	–	–	–	4,253
Computer software	2,385	871	(136)	136	–	–	(1,141)	2,115
<b>Total Intangibles</b>	<b>20,807</b>	<b>4,315</b>	<b>(137)</b>	<b>136</b>	<b>–</b>	<b>–</b>	<b>(6,479)</b>	<b>18,642</b>

Expenditure during the research & development phase of software development was \$137,000 in 2008 (\$388,000-2007)

#### Movements during financial year for the Authority:

Class of asset	Fair value as at 1/7/07	Additions	Disposals	Amort. w/ back on disposal	Net revaln. movements	Recoverable amount w/downs	Amort. expense	Fair value as at 30/6/08
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internally generated	15,810	127	–	–	–	–	(4,940)	10,997
Capital WIP	868	3,251	–	–	–	–	–	4,119
Computer software	2,325	864	(136)	136	–	–	(1,113)	2,076
<b>Total Intangibles</b>	<b>19,003</b>	<b>4,242</b>	<b>(136)</b>	<b>136</b>	<b>–</b>	<b>–</b>	<b>(6,053)</b>	<b>17,192</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 17. Intangibles (continued)

	Consolidated		Authority	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<b>Internally generated</b>				
<b>Computer software</b>				
Gross carrying value	32,170	30,611	30,136	29,934
Accumulated amortisation	(14,684)	(14,942)	(14,326)	(14,703)
<b>Total computer software at fair value</b>	<b>17,486</b>	15,669	<b>15,810</b>	15,231
<b>Capital works in progress</b>				
Gross carrying value	936	1,799	868	883
Total capital works in progress	936	1,799	868	883
<b>Total internally generated intangibles at fair value</b>	<b>18,422</b>	17,468	<b>16,678</b>	16,114
<b>Computer software purchased</b>				
Gross carrying value	4,434	4,419	4,322	4,319
Accumulated amortisation	(2,049)	(2,109)	(1,997)	(2,073)
Total intangible computer software purchased	2,385	2,310	2,325	2,246
<b>Total intangibles</b>	<b>20,807</b>	19,778	<b>19,003</b>	18,360

#### Movements during financial year for the Consolidated reporting entity:

Class of asset	Fair value as at 1/7/06	Additions	Disposals	Amort. w/ back on disposal	Net revaln. movements	Recoverable amount w/downs	Amort. expense	Fair value as at 30/6/07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internally generated	15,669	6,369	(4,810)	4,810	–	–	(4,552)	17,486
Capital WIP	1,799	5,367	(6,230)	–	–	–	–	936
Computer software	2,310	1,010	(995)	923	–	–	(863)	2,385
<b>Total Intangibles</b>	<b>19,778</b>	<b>12,746</b>	<b>(12,035)</b>	<b>5,733</b>	<b>–</b>	<b>–</b>	<b>(5,415)</b>	<b>20,807</b>

#### Movements during financial year for the Authority:

Class of asset	Fair value as at 1/7/06	Additions	Disposals	Amort. w/ back on disposal	Net revaln. movements	Recoverable amount w/downs	Amort. expense	Fair value as at 30/6/07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internally generated	15,231	5,011	(4,810)	4,810	–	–	(4,432)	15,810
Capital WIP	883	4,846	(4,861)	–	–	–	–	868
Computer software	2,246	999	(995)	923	–	–	(848)	2,325
<b>Total Intangibles</b>	<b>18,360</b>	<b>10,856</b>	<b>(10,666)</b>	<b>5,733</b>	<b>–</b>	<b>–</b>	<b>(5,280)</b>	<b>19,003</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2008**

**Note 18. Inventory**

	Consolidated		Authority	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Carrying amount as at 1 July	—	—	—	—
Purchases	2,686	—	2,686	—
Distributions	(595)	—	(595)	—
Writedowns	—	—	—	—
Reversal of previous writedowns	—	—	—	—
<b>Total Inventory</b>	<b>2,091</b>	<b>—</b>	<b>2,091</b>	<b>—</b>

There are no inventories held for distribution that are pledged as securities for liabilities.

WorkCover's entire inventory has been assessed as having no loss of service potential as all the publications are current. Refer Note 3(l).

**Note 19. Trade & Other Payables**

	Consolidated		Authority	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Creditors	17,542	24,727	16,158	24,104
<b>Total current liabilities</b>	<b>17,542</b>	<b>24,727</b>	<b>16,158</b>	<b>24,104</b>
<b>Non-current</b>				
Creditors	50,430	60,417	51,366	60,417
<b>Total non-current liabilities</b>	<b>50,430</b>	<b>60,417</b>	<b>51,366</b>	<b>60,417</b>
<b>Total liabilities</b>	<b>67,972</b>	<b>85,144</b>	<b>67,524</b>	<b>84,521</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 20. Provisions

	Consolidated		Authority	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Leave entitlements including oncosts	34,239	30,660	32,069	28,390
Compensation Court Judges pension	1,824	3,468	1,824	3,468
ULIS Funding Transfer (Refer Note 21)	–	16,203	–	16,203
Transfer of Suplus Funds to WCIF	36,040	–	36,040	–
<b>Total current liabilities</b>	<b>72,103</b>	<b>50,331</b>	<b>69,933</b>	<b>48,061</b>
<b>Non-current</b>				
Superannuation payable to OWCA	8,259	4,983	7,686	4,683
Compensation Court Judges pensions	14,652	15,125	14,652	15,125
<b>Total non-current liabilities</b>	<b>22,911</b>	<b>20,108</b>	<b>22,338</b>	<b>19,808</b>
<b>Total liabilities</b>	<b>95,014</b>	<b>70,439</b>	<b>92,271</b>	<b>67,869</b>

The key economic assumptions used in the valuation of Judges Pensions are:

	2008	2007
Discount Rate	6.50%	6.25%
Future salary growth	4.0%	4.0%

Provisions include amounts due to the Office of the WorkCover Authority (OWCA) for staff entitlements for leave and associated on-costs and superannuation. (Refer Note 3(k)).

Under AASB 101 *Presentation of Financial Statements* liabilities must be classified as current where the agency does not have an unconditional right to defer the settlement of a liability for at least 12 months after the reporting date. The entitlement to leave is unconditional and all leave and associated on costs have been classified accordingly. The dissection of these costs into current and non current based on what is expected to be settled later than 12 months follows

	Consolidated		Authority	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Recreation and extended leave	16,790	14,600	15,719	13,407
On costs on leave	1,921	1,658	1,799	1,520
	<b>18,711</b>	<b>16,258</b>	<b>17,518</b>	<b>14,927</b>
<b>Non-current</b>				
Extended leave	13,742	12,745	12,877	11,914
On costs on leave	1,786	1,657	1,674	1,549
	<b>15,528</b>	<b>14,402</b>	<b>14,551</b>	<b>13,463</b>
	<b>34,239</b>	<b>30,660</b>	<b>32,069</b>	<b>28,390</b>

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

WORKCOVER AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

#### Note 20. Provisions (continued)

	Compensation Court Judges Pension	ULIS Funding Transfer	Transfer of Surplus Funds to WCIF	Total 2008
				<b>\$'000</b>
Carrying amount 1/7/07	16,988	16,203	–	33,191
Payments made	(1,912)	(16,203)	–	(18,115)
Finance cost	1,100			1,100
Change in discount rate	300			300
Amounts provided			36,040	36,040
Carrying amount 30/06/08	16,476	–	36,040	52,516

In accordance with the Workers Compensation Amendment (Insurance Reform) Act 2003 the assets and liabilities of the Uninsured Liability and Indemnity Scheme (ULIS) were transferred in 2007/08 from the WorkCover Authority Fund to the Insurance Fund.

The Workers Compensation Legislation Amendment (Financial Provisions) Act 2008 provides for the payment from the WorkCover Authority Fund to the Insurance Fund any amount by which the Authority determines the Fund to be in surplus from time to time.

During 2007/08, the Board resolved that funds of \$36m were to be paid to the Workers Compensation Insurance Fund, given the transition to the new funding model on 1 July 2008. Accordingly a provision has been created to reflect this decision (Note 29 refers).

#### Note 21. Outstanding claims

	Consolidated		Authority	
	2008	2007	2008	2007
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Expected future claims payments	143,185	312,943	143,185	312,943
Claims handling expenses	34,663	66,042	34,663	66,042
Discount to present value	(76,234)	(205,854)	(76,234)	(205,854)
Liability for outstanding claims	101,614	173,131	101,614	173,131
Current	13,572	17,794	13,572	17,794
Non-current	88,042	155,337	88,042	155,337
	<b>101,614</b>	<b>173,131</b>	<b>101,614</b>	<b>173,131</b>

	Consolidated	Authority
	2008	2008
	<b>\$'000</b>	<b>\$'000</b>
Carrying amount 1/7/07	173,131	173,131
Claims paid	(9,055)	(9,055)
ULIS transfer	(67,512)	(67,512)
Finance cost	6,483	6,483
Change in discount rate	(1,158)	(1,158)
Reduction in amounts provided	(275)	(275)
<b>Carrying amount 30/06/08</b>	<b>101,614</b>	<b>101,614</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 21. Outstanding claims (continued)

(a) The weighted average expected term to settlement from the reporting date of the outstanding claims is as follows for each fund:

	2008	2007
WorkCover Authority Fund (Uninsured Scheme)	N/A	12.4 years
Bush Fire Fighters Compensation Fund	6.6 years	6.1 years
Emergency & Rescue Workers Compensation Fund	5.1 years	5.2 years
Insurers' Guarantee Fund	7.3 years	8.1 years

(b) The following average inflation rates and discount rates were used in measuring the liability for outstanding claims expected to be paid not later than one year:

	2008 %	2007 %
Inflation rate	4.25%	4.0
Discount rate	7.10%	6.50

(c) The following average inflation rates and discount rates were used in measuring the liability for outstanding claims expected to be paid later than one year:

	2008 %	2007 %
Inflation rate	4.25-4.0	4.0
Discount rate	6.2-7.1	6.0-6.6

(d) The liability brought to account is the amount recommended by consulting actuaries being their central estimate. Statutory provision provides assurances for the funding of the total liability. The dissection of the total liability for both the Consolidated reporting entity and the Authority by fund is:

	2008		2007	
	\$'000	\$'000	\$'000	\$'000
WorkCover Authority Fund				
– Uninsured Scheme		–		67,512
Bush Fire Fighters Compensation Fund		12,540		9,900
Emergency & Rescue Workers Compensation Fund		9,027		6,809
Insurer's Guarantee Fund comprising:				
– Non HIH	71,353		80,905	
– HIH Insurance Co Ltd	8,694		8,005	
		<b>80,047</b>		88,910
Total outstanding claims		<b>101,614</b>		173,131



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 21. Outstanding claims (continued)

- e) There is inherent uncertainty in any estimate of outstanding claims liabilities that limits its accuracy. The areas of uncertainty associated with the outstanding claims liability in this report arise from the following:
- Because the models are a simplification of the claims process, it might be that none of the various models used is an entirely accurate representation of reality.
  - Because there are components of randomness in the claims process, it is not possible to estimate the parameters of that process with complete precision even if complete confidence were felt in the nature of the model.
  - Any erroneous data will similarly have introduced uncertainties into the estimate of those parameters.
  - Even if the parameters could be estimated with precision, it would not be possible to predict outstanding claims with the same precision because of the random component in future experience.
  - It is possible that systemic (i.e. non-random) changes may occur in claims experience.

The central estimates in this report represent the best estimate of the Outstanding Claims Liabilities and hence contain no deliberate bias towards over or under estimation.

### Note 22 . Changes in Equity

	Retained surplus		Asset revaluation reserve		Total equity	
	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	148,763	129,395	11,054	11,054	159,817	140,449
Surplus/(deficit) for the year	(127,324)	19,368	–	–	(127,324)	19,368
Increment/(decrement) on revaluation of:						
– Land			8,538		8,538	
– Buildings			129		129	
* Inventory	657				657	
<b>Balance at the end of the financial year</b>	<b>22,096</b>	<b>148,763</b>	<b>19,721</b>	<b>11,054</b>	<b>41,817</b>	<b>159,817</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 23. Reconciliation of (Deficiency)/Surplus for the year to net cash provided by/(used in) operating activities

	Consolidated		Authority	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
<b>(Deficiency)/Surplus for the year</b>	<b>(127,324)</b>	19,368	<b>(127,324)</b>	19,368
Depreciation/asset writeback	12,903	11,579	12,013	10,973
(Loss)/gain on sale of asset	(5)	16	(5)	16
Unrealised investment income	7,616	(33,965)	7,616	(33,965)
<b>Increase/(Decrease) in provisions</b>				
* Outstanding claims	(71,517)	(50,265)	(71,517)	(50,265)
* Superannuation	3,277	(2,919)	3,003	(2,568)
* Doubtful debts	(1,300)	(322)	(1,300)	(322)
* Leave	6,893	2,119	6,748	1,858
* Provisions	19,325	15,285	19,325	15,285
Decrease/(increase) in Inventory	(1,434)		(1,434)	
Decrease/(increase) in debtors and prepayments	3,381	(2,629)	4,092	(2,154)
Increase/(decrease) in creditors	(21,605)	23,966	(21,185)	23,494
<b>Net cash provided by/(used in) operating activities</b>	<b>(169,790)</b>	(17,767)	<b>(169,968)</b>	(18,280)

### Note 24. Reconciliation of cash

For the purposes of the cash flow statement, cash assets include cash (at bank and on hand), call deposits, investments held in TCorp cash facilities and NSW Treasury special deposits. Cash at the end of the period as shown in the statement of cash flows is also shown as cash assets in the Balance Sheet.

	Consolidated		Authority	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	44,098	19,935	44,097	19,934
	<b>44,098</b>	19,935	<b>44,097</b>	19,934

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 25. Expenditure commitments

#### Lease commitments

	Consolidated		Authority	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Payable:				
Not later than one year	10,562	10,320	9,179	8,988
Later than one year but not later than five years	31,951	40,162	27,355	34,509
Later than five years	1,541	3,691	1,440	2,971
	<b>44,054</b>	54,173	<b>37,974</b>	46,468

Expenditure commitments for the consolidated entity include input tax credits of \$4.002m (\$4.922m – 2007) which are expected to be recoverable from the Australian Taxation Office.

There are no capital expenditure commitments.

### Note 26. Self-Insurers and Specialised Insurers Security deposits and bank guarantees

Under sections 213-215A of the *Workers Compensation Act 1987*, WorkCover administers security deposits and bank guarantees lodged by self-insurers and specialised insurers.

As of 30 June 2008, WorkCover held deposits and bank guarantees to the value of \$1,579m (\$1,413m – 2007). These deposits and guarantees are held in trust for the payment of all accrued, continuing, future and contingent liabilities of self-insurers and specialised insurers under the Act which are not otherwise satisfied.

Money deposited with WorkCover for this purpose is invested in authorised securities, which are issued or guaranteed by State or Commonwealth. The interest on such investments is paid directly to each self-insurer and specialised insurer.

A separate bank account for lodgement of cash deposits has been established and the balance of the account as at 30 June 2008 was \$7.554m (\$0.073m – 2007).

### Note 27. Funds

Funds for which the Authority has direction, control and management responsibilities are:

#### (a) WorkCover Authority Fund

This fund is constituted under Section 34 of the *Workplace Injury Management and Workers Compensation Act, 1998*. It is funded from contributions by insurers and self-insurers and it meets WorkCover's operating expenses as well as payments to the Workers' Compensation Commission responsible for the determination of workers compensation disputes.

Funds are also received from the Workers Compensation Insurance Fund which are applied, in part, to support research into occupational health and safety, workers compensation and injury management issues through a WorkCover Grants Scheme.

#### (b) Insurers' Guarantee Fund

As a consequence of National Employers' Mutual General Insurance Association Limited being placed into provisional liquidation on 1 May 1990, the Insurers' Guarantee Fund was established. Contributions from insurers and distributions by the liquidators are applied to meet the claims costs and administrative expenses of the fund.

The fund also meets the cost of the run-off of remaining claims liabilities of the HIH Insurance Group, the Greatlands General Insurance Co Ltd, Bishopsgate Insurance Australia Ltd and Associated General Contractors Insurance Co Ltd.

#### (c) Bush Fire Fighters Compensation Fund

This fund is constituted under Section 19 of the *Workers' Compensation (Bush Fire, Emergency and Rescue Services) Act, 1987*.

The fund is financed by an annual contribution from the NSW Rural Fire Service through the NSW Treasury and is applied to compensate voluntary bush fire fighters for personal injury and damage to their personal effects and equipment.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 27. Funds (continued)

#### (d) Emergency and Rescue Workers Compensation Fund

This fund is constituted under Section 31 of the *Workers Compensation (Bush Fire, Emergency and Rescue Services) Act, 1987*.

The fund is financed through NSW Treasury by an appropriation from Parliament and is applied to compensate emergency service, lifesavers and rescue workers for personal injury.

#### (e) Terrorism Re-insurance Fund

Section 239AE of the *Workers Compensation Act, 1987* provides for the establishment of a Terrorism Re-insurance Fund on the first occasion (if any) that a declaration is made under Section 239AD of the Act.

The purpose of the fund is to meet the cost of workers compensation liabilities of an insurer and/or a self insurer arising from an act of terrorism.

No declaration has been made under Section 239AD and accordingly, the fund has not been established as at the reporting date.

### Note 28. Contingent Liabilities and Contingent Assets

#### (a) Contingent Liabilities

There are no known contingent liabilities

#### (b) Contingent Assets

There are no known contingent assets.

### Note 29. Conditions after Reporting Date

#### Changed Capitalisation Policy

A change in the current capitalisation policy takes effect from the 1 July 2008 to reflect reducing computer hardware costs and to enable a total cost of project approach to capital projects.

From 1 July 2008 the new capitalisation thresholds will be:

Property, plant & equipment	Unit or Network Asset value greater than \$5,000 (currently \$2,000)
Internally developed software	Greater than \$100,000 including direct allocation of WorkCover personnel service costs (previously \$3,000)

The effect of this change is estimated to be an additional expense of \$0.9m in 2008/09.

#### *Workers Compensation Legislation Amendment (Financial Provisions) Act 2008*

The *Workers Compensation legislation Amendment (Financial Provisions) Act 2008* contains amendments to the workers compensation legislation that introduce a new model for the funding of the Workcover Authority Fund on 1 July 2008.

Under the new funding model it will be clear in advance how much money the WorkCover Authority Fund will receive from the Workers Compensation Insurance Fund, instead of the contributions varying in accordance with the actual premium income of the Workers Compensation Nominal insurer throughout the relevant financial year. The amount paid to the Workcover Authority Fund will therefore be predictable.

The *Workers Compensation Legislation Amendment (Financial Provisions) Act 2008* also provides for the payment from the WorkCover Authority Fund to the Workers Compensation Insurance Fund any amount by which the Authority determines the Fund to be in surplus from time to time.

The WorkCover Board has resolved that as a result of the new predictable funding model commencing on 1 July 2008, surplus funds of \$84m are to be paid from the WorkCover Authority Fund to the Workers Compensation Insurance Fund for the year ended 30 June 2008. \$48m of this \$84m was paid from the WorkCover Authority Fund to the Insurance Fund before 30th June 2008.

WorkCover has therefore provided for the remaining \$36m surplus funds to be paid to the Insurance Fund in 2008/09.

End of Audited Financial Statements

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

WORKCOVER AUTHORITY

### COMPARATIVE INCOME STATEMENT for the year ended 30 June 2008

	Funds								TOTAL*	
	Workcover Authority Funds		Insurers' Gaurantee Fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Comp Fund		2008	2007
	2008	2007	2008	2007	2008	2007	2008	2007		
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
<b>Revenues</b>										
Contributions	158.7	151.0	4.4	(29.0)	4.7	(0.1)	5.6	(0.3)	173.4	121.6
Investment revenue	7.2	21.4	(7.5)	14.4	0.0	–	–	–	(0.3)	35.9
Other Revenue	30.2	30.8	0.3	0.8	0.0	–	–	–	30.5	31.6
<b>Total Revenues</b>	<b>196.1</b>	203.2	<b>(2.9)</b>	(13.8)	<b>4.7</b>	(0.1)	<b>5.6</b>	(0.3)	<b>203.6</b>	189.0
<b>Expenses</b>										
WorkCover operations	285.7	171.8	1.4	1.4	0.4	0.2	0.6	0.2	288.1	173.1
Grants	33.2	29.4	–	–	–	–	–	–	33.2	29.4
Cost of Claims	–	(22.6)	(4.3)	(15.2)	4.3	(0.3)	5.0	(0.5)	5.0	(38.6)
Other	4.5	5.7	–	–	–	–	–	–	4.6	5.7
<b>Total Expenses</b>	<b>323.4</b>	183.8	<b>(2.9)</b>	(13.8)	<b>4.7</b>	(0.1)	<b>5.6</b>	(0.3)	<b>330.9</b>	169.6
Operating surplus before gains/losses	(127.3)	19.4	0.0	–	0.0	0.0	(0.0)	(0.0)	(127.3)	19.4
<b>Surplus for the year</b>	<b>(127.3)</b>	19.4	<b>0.0</b>	–	<b>0.0</b>	0.0	<b>(0.0)</b>	(0.0)	<b>(127.3)</b>	19.4

\* certain revenues and expenses have been adjusted to eliminate minor transactions between the funds

### COMPARATIVE BALANCE SHEET as at 30 June 2008

	Funds								TOTAL*	
	Workcover Authority Funds		Insurers' Gaurantee Fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Comp Fund		2008	2007
	2008	2007	2008	2007	2008	2007	2008	2007		
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
<b>Assets</b>										
Receivables	54.7	58.6	0.1	5.7	8.6	6.0	6.7	2.6	70.1	72.9
Other financial assets	0.0	197.3	129.5	142.7	0.0	0.0	0.0	0.0	129.5	340.0
Other	95.6	63.0	1.3	1.3	4.0	3.9	2.6	4.2	103.5	72.4
<b>Total Assets</b>	<b>150.3</b>	318.9	<b>130.9</b>	149.7	<b>12.6</b>	9.9	<b>9.3</b>	6.8	<b>303.2</b>	485.3
<b>Liabilities</b>										
Outstanding Claims	0.0	67.5	80.0	88.9	12.6	9.9	9.0	6.8	101.6	173.1
Other	108.5	91.5	50.9	60.8	0.0	0.0	0.3	0.0	159.8	152.4
<b>Total Liabilities</b>	<b>108.5</b>	159.0	<b>130.9</b>	149.7	<b>12.6</b>	9.9	<b>9.3</b>	6.8	<b>261.4</b>	325.5
<b>Equity</b>	<b>41.8</b>	159.9	<b>0.0</b>	0.0	<b>0.0</b>	0.0	<b>0.0</b>	0.0	<b>41.8</b>	159.8

\* certain revenues and expenses have been adjusted to eliminate minor transactions between the funds



## COMPARATIVE STATEMENT OF CASH FLOWS for the year ended 30 June 2008

	Funds								TOTAL *	
	Workcover Authority Funds		Insurers' Gaurantee Fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Comp Fund		2008	2007
	2008	2007	2008	2007	2008	2007	2008	2007		
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
<b>Operating activities</b>										
Inflows										
– Contributions	146.3	163.9	0.1	0.5	2.0	2.0	1.5	1.5	149.9	168.1
– Investment revenue	7.3	1.6	0.1	0.2	0.0	–	–	–	7.4	1.8
– Other	45.9	37.1	1.2	0.8	0.0	0.4	0.0	0.2	47.1	38.5
(Outflows)										
– WorkCover operations	(133.8)	(122.7)	(0.1)	0.1	–	–	–	–	(133.9)	(122.6)
– Grants	(32.8)	(31.7)	–	–	–	–	–	–	(32.8)	(31.7)
– Claims	(67.5)	(6.7)	(4.6)	(4.4)	(1.5)	(2.1)	(2.6)	(2.1)	(76.2)	(15.3)
– Other	(128.3)	(55.4)	(2.2)	(1.3)	(0.4)	(0.2)	(0.6)	(0.2)	(131.5)	(57.1)
<b>Net cash provided by/(used in) operating activities</b>	<b>(162.9)</b>	<b>(29.9)</b>	<b>(5.5)</b>	<b>(4.1)</b>	<b>0.1</b>	<b>0.1</b>	<b>(1.6)</b>	<b>(0.6)</b>	<b>(170.0)</b>	<b>(34.5)</b>
Investing activities	188.6	(10.7)	5.5	–	–	–	–	–	194.1	(10.7)
Net (increase)/decrease cash	25.7	(24.4)	0.0	(4.1)	0.1	0.1	(1.6)	(0.6)	24.1	(29.0)
Cash at beginning of financial year	10.5	34.9	1.3	5.4	3.9	3.9	4.2	4.8	19.9	48.9
<b>Cash at end of financial year</b>	<b>36.2</b>	<b>10.5</b>	<b>1.3</b>	<b>1.3</b>	<b>4.0</b>	<b>3.9</b>	<b>2.6</b>	<b>4.2</b>	<b>44.0</b>	<b>19.9</b>

\* certain cash inflows and outflows have been adjusted to eliminate minor transactions between the funds

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## STATEMENT BY COMMISSION

Pursuant to Section 41C of the *Public Finance and Audit Act 1983* I declare on behalf of the Commission that in my opinion:

1. the accompanying financial report exhibits a true and fair view of the financial position of the Workers Compensation Commission as at 30 June 2008 and transactions for the year then ended; and
2. the report has been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005* and the Treasurer's Directions.

Further, I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



**Jon Blackwell**  
Chief Executive Officer  
WorkCover Authority of New South Wales  
13 November 2008



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDITOR'S REPORT

### Workers Compensation Commission of New South Wales

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Workers Compensation Commission of New South Wales (the Commission), which comprises the balance sheet as at 30 June 2008, the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

#### Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Commission as at 30 June 2008, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005

My opinion should be read in conjunction with the rest of this report.

#### The Chief Executive Officer's Responsibility for the Financial Report

The Chief Executive Officer of the WorkCover Authority of New South Wales is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Commission's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

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

My opinion does *not* provide assurance:

- about the future viability of the Commission,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

#### Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



C J Giumelli  
Director, Financial Audit Services

14 November 2008  
SYDNEY



# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

WORKERS COMPENSATION COMMISSION

### INCOME STATEMENT for the year ended 30 June 2008

	Note	Commission 2008	2007
		\$'000	\$'000
<b>REVENUES</b>			
Contributions	3	31,962	28,488
Other revenue	4	–	2
<b>Total revenues</b>		<b>31,962</b>	<b>28,490</b>
<b>EXPENSES</b>			
Personnel services and payroll	5	11,389	10,780
Office accommodation		1,548	1,552
Depreciation & amortisation	8 & 9	890	606
Other operating expenses	6	18,135	15,552
<b>Total expenses</b>		<b>31,962</b>	<b>28,490</b>
<b>Profit for the year</b>		<b>–</b>	<b>–</b>

The accompanying notes form part of these financial statements.

### BALANCE SHEET as at 30 June 2008

	Note	Commission 2008	2007
		\$'000	\$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	14	1	1
Trade and other receivables	7	220	150
<b>Total current assets</b>		<b>221</b>	<b>151</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	7	1,339	698
Intangible assets	9	1,450	1,804
Property, plant and equipment	8	1,116	1,572
<b>Total non-current assets</b>		<b>3,905</b>	<b>4,074</b>
<b>Total assets</b>		<b>4,126</b>	<b>4,225</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	1,383	624
Provisions	11	2,170	2,270
<b>Total current liabilities</b>		<b>3,553</b>	<b>2,894</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	10	–	1,032
Provisions	11	573	299
<b>Total non-current liabilities</b>		<b>573</b>	<b>1,331</b>
<b>Total liabilities</b>		<b>4,126</b>	<b>4,225</b>
<b>Net assets</b>		<b>–</b>	<b>–</b>
<b>EQUITY</b>			
Retained earnings	2(f) & 12	–	–
<b>Total Equity</b>		<b>–</b>	<b>–</b>

The accompanying notes form part of these financial statements.

## CASH FLOW STATEMENT for the year ended 30 June 2008

	Note	Commission 2008	2007
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Contributions		30,930	28,880
Other receipts		–	2
Refunds from ATO		1,525	–
Personnel services		(11,898)	(11,056)
Office accommodation		(1,673)	(2,072)
Other payments		(18,706)	(15,241)
<b>Net cash provided by operating activities</b>	13	<b>178</b>	513
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangibles		(178)	(513)
<b>Net cash (used) in investing activities</b>		<b>(178)</b>	(513)
Net increase/(decrease) in cash held		–	–
Cash at the beginning of the financial year		1	1
<b>Cash at the end of the financial year</b>	14	<b>1</b>	1

The accompanying notes form part of these financial statements.

## STATEMENT OF RECOGNISED INCOME AND EXPENSES for the year ended 30 June 2008

	Note	Commission 2008	2007
		\$'000	\$'000
Net increase/(decrease) in property, plant and equipment asset revaluation reserve		–	–
Net increase/(decrease) in financial asset revaluation reserve		–	–
<b>Total income and expenses recognised directly in equity</b>		<b>–</b>	–
Profit for the year	2(f) & 12	–	–
<b>Total income and expenses recognised for the year</b>		<b>–</b>	–

The accompanying notes form part of these financial statements.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 1. Constitution and Functions

The Workers Compensation Commission (the Commission) is constituted under the *Workplace Injury Management and Workers Compensation Act 1998*. The Commission is an independent statutory tribunal that resolves workers compensation disputes between injured workers and employers.

The Commission is funded by contributions payable by the WorkCover Authority of New South Wales in accordance with Section 35 (2)(e1) of the *Workplace Injury Management and Workers Compensation Act 1998*.

As profit is not the principal objective of the Commission it is a not for profit entity.

This financial report for the year ended 30 June 2008 has been authorised for issue by the Chief Executive Officer of the Workcover Authority on 13/11/2008.

The Commission is exempt from the payment of income tax under Section 23(d) of the *Income Tax Assessment Act 1936*.

### Note 2. Summary of Significant Accounting Policies

#### (a) Basis of Financial Statements

- The financial report has been prepared on the basis of historical cost except for the reporting of property, plant and equipment which are valued at fair value.
- The financial report is a general purpose financial report and has been prepared on an accrual basis.
- Proper accounts and records have been maintained for all of the operations of the Commission in terms of Section 41(1) of the *Public Finance and Audit Act 1983*.
- The financial report complies with Australian Accounting Standards, Australian Accounting Interpretations and the *Public Finance and Audit Act 1983*.
- Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.
- Amounts shown in these financial statements have been rounded to the nearest thousand dollars.

#### (b) Property, plant, equipment and depreciation

Property, plant and equipment are valued on the fair value basis.

Where available, fair value is determined having regard to the highest and best use of the asset on the basis of current market selling prices for the same or similar assets. Where market selling price is not available, the asset's fair value is measured as its market buying price. That is, the replacement cost of the asset's remaining future economic benefits. The agency is a not for profit entity.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life. The rates applied are:

	%
Furniture and fittings	10.0
Office machines and equipment	20.0
Computer hardware	20.0-33.3

Leasehold improvements are depreciated over the unexpired terms of the respective leases or the estimated life of the improvements, whichever is the shorter.

#### Capitalisation policy

Property, plant and equipment are those assets with a useful life of more than one year and with a unit cost in excess of \$2,000 with the exception of:

	Unit cost
Computer hardware	\$1,000
Reference books	\$500

#### (c) Intangibles and Amortisation

Intangibles are measured at cost and their useful lives are finite.

Amortisation is provided on a straight line basis for all intangible assets so as to write off the depreciable amount of each asset as it is consumed over this useful life. The rates applied are:

	%
Computer software	14.3-33.0

#### Capitalisation Policy

Intangibles are those assets with a useful life of more than one year and with a unit cost in excess of \$3,000.

#### (d) Contributions

The Commission is fully funded from contributions received from the WorkCover Authority of NSW. Under Section 35(2) (e1) of the *Workplace Injury Management and Workers Compensation Act 1998* the costs of operation of the Commission including the remuneration (and allowances) of the members and of the staff of the Commission, and the remuneration of approved medical specialists and mediators are met from the WorkCover Authority Fund.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 2 Summary of Significant Accounting Policies (continued)

#### e) Leases

WorkCover on behalf of the Commission has entered into an operating lease agreement for office accommodation where the lessors effectively retain all the risks and benefits incidental to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Income Statement over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

#### (f) Retained earnings

The Commission has no retained earnings. It is only provided funding by WorkCover to the level required to meet expenses.

#### (g) New Australian Accounting Standards issued

In this reporting period, the following recent Australian Accounting Standards that are not yet effective were not used in preparing this financial report.

AASB Amendment	Affected Standards	Operative Date
AASB 1049	Whole of government and General Government Sector Financial Reporting	1 July 2008
AASB 101	Presentation of Financial Statements (revised September 2007)	1 January 2009
AASB 2007-8	Amendments to Australian Accounting Standards arising from AASB 101	1 January 2009

These new standards will have no direct impact on the Commission's financial results as they are concerned with disclosures.

#### (h) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred by the Commission as a purchaser, is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Cash flows are included in the cash flow statement on a gross basis. However, the GST components of cash flow arising from investing and financing activities which is recoverable from, or payable to, the ATO are classified as operating cash flows.

#### (i) Personnel Services

The Commission's staff are supplied by the Office of the WorkCover Authority. Salaries and wages are associated oncosts, annual leave and long service leave are recognised and measured in respect of employee services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

WORKERS COMPENSATION COMMISSION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

#### Note 3. Contributions

Contributions received by the Commission from WorkCover were:

	2008	2007
	\$'000	\$'000
WorkCover Authority Fund	31,962	28,488
	<b>31,962</b>	<b>28,488</b>

#### Note 4. Other revenue

	2008	2007
	\$'000	\$'000
Other	–	2
	<b>–</b>	<b>2</b>

#### Note 5. Personnel Services and payroll

	2008	2007
	\$'000	\$'000
Salaries and allowances	7,745	7,974
Annual leave	501	741
Long service leave	92	299
Payroll tax	557	663
Workers compensation insurance	60	52
Fringe benefits tax	13	7
Superannuation	2,421	1,044
	<b>11,389</b>	<b>10,780</b>

Included in the above are personnel services provided by the Office of the WorkCover Authority and direct payroll costs of the Commission.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 6 Other operating expenses

	2008	2007
	\$'000	\$'000
Consultancy fees	100	18
External Audit fees	17	10
Internal Audit Fees	–	–
Provision for doubtful debts	–	–
Bad debts	–	–
Property, plant and equipment written off	–	–
Travel	128	197
Advertising	9	6
Payments to Arbitrators	7,833	6,123
Payments to Approved Medical Specialists	6,019	4,329
Payments for Medical Appeals panels	812	1,189
Payments for mediators	328	250
General contractors	105	113
Fees for services provided by Workcover	1,312	1,312
Postage	150	194
Stores	161	200
Interpreters fee	366	393
Other	795	1,218
	<b>18,135</b>	<b>15,552</b>

### Note 7. Trade & Other Receivables

	2008	2007
	\$'000	\$'000
<b>Current</b>		
Receivable from ATO for GST	220	150
	<b>220</b>	<b>150</b>
<b>Non-Current</b>		
Receivable from Office of WorkCover Authority – Prepaid super	403	698
Receivable from WorkCover	936	–
	<b>1,339</b>	<b>698</b>
	<b>1,559</b>	<b>848</b>

Receivables from WorkCover are required to fund long term liabilities.

Details regarding liquidity risk and credit risk, including financial assets that are either past due or impaired, are disclosed in Note 17.



# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

WORKERS COMPENSATION COMMISSION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

#### Note 8. Property, plant and equipment

	2008	2007
	\$'000	\$'000
<b>Leasehold improvements</b>		
At Gross carrying value	3,214	3,214
Accumulated depreciation	(2,208)	(1,827)
<b>Total leasehold improvements at fair value</b>	<b>1,006</b>	<b>1,387</b>
<b>Office machines and equipment</b>		
At Gross carrying value	31	26
Accumulated depreciation	(23)	(21)
<b>Total office machines and equipment at fair value</b>	<b>8</b>	<b>5</b>
<b>Furniture and fittings (incl library)</b>		
At Gross carrying value	301	302
Accumulated depreciation	(271)	(219)
<b>Total furniture and fittings at fair value</b>	<b>30</b>	<b>83</b>
<b>Computer hardware</b>		
At Gross carrying value	229	326
Accumulated depreciation	(157)	(229)
<b>Total computer hardware at fair value</b>	<b>72</b>	<b>97</b>
<b>Total property, plant &amp; equipment</b>	<b>1,116</b>	<b>1,572</b>

#### Movements during financial year:

Class of asset	Fair value at 1/7/07	Additions	Disposals	Depn. w/back on disposal	Net revaln. movements	Recoverable amount w/downs	Depn. expense	Fair value at 30/6/08
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Leasehold improvements	1,387	—	—	—	—	—	(381)	1,006
Office machines and equipment	5	7	(2)	2	—	—	(4)	8
Furniture and fittings	83	—	—	—	—	—	(53)	30
Computer hardware	97	1	(97)	97	—	—	(26)	72
<b>Total property, plant and equipment</b>	<b>1,572</b>	<b>8</b>	<b>(99)</b>	<b>99</b>	<b>—</b>	<b>—</b>	<b>(464)</b>	<b>1,116</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 8. Property, plant and equipment (continued)

	2007	2006
	\$'000	\$'000
<b>Leasehold improvements</b>		
At Gross carrying value	3,214	3,214
Accumulated depreciation	(1,827)	(1,445)
<b>Total leasehold improvements at fair value</b>	<b>1,387</b>	1,769
<b>Office machines and equipment</b>		
At Gross carrying value	26	26
Accumulated depreciation	(21)	(18)
<b>Total office machines and equipment at fair value</b>	<b>5</b>	8
<b>Furniture and fittings (incl library)</b>		
At Gross carrying value	302	302
Accumulated depreciation	(219)	(183)
<b>Total furniture and fittings at fair value</b>	<b>83</b>	119
<b>Computer hardware</b>		
At Gross carrying value	326	368
Accumulated depreciation	(229)	(230)
<b>Total computer hardware at fair value</b>	<b>97</b>	138
<b>Total property, plant &amp; equipment</b>	<b>1,572</b>	2,034

#### Movements during financial year:

Class of asset	Fair value at 1/7/06	Additions	Disposals	Depn. w/back on disposal	Net revaln. movements	Recoverable amount w/downs	Depn. expense	Fair value at 30/6/07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Leasehold improvements	1,769	–	–	–	–	–	(382)	1,387
Office machines and equipment	8	–	–	–	–	–	(3)	5
Furniture and fittings	119	–	–	–	–	–	(36)	83
Computer hardware	138	9	(51)	51	–	–	(50)	97
<b>Total property, plant and equipment</b>	<b>2,034</b>	<b>9</b>	<b>(51)</b>	<b>51</b>	<b>–</b>	<b>–</b>	<b>(471)</b>	<b>1,572</b>

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

WORKERS COMPENSATION COMMISSION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

#### Note 9. Intangibles

	2008	2007
	\$'000	\$'000
<b>Internally generated</b>		
<b>Computer software</b>		
At Gross carrying value	2,034	2,034
Accumulated amortisation	(758)	(359)
<b>Total computer software at fair value</b>	<b>1,276</b>	1,675
<b>Capital works in progress</b>		
At Gross carrying value	135	69
<b>Total capital works in progress</b>	<b>135</b>	69
<b>Total internally generated intangibles</b>	<b>1,411</b>	1,744
<b>Computer software purchased</b>		
At Gross carrying value	119	112
Accumulated amortisation	(80)	(52)
<b>Total intangible computer software purchased at fair value</b>	<b>39</b>	60
<b>Total intangibles</b>	<b>1,450</b>	1,804

#### Movements in intangibles

Class of asset	Fair value at 1/7/07	Additions	Disposals	Amort. w/back on disposal	Net revaln. movements	Recoverable amount w/downs	Amort. expense	Fair value at 30/6/08
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internally generated	1,675	–	(1)	–	–	–	(398)	1,276
Capital WIP	69	66	–	–	–	–	–	135
Computer software	60	7	–	–	–	–	(28)	39
<b>Total Intangibles</b>	<b>1,804</b>	<b>73</b>	<b>(1)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(426)</b>	<b>1,450</b>

Expenditure during the research & development phase of software development was Nil in 2008 (\$Nil-2007)

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 9. Intangibles (Continued)

	2007	2006
	\$'000	\$'000
<b>Internally generated</b>		
<b>Computer software</b>		
At Gross carrying value	2,034	677
Accumulated amortisation	(359)	(239)
<b>Total computer software at fair value</b>	<b>1,675</b>	438
<b>Capital works in progress</b>		
At Gross carrying value	69	916
<b>Total capital works in progress</b>	<b>69</b>	916
<b>Total internally generated intangibles</b>	<b>1,744</b>	1,354
<b>Computer software purchased</b>		
At Gross carrying value	112	100
Accumulated amortisation	(52)	(36)
<b>Total intangible computer software purchased at fair value</b>	<b>60</b>	64
<b>Total intangibles</b>	<b>1,804</b>	1,418

### Movements in intangibles

Class of asset	Fair value at 1/7/06	Additions	Disposals	Amort. w/back on disposal	Net revaln. movements	Recoverable amount w/downs	Amort. expense	Fair value at 30/6/07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internally generated	438	1,357	–	–	–	–	(120)	1,675
Capital WIP	916	520	(1,367)	–	–	–	–	69
Computer software	64	12	–	–	–	–	(16)	60
<b>Total Intangibles</b>	<b>1,418</b>	<b>1,889</b>	<b>(1,367)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(136)</b>	<b>1,804</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2008**

**Note 10. Trade & Other Payables**

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Creditors	1,383	624
	<b>1,383</b>	<b>624</b>
<b>Non-Current</b>		
Payable to Workcover	–	1,032
	<b>–</b>	<b>1,032</b>
	<b>1,383</b>	<b>1,656</b>

Payables include amounts due to WorkCover from reductions in the Commission's future liabilities for staff leave and superannuation entitlements.

Details regarding liquidity risk and credit risk are disclosed in Note 17.

**Note 11. Provisions**

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Recreation & Extended Leave	2,170	2,270
	<b>2,170</b>	<b>2,270</b>
<b>Non-Current</b>		
Superannuation	573	299
	<b>573</b>	<b>299</b>
	<b>2,743</b>	<b>2,569</b>

Under AASB 101 *Presentation of Financial Statements* liabilities must be classified as current where the agency does not have an unconditional right to defer the settlement of a liability for at least 12 months after the reporting date. The entitlement to leave is unconditional and all leave and associated oncosts have been classified accordingly. The dissection of these costs into current and non current based on what is expected to be settled later than 12 months follows:

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Expected to be settled within twelve months</b>		
Recreation & Extended Leave	1,070	1,194
Oncosts on leave	123	137
	<b>1,193</b>	<b>1,331</b>
<b>Expected to be settled after twelve months</b>		
Extended Leave	865	831
Oncosts on leave	112	108
	<b>977</b>	<b>939</b>
	<b>2,170</b>	<b>2,270</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 12. Changes in Equity

	2008	2007
	\$'000	\$'000
Balance at the beginning of the financial year	–	–
Changes in equity	–	–
<b>Total Changes in equity</b>	<b>–</b>	<b>–</b>
Surplus/(Deficit) for the year	–	–
<b>Balance at the end of the financial year</b>	<b>–</b>	<b>–</b>

### Note 13. Reconciliation of Surplus/(Deficit) for the year to net cash provided by/(used in) operating activities

	2008	2007
	\$'000	\$'000
Surplus/(Deficit)	–	–
Depreciation and amortisation	890	606
Decrease/(increase) in receivables	(711)	(475)
Increase/(decrease) in payables	(420)	472
Increase/(decrease) in provisions	419	(90)
<b>Net cash provided by operating activities</b>	<b>178</b>	<b>513</b>

### Note 14. Reconciliation of cash

For the purposes of the statement of cash flows, cash assets include cash (at bank and on hand); call deposits and NSW Treasury special deposits. Cash at the end of the period as shown in the statement of cash flows is also shown as cash assets in the balance sheet.

	2008	2007
	\$'000	\$'000
Cash & Cash Equivalents	1	1
	<b>1</b>	<b>1</b>

Details regarding liquidity risk and credit risk are disclosed in Note 17.



# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

WORKERS COMPENSATION COMMISSION

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

#### Note 15. Expenditure commitments

##### Lease commitments

	2008	2007
	\$'000	\$'000
<b>Payable:</b>		
not later than one year	1,383	1,332
later than one year but not later than five years	4,596	5,654
later than five years	101	721
	<b>6,079</b>	<b>7,707</b>

Expenditure commitments are for office rentals on the Commission's premises and include input tax credits of \$553,000 (\$701,000 – 2007), which are expected to be recoverable from the Australian Taxation Office.

There are no capital expenditure commitments.

#### Note 16. Related Party Transactions

The Commission receives administration support from the WorkCover Authority of New South Wales. This includes human resources, finance, information technology maintenance and support, legal advice, purchasing and procurement of goods and services and vehicle fleet administration. The Commission pays WorkCover an administration fee for these services. For the current year the Commission paid an amount of \$1,312,000 (2007 – \$1,312,000).

#### Note 17. Financial Instruments

The Commission's principal financial instruments are outlined below. These financial instruments arise directly from the Commission's operations or are required to finance the Commission's operations. The Commission does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The main risks arising from financial instruments, are outlined below, together with the Commission's objectives, policies and processes for measuring and managing risk. Further qualitative and quantitative disclosures are included throughout this report.

##### (a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2008	Carrying Amount 2007
			\$'000	\$'000
Class:				
Cash and cash equivalents	14	N/A	1	1
Trade & Other Receivables <sup>1</sup>	7	Loans and receivables (at amortised cost)	5	5
Financial Liabilities	Note	Category	Carrying Amount 2008	Carrying Amount 2007
			\$'000	\$'000
Class:				
Trade & Other Payables <sup>2</sup>	10	Financial liabilities measured at amortised cost	1,383	624

##### Notes

1 Excludes statutory receivables and prepayments (i.e. not within scope of ASSB 7)

2 Excludes statutory payables and unearned revenue (i.e. not within the scope of AASB 7)

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 17. Financial Instruments (continued)

#### Trade & Other Receivables Accounting policy

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Commission will not be able to collect the debt.

#### Trade & Other Payables Accounting policy

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Commission.

Trade liabilities are normally settled in accordance with supplier's terms.

#### (b) Liquidity risk

Liquidity risk is the risk that the Commission will be unable to meet its payment obligations when they fall due. During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. As discussed in Note 2(d) the Commission is fully funded by the Workcover Authority and given this statutory obligation the Commission's exposure to liquidity risk is deemed to be insignificant.

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. There were no interest payments made for the late payment of accounts in 2008 (2007 – Nil).

#### (c) Credit risk

Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation thereunder

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of these assets as indicated in the Balance Sheet.

Credit risk arises from the financial assets of the Commission, including cash and receivables. No collateral is held by the Commission. The Commission has not granted any financial guarantees.

The Commission is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors.

### Note 18. Conditions after Reporting Date

#### Changed Capitalisation Policy

A change in the current capitalisation policy takes effect from the 1 July 2008 to reflect reducing computer hardware costs and to enable a total cost of project approach to capital projects.

From 1 July 2008 the new capitalisation thresholds will be:

- ▶ Property, plant & equipment: Unit or Network Asset value greater than \$5,000 (currently \$2,000)
- ▶ Internally developed software: Greater than \$100,000 including direct allocation of WorkCover personnel service costs (previously \$3,000).

#### End of Audited Financial Statements

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## STATEMENT BY DEPARTMENT HEAD

Pursuant to Section 45F of the *Public Finance and Audit Act 1983* I declare that in my opinion:

1. the accompanying financial report exhibits a true and fair view of the financial position of the Office of the WorkCover Authority as at 30 June 2008 and transactions for the period then ended; and
2. the report has been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005* and the Treasurer's Directions.

Further, I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



**Jon Blackwell**

Chief Executive Officer

WorkCover Authority of New South Wales

13 November 2008



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDITOR'S REPORT

Office of the WorkCover Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Office of the WorkCover Authority (the Office), which comprises the balance sheet as at 30 June 2008, the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

### Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Office as at 30 June 2008, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

My opinion should be read in conjunction with the rest of this report.

### The Department Head's Responsibility for the Financial Report

The Department Head of the Office is the Chief Executive Officer of the WorkCover Authority of New South Wales. The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Office's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

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

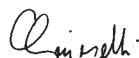
My opinion does *not* provide assurance:

- about the future viability of the Office,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

#### Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



C J Giumelli  
Director, Financial Audit Services

14 November 2008  
SYDNEY



# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

OFFICE OF THE WORKCOVER AUTHORITY

### INCOME STATEMENT for the year ended 30 June 2008

	Note	2008	2007
		\$'000	\$'000
<b>REVENUES</b>	1(c)		
Personnel Services Income		146,304	99,430
Investment Revenue		102	5
<b>Total revenues</b>		<b>146,406</b>	99,435
<b>EXPENSES</b>	1(c)		
Employee related	2	146,403	99,434
Other expenses		3	1
<b>Total expenses</b>		<b>146,406</b>	99,435
<b>Profit for the year</b>		<b>0</b>	0

The accompanying notes form part of these financial statements.

### BALANCE SHEET as at 30 June 2008

	Note	2008	2007
		\$'000	\$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	3,562	153
Trade and other receivables	3	39,958	39,654
<b>Total current assets</b>		<b>43,520</b>	39,807
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	3	11,801	21,953
<b>Total non-current assets</b>		<b>11,801</b>	21,953
<b>Total assets</b>		<b>55,321</b>	61,760
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4	6,336	6,022
Provisions	5	37,184	33,785
<b>Total current liabilities</b>		<b>43,520</b>	39,807
<b>NON-CURRENT LIABILITIES</b>			
Provisions	5	11,801	21,953
<b>Total non-current liabilities</b>		<b>11,801</b>	21,953
<b>Total liabilities</b>		<b>55,321</b>	61,760
Net assets		–	–
<b>EQUITY</b>		–	0
<b>Retained earnings</b>		–	–

The accompanying notes form part of these financial statements.

## CASH FLOW STATEMENT for the year ended 30 June 2008

	Note	2008	2007
		\$'000 Inflows (Outflows)	\$'000 Inflows (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Personnel services		146,000	78,453
Investment receipts		102	5
Employee related payments		(142,690)	(78,304)
Other payments		(3)	(1)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	6	<b>3,409</b>	153
Net increase in cash held		3,409	153
Cash at the beginning of the financial year		153	–
<b>Cash at the end of the financial year</b>	7	<b>3,562</b>	153

The accompanying notes form part of these financial statements.

## STATEMENT OF RECOGNISED INCOME AND EXPENSE for the year ended 30 June 2008

	Note	2008	2007
		\$'000	\$'000
Net increase/(decrease) in property, plant and equipment asset revaluation reserve		–	–
Net increase/(decrease) in financial asset revaluation reserve		–	–
<b>Total income and expenses recognised directly in equity</b>		<b>–</b>	<b>–</b>
Profit/(loss) for the year		–	–
<b>Total income and expenses recognised for the year</b>		<b>–</b>	<b>–</b>

The accompanying notes form part of these financial statements.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2008**

**Note 1. Summary of Significant Accounting Policies**

**(a) Reporting entity**

The Office of the WorkCover Authority (OWCA) is a Division of the Government Service, established pursuant to Part 1 of Schedule 1 to the *Public Sector Employment and Management Act 2002*. It is a not for profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at 92-100 Donnison Street Gosford.

OWCA's objective is to provide personnel services to the following entities:

- WorkCover Authority of NSW
- Building and Construction Industry Long Service Payments Corporation
- Dust Diseases Board
- Workers Compensation Commission
- Sporting Injuries Committee

This financial report for the year ended 30 June 2008 has been authorised for issue by the Chief Executive Officer of the Workcover Authority on 13/11/08.

OWCA commenced operations on 17 March 2006 when it assumed responsibility for the employees and employee-related liabilities of the entities referred to above. The assumed liabilities were recognised on 17 March 2006 together with an offsetting receivable representing the related funding due from the former employers.

**(b) Basis of Financial Statements**

- i. This financial report has been prepared on the basis of historical cost except for certain provisions that are measured at fair value.
- ii. This financial report is a general purpose financial report and has been prepared on an accrual basis.
- iii. Proper accounts and records have been maintained for all of the operations of OWCA in terms of Section 41(1) of the Public Finance and Audit Act 1983.
- iv. This financial report has been prepared having regard to applicable Australian Accounting Standards, Australian Accounting Interpretations and the Public Finance and Audit Act 1983.
- v. Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.
- vi. Amounts shown in the financial report have been rounded to the nearest thousand dollars.

**(c) Income**

Income is measured at the fair value of consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

**(d) Trade & Other Receivables**

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred.

A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for doubtful debts. A short term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial. An invoiced receivable is due for settlement within 14 days.

If there is objective evidence at year end that a receivable may not be collectible, its carrying amount is reduced by means of an allowance for doubtful debts and the resulting loss is recognised in the income statement. Receivables are monitored throughout the year and bad debts are written off against the allowance when they are determined to be irrecoverable. Any other loss or gain arising when a receivable is derecognised is also recognised in the operating statement.

**(e) Trade & Other Payables**

Payables include accrued wages, salaries and related on costs (such as payroll tax, fringe benefits tax and workers compensation insurance) where there is certainty as to the amount and timing of settlement.

A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted.

A short term payable with no stated interest rate is measured at historical cost if the effect of discounting is immaterial.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 1. Summary of Significant Accounting Policies (continued)

#### (f) Employee benefit provisions and expenses

Provisions are made for liabilities of uncertain amount or uncertain timing of settlement.

Employee benefit provisions represent expected amounts payable in the future in respect of unused entitlements accumulated as at the reporting date. Liabilities associated with, but that are not, employee benefits (such as payroll tax) are recognised separately.

Superannuation and leave liabilities are recognised as expenses and provisions when the obligations arise, which is usually through the rendering of service by employees.

Long term leave (i.e. that is not expected to be taken in 12 months) is measured using the short hand method. This is periodically compared to the present value of estimated cash flows discounted at a rate equal to the market yield on government bonds. If the difference is material then the present value is recognised.

Superannuation is actuarially assessed prior to each reporting date and is measured at the present value of the estimated future payments. The amount recognised is the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any plan assets out of which the obligation is to be settled directly.

The amount recognised in the income statement for superannuation is the net total of current service cost, interest cost, the expected return on any plan assets, and actuarial gains and losses. Actuarial gains or losses are recognised as income or expense in the year they occur.

The actuarial assessment of superannuation uses the Projected Unit Credit Method and reflects estimated future salary increases and the benefits set out in the terms of the plan. The liabilities are discounted using the market yield rate on government bonds of similar maturity to those obligations. Actuarial assumptions are unbiased and mutually compatible and financial assumptions are based on market experience for the period over which the obligations are to be settled.

#### (g) New Australian Accounting Standards issued

In this reporting period, the following recent Australian Accounting Standards that are not yet effective were not used in this financial report.

AASB Amendment	Affected Standards	Operative Date
AASB 1049	Whole of government and General Government Sector Financial Reporting	1 July 2008
AASB 101	Presentation of Financial Statements (revised September 2007)	1 January 2009
AASB 2007-8	Amendments to Australian Accounting Standards arising from AASB 101	1 January 2009

Australian Accounting Standards issued but not yet effective will have no direct impact on OWCA's financial results as they are concerned with disclosures.

#### (h) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred by the OWCA as a purchaser, is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Cash flows are included in the cash flow statement on a gross basis. However, the GST components of cash flow arising from investing and financing activities which is recoverable from, or payable to, the ATO are classified as operating cash flows.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

OFFICE OF THE WORKCOVER AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

#### Note 2. Employee related expenses

	2008	2007
	\$'000	\$'000
Salaries and allowances	96,777	88,969
Annual leave	8,523	7,876
Long service leave	4,357	3,375
Superannuation	28,211	(9,118)
Payroll tax	7,023	6,658
Workers compensation insurance	551	600
Fringe benefits tax	961	1,074
	<b>146,403</b>	99,434

#### Note 3. Trade & Other Receivables

	2008	2007
	\$'000	\$'000
<b>Current</b>		
Receivable from agencies using employee services for employee provisions	37,772	37,632
Receivable from agencies using employee services for accrued salaries & oncosts	2,186	2,022
	<b>39,958</b>	39,654
<b>Non-Current</b>		
Prepaid Superannuation	4,867	18,662
Receivable from agencies using employee services for employee provisions	6,934	3,291
	<b>11,801</b>	21,953
<b>Total receivable</b>	<b>51,759</b>	61,607

#### Note 4. Trade & Other Payables

	2008	2007
	\$'000	\$'000
<b>Current</b>		
Accrued salaries and oncosts	2,186	2,022
OWCA – Payable To WorkCover	4,150	4,000
	<b>6,336</b>	6,022
<b>Non-Current</b>		
Accrued salaries and oncosts	0	0
	<b>0</b>	0
	<b>6,336</b>	6,022

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 5. Provisions

	2008	2007
	\$'000	\$'000
<b>Current</b>		
Leave provisions & oncosts	37,184	33,785
	<b>37,184</b>	33,785
<b>Non-Current</b>		
Leave provisions	0	0
Superannuation	11,801	21,953
	11,801	21,953
	<b>48,985</b>	55,738

AASB 101 *Presentation of Financial Statements* stipulates that liabilities must be classified as current where the agency does not have an unconditional right to defer the settlement of a liability for at least 12 months after the reporting date. The entitlement to leave is unconditional and all leave and associated oncosts have been classified accordingly. The dissection of these costs into current and non current based on what is expected to be settled later than 12 months follows

	2008	2007
	\$'000	\$'000
<b>Expected to be settled within twelve months</b>		
Recreation & Extended Leave	18,744	15,997
Oncosts on leave	2,091	1,755
	<b>20,835</b>	17,752
<b>Expected to be settled after twelve months</b>		
Extended Leave	14,471	14,270
Oncosts on leave	1,878	1,763
	<b>16,349</b>	16,033
	<b>37,184</b>	33,785

### SUPERANNUATION

#### (a) General description of the type of plan

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- ▶ State Superannuation Scheme (SSS)
- ▶ State Authorities Superannuation Scheme (SASS)
- ▶ State Authorities Non-contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes as at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the Schemes are closed to new members.



# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

OFFICE OF THE WORKCOVER AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

#### Note 5. Provisions (continued)

##### (b) Reconciliation of the assets and liabilities recognised in the balance sheet

	SASS		SANCS		SSS		Total	
	Financial Year to 2008	Financial Year to 2007	Financial Year to 2008	Financial Year to 2007	Financial Year to 2008	Financial Year to 2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligations	41,488	42,763	9,532	9,150	141,927	141,315	192,947	193,228
Fair value of plan assets	(36,565)	(40,615)	(7,828)	(8,577)	(147,373)	(160,989)	(191,766)	(210,181)
	4,923	2,148	1,704	573	(5,446)	(19,674)	1,181	(16,953)
Surplus in excess of recovery available from schemes	237	396	70	173	579	1,012	886	1,581
Unrecognised past service cost	—	—	—	—	—	—	—	—
<b>Net(asset)/liability to be disclosed in balance sheet</b>	<b>5,160</b>	<b>2,544</b>	<b>1,774</b>	<b>746</b>	<b>(4,867)</b>	<b>(18,662)</b>	<b>2,067</b>	<b>(15,372)</b>

##### (c) Assets invested in entity or in property occupied by the entity

All Fund assets are invested by the STC at arm's length through independent fund managers.

##### (d) Movement in net liability/asset recognised in balance sheet

	SASS		SANCS		SSS		Total	
	Financial Year to 2008	Financial Year to 2007	Financial Year to 2008	Financial Year to 2007	Financial Year to 2008	Financial Year to 2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net (asset)/liability at 1 July 2007	2,544	4,024	746	1,577	(18,662)	(1,354)	(15,372)	4,247
Net expense recognised in the income statement	4,469	225	1,665	(279)	15,738	(15,657)	21,872	(15,711)
Contributions	(1,853)	(1,705)	(637)	(552)	(1,943)	(1,651)	(4,433)	(3,908)
<b>Net(asset)/liability to be disclosed in balance sheet</b>	<b>5,160</b>	<b>2,544</b>	<b>1,774</b>	<b>746</b>	<b>(4,867)</b>	<b>(18,662)</b>	<b>2,067</b>	<b>(15,372)</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 5. Provisions (continued)

#### (e) Total expense recognised in the income statement

	SASS		SANCS		SSS		Total	
	Financial Year to 2008	Financial Year to 2007	Financial Year to 2008	Financial Year to 2007	Financial Year to 2008	Financial Year to 2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current service cost	1,688	1,712	492	522	1,047	1,068	3,227	3,302
Interest on obligation	2,638	2,271	556	509	8,832	8,302	12,026	11,082
Expected return on plan assets	(3,058)	(2,682)	(667)	(557)	(12,467)	(10,859)	(16,192)	(14,098)
Net actuarial losses/ (gains) recognised in year	3,360	(1,472)	1,387	(927)	18,760	(15,180)	23,507	(17,579)
Change in surplus in excess of recovery available from scheme	(159)	396	(103)	174	(434)	1,012	(696)	1,582
Past service cost	–	–	–	–	–	–	–	–
Losses/(gains) on curtailments and settlements	–	–	–	–	–	–	–	–
<b>Total included in employee related payments</b>	<b>4,469</b>	<b>225</b>	<b>1,665</b>	<b>(279)</b>	<b>15,738</b>	<b>(15,657)</b>	<b>21,872</b>	<b>(15,711)</b>

#### (f) Actual return on plan assets

	SASS		SANCS		SSS		Total	
	Financial Year to 2008	Financial Year to 2007	Financial Year to 2008	Financial Year to 2007	Financial Year to 2008	Financial Year to 2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Actual return on plan assets</b>	<b>(2,545)</b>	<b>5,108</b>	<b>(542)</b>	<b>1,057</b>	<b>(10,309)</b>	<b>20,405</b>	<b>(13,396)</b>	<b>26,570</b>

#### (g) Valuation method and principal actuarial assumptions at the reporting date

The 30 June 2008 assessment of liability was calculated by Pillar Administration actuary, Mercer.

The Projected Unit Credit (PCU) valuation method was used to determine the present value of the defined benefit obligations and the related service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

OFFICE OF THE WORKCOVER AUTHORITY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

#### Note 5. Provisions (continued)

##### (h) The key economic assumptions adopted by the actuary were:

	30 June 2008	30 June 2007
Rate of investment return	8.3%	7.6%
Rate of general salary increase	3.50%	4% pa to 2008 3.5% pa thereafter
Rate of increase in CPI	2.5%	2.5%
Discount Rate	6.55%	6.4%

##### (i) Arrangements for employer contributions for funding

In accordance with AASB 119, 'Employee Benefits' the underlying funding requirements of superannuation schemes as previously calculated under AAS 25 'Financial Reporting by Superannuation Plans' are required to be disclosed. These details are shown hereunder

	SASS		SANCS		SSS		Total	
	Financial Year to 2008	Financial Year to 2007	Financial Year to 2008	Financial Year to 2007	Financial Year to 2008	Financial Year to 2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accrued benefits	41,456	42,340	9,579	9,062	130,270	127,158	181,305	178,560
Net market value of fund assets	(36,564)	(40,615)	(7,828)	(8,577)	(147,373)	(160,989)	(191,765)	(210,181)
<b>Net (surplus) deficit</b>	<b>4,892</b>	<b>1,725</b>	<b>1,751</b>	<b>485</b>	<b>(17,103)</b>	<b>(33,831)</b>	<b>(10,460)</b>	<b>(31,621)</b>

Recommended contribution rates for the entity are:

SASS	multiple of member contributions	1.90
SANCS	% of member salary	2.50
SSS	multiple of member contributions	1.60

The method used to determine the employer contribution recommendations at the last actuarial review was the *Aggregate Funding* method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

The economic assumptions adopted for the current actuarial review of the Fund are:

Weighted – Average Assumption	2008	2007
Expected rate of return on Fund assets backing current pension	7.7%	7.7%
Expected rate of return on Fund assets backing other liabilities	7.0%	7.0%
Expected salary increase rate	4.0%	4.0%
Expected rate of CPI increase	2.5%	2.5%

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

### Note 5. Provisions (continued)

#### (j) Nature of asset/liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

#### (k) First State superannuation

The First State Superannuation Scheme has established superannuation cover for employees who are not contributing to any other schemes and employer contributions were 9.0% of such employees' salaries for the year (9.0% – 2007). For this scheme the Office of the WorkCover Authority has no outstanding employer liability as the contributions are fully funded and vested to individual officers.

### Note 6. Reconciliation of net cash provided by operating activities to the Profit/(Loss)

	2008	2007
	\$'000	\$'000
Profit for the year	–	–
(Increase)/Decrease in trade and other receivables	9,848	(20,977)
Increase/(Decrease) in trade and other payables	314	3,856
Increase/(Decrease) in provisions	(6,753)	17,274
<b>Net cash provided by operating activities</b>	<b>3,409</b>	153

### Note 7. Reconciliation of cash

For the purposes of the statement of cash flows, cash assets include cash (at bank and on hand); call deposits and NSW Treasury special deposits. Cash at the end of the period as shown in the statement of cash flows is also shown as cash assets in the balance sheet.

	2008	2007
	\$'000	\$'000
Cash assets	3,562	153
	<b>3,562</b>	153

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2008**

**Note 8. Financial Instruments**

The OWCA's principal financial instruments are outlined below. These financial instruments arise directly from OWCA's operations or are required to finance OWCA's operations. OWCA does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The main risks arising from financial instruments, are outlined below, together with OWCA's objectives, policies and processes for measuring and managing risk. Further qualitative and quantitative disclosures are included throughout this report.

**(a) Financial instrument categories**

<b>Financial Assets</b>	<b>Note</b>	<b>Category</b>	<b>Carrying Amount 2008</b>	<b>Carrying Amount 2007</b>
			<b>\$'000</b>	<b>\$'000</b>
Class:				
Cash and cash equivalents	7	N/A	3,562	153
Trade & Other Receivables <sup>1</sup>	3	Loans and receivables (at amortised cost)	46,892	42,945
<b>Financial Liabilities</b>	<b>Note</b>	<b>Category</b>	<b>Carrying Amount 2008</b>	<b>Carrying Amount 2007</b>
		<b>\$'000</b>	<b>\$'000</b>	
Class:				
Trade & Other Payables <sup>2</sup>	4	Financial liabilities measured at amortised cost	6,336	6,022

**Notes**

1 Excludes statutory receivables and prepayments (i.e. not within scope of ASSB 7)

2 Excludes statutory payables and unearned revenue (i.e. not within the scope of AASB 7)

**Trade & Other Receivables Accounting policy**

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that OWCA will not be able to collect the debt.

**Trade & Other Payables Accounting policy**

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to OWCA. Trade liabilities are normally settled in accordance with supplier's terms.

**(b) Liquidity risk**

Liquidity risk is the risk that OWCA will be unable to meet its payment obligations when they fall due. During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. OWCA is fully funded by the entities to which it provides personnel services. Given this OWCA's exposure to liquidity risk is deemed to be insignificant.

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. There were no interest payments made for the late payment of accounts in 2008 (2007 – Nil).

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008**

### **Note 8. Financial Instruments** (continued)

#### **(c) Credit risk**

Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation thereunder.

The maximum exposure to credit risk at balance date is generally represented by the carrying amount of these assets.

Credit risk arises from the financial assets of OWCA, including cash and receivables. No collateral is held by OWCA. OWCA has not granted any financial guarantees.

Credit risk is minimal as OWCA's receivables are from other government entities.

#### **(d) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market price whether those changes are caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market. OWCA has no exposure to foreign currency risk and does not enter into commodity contracts.

OWCA is not exposed to market risk as it does not have any market based exposures.

### **Note 9. Expenditure commitments**

There were no expenditure commitments.

### **Note 10. Insurances**

OWCA is insured with the Treasury Managed Fund for the following risks:

#### **Risk covered**

Workers compensation insurance

**End of Audited Financial Statements**

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

OFFICE OF THE WORKCOVER AUTHORITY

### COMPARATIVE INCOME STATEMENT for the year ended 30 June 2008

	WorkCover Authority		Workers Compensation Commission		Sporting Injuries Commission		Long Service Payments Corporation		Dust Diseases Board		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
<b>Revenues</b>												
Personnel Services Income	128.9	81.0	8.4	9.7	0.3	0.3	5.1	4.8	3.6	3.6	146.3	99.4
Investment Revenue	0.1	0.0		0.0		0.0		0.0		0.0	0.1	0.0
<b>Total revenues</b>	<b>129.0</b>	<b>81.0</b>	<b>8.4</b>	<b>9.7</b>	<b>0.3</b>	<b>0.3</b>	<b>5.1</b>	<b>4.8</b>	<b>3.6</b>	<b>3.6</b>	<b>146.4</b>	<b>99.4</b>
<b>Expenses</b>												
Employee related	129.0	81.0	8.4	9.7	0.3	0.3	5.1	4.8	3.6	3.6	146.4	99.4
<b>Total expenses</b>	<b>129.0</b>	<b>81.0</b>	<b>8.4</b>	<b>9.7</b>	<b>0.3</b>	<b>0.3</b>	<b>5.1</b>	<b>4.8</b>	<b>3.6</b>	<b>3.6</b>	<b>146.4</b>	<b>99.4</b>
<b>Profit</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Gain/loss on Disposal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Gains/ (Losses)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Profit for the year</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### COMPARATIVE BALANCE SHEET as at 30 June 2008

	WorkCover Authority		Workers Compensation Commission		Sporting Injuries Commission		Long Service Payments Corporation		Dust Diseases Board		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
<b>Assets</b>												
Trade and other receivable	46.9	56.2	1.3	1.8	0.0	0.1	2.6	2.6	0.9	0.9	51.7	61.6
Cash	3.6	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.6	0.2
<b>Total assets</b>	<b>50.5</b>	<b>56.4</b>	<b>1.3</b>	<b>1.8</b>	<b>0.0</b>	<b>0.1</b>	<b>2.6</b>	<b>2.6</b>	<b>0.9</b>	<b>0.9</b>	<b>55.3</b>	<b>61.8</b>
<b>Liabilities</b>												
Trade and other payables	6.0	5.3	0.2	0.5	0.0	0.0	0.1	0.2	0.0	0.0	6.3	6.0
Provisions	44.5	51.1	1.1	1.3	0.0	0.1	2.5	2.4	0.9	0.9	49.0	55.8
<b>Total liabilities</b>	<b>50.5</b>	<b>56.4</b>	<b>1.3</b>	<b>1.8</b>	<b>0.0</b>	<b>0.1</b>	<b>2.6</b>	<b>2.6</b>	<b>0.9</b>	<b>0.9</b>	<b>55.3</b>	<b>61.8</b>
<b>Equity</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>



## COMPARATIVE STATEMENT OF CASH FLOWS for the year ended 30 June 2008

	WorkCover Authority		Workers Compensation Commission		Sporting Injuries Commission		Long Service Payments Corporation		Dust Diseases Board		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
<b>Operating activities</b>												
Inflows												
– Personnel Services Income	128.0	60.0	8.9	11.1	0.4	0.0	5.1	3.6	3.6	3.8	146.0	78.5
– Investment receipts	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
(Outflows)												
– Employee Related payments	(124.7)	(59.8)	(8.9)	(11.1)	(0.4)	0.0	(5.1)	(3.6)	(3.6)	(3.8)	(142.7)	(78.3)
<b>Net cash provided by/ (used in) operating activities</b>	<b>3.4</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3.4</b>	<b>0.2</b>
<b>Investing activities</b>												
Net (increase)/ decrease cash	3.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.4	0.2
Cash at beginning of financial year	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
<b>Cash at end of financial year</b>	<b>3.6</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3.6</b>	<b>0.2</b>

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## OVERVIEW OF THE NSW WORKCOVER SCHEME FINANCIAL PERFORMANCE

The Workers Compensation Nominal Insurer whose Registered Business Name is "The NSW Workcover Scheme" was created on 18 February 2005 by the *Workers Compensation Amendment (Insurance Reform) Act 2003*. As a reporting entity it comprises all entities under its control namely the Workers Compensation Insurance Fund (Insurance Fund). The reporting entity is a not for profit entity. The Nominal Insurer operates as a licensed workers compensation insurer. The Insurance Fund holds premiums and all other funds received.

Effective operation of the Nominal Insurer and Insurance Fund did not commence until 1 July 2005. On this date the assets and liabilities of the former Scheme were transferred to the Nominal Insurer and Insurance Fund. The Nominal Insurer and Insurance Fund are not regarded as separate reporting entities.

The WorkCover Authority acts for the Nominal Insurer. The legislation also established the Workers Compensation Insurance Fund Investment Board to determine investment policies for assets within custody of the Insurance Fund. The Investment Board reports to the Minister on the investment performance of the Insurance Fund.

The Act states that the Nominal Insurer is not and does not represent the State or any authority of the State. The insurance claim liabilities of the Nominal Insurer can only be satisfied from the Insurance Fund and are not liabilities of the State, WorkCover Authority or any other authority of the State. The reporting entity is not consolidated as part of the NSW Total State Sector Accounts.

The results of the Scheme's underwriting operations and the Scheme's financial position are shown in the following table

	2007/08 Actual	2006/07 Actual
	\$m	\$m
<b>Operating Result</b>		
Net earned premiums	2,439	2,520
Expected investment credit	774	633
Other income	148	24
Claims incurred (excluding external factors)	(2,274)	(1,805)
Operating expenses	(627)	(593)
<b>Surplus from underwriting operations</b>	<b>460</b>	<b>779</b>

	2007/08 Actual	2006/07 Actual
	\$m	\$m
<b>Surplus from underwriting operations</b>	<b>460</b>	<b>779</b>
<b>Impact on result from external factors</b>		
Difference between actual and expected long term investment returns	(833)	629
Change in inflation assumptions and discount rates	83	251
Change in claims handling expense	103	(118)
Risk Margin	...	(814)
<b>Surplus from ordinary activities</b>	<b>(187)</b>	<b>727</b>
<b>Financial Position</b>		
Total assets	14,612	12,870
Total Liabilities	(13,987)	(12,058)
<b>Accumulated surplus</b>	<b>625</b>	<b>812</b>

The above table has not been audited

The table is based on PricewaterhouseCoopers Actuarial Pty Ltd's calculations of the surplus from underwriting operations as set out in their actuarial report on the Scheme dated 8th October 2008.

### Surplus from ordinary activities

The deficit from ordinary activities of the NSW WorkCover Scheme for the year ended 30 June 2008 was \$187 million. As highlighted in the above table the result can be attributed to a continuing strong underwriting result offset by lower than anticipated investment returns, especially in equity markets, that have been experienced worldwide.

The WorkCover Board in its capacity as acting for the Nominal Insurer, decided to adopt a risk margin for the Scheme as at 30 June 2008 based on a probability of adequacy of 75 per cent equating to a risk margin of 13 per cent.

### Accumulated surplus

The Scheme has an accumulated surplus of \$625 million. The Scheme remains fully funded although the funding rate of the Scheme has reduced slightly to 104 percent, from the 2007 level of 107 per cent.

# ► FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

NSW WORKCOVER SCHEME

### Directors Declaration

In the opinion of and in accordance with a resolution of the Directors of the WorkCover authority of NSW in its capacity as acting for the Nominal Insurer, whose registered business name is 'The NSW WorkCover Scheme':

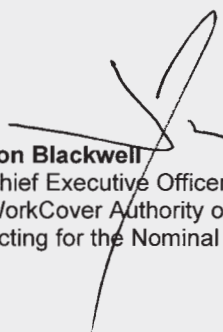
- (a) the attached financial statements and notes thereto comply with accounting standards;
- (b) give a true and fair view of the financial position as at 30 June 2008 and the performance of the NSW WorkCover Scheme for the year ended on that date.

Signed in accordance with a resolution of the Directors.



**Greg McCarthy**  
Chairperson  
WorkCover Authority of NSW  
Acting for the Nominal Insurer

24 November 2008



**Jon Blackwell**  
Chief Executive Officer  
WorkCover Authority of NSW  
Acting for the Nominal Insurer

**NSW WORKERS COMPENSATION  
NOMINAL INSURER**

**Actuarial Certificate  
Outstanding claims liabilities at 30 June 2008**

PricewaterhouseCoopers ("PwC") has been contracted by the WorkCover Authority of NSW ("WorkCover Authority"), acting for the Workers Compensation Nominal Insurer ("Nominal Insurer"), to make estimates of the outstanding claims liabilities as at 30 June 2008 of the NSW WorkCover Scheme.

From 1 July 2007 the Uninsured Liability Indemnity Scheme ("ULIS") has been transferred into the Nominal Insurer Scheme. The results for ULIS are included in all of the results documented in this certificate.

**Data**

PwC has relied on historical data and other quantitative and qualitative information supplied by the WorkCover Authority acting for the Nominal Insurer, and other parties without audit or independent verification. We did, however, review this information for reasonableness and internal consistency, where possible. The accuracy of our results is dependent upon the accuracy and completeness of the underlying data.

**Basis of Our Estimates**

We have made *central estimates* of the outstanding claims liabilities – this means that our assumptions have been selected to yield estimates that are not knowingly above or below the ultimate liabilities. Our estimates include allowances for:

- Future inflation and investment return; and
- Future expected recoveries.

The Board of the WorkCover Authority in its capacity as acting for the Nominal Insurer has made a decision to adopt a risk margin for the NSW WorkCover Scheme based on a probability of adequacy of 75%. This equates to a risk margin of 13% of the net liability for outstanding claims being included in the NSW WorkCover Scheme claims liability.

The gross outstanding claims liability for the NSW WorkCover Scheme also includes an allowance for expenses of \$825 million to meet the cost of management of claims outstanding (including claims incurred but yet to be reported) as at 30 June 2008.

# ► FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

NSW WORKCOVER SCHEME



The allowance for claim handling expenses included in the NSW WorkCover Scheme liability equates to 9.8% of the gross outstanding claims liability.

### Valuation Results

The PwC estimated liability for the NSW WorkCover Scheme as at 30 June 2008, net of recoveries, is \$9,994 million. This amount is made up as follows:

<b>Table 1 - NSW WorkCover Scheme</b>	
<b>Outstanding Claims Liability at 30 June 2008</b>	<b>\$m</b>
Gross Outstanding Claims	10,486
Less Anticipated Recoveries	-492
Net Outstanding Claims	9,994

It is a decision for the NSW WorkCover Authority acting for the Nominal Insurer as to the amount adopted in the accounts.

### Uncertainty

There is a limitation upon the accuracy of the estimates in this certificate in that there is an inherent uncertainty in any estimate of outstanding claim liabilities. This is due to the fact that the ultimate liability for claims is subject to the outcome of events yet to occur. These include, but are not limited to, the likelihood of injured workers lodging claims under the Scheme, the amount of compensation paid and the attitudes of claimants towards settlement of their claims and uncertainty surrounding the impact of the various reforms to Scheme design and operation which have occurred. In our judgement, we have employed techniques and assumptions that are appropriate, and we believe the conclusions presented herein are reasonable, given the information currently available. However, it should be recognised that future claim development is likely to deviate, perhaps materially, from our estimates.

### Reports

Full details of data, method, assumptions and results for the NSW WorkCover Scheme are set out in our report dated 08 October 2008.

#### Relevant Standards

Our estimates and reports for the NSW WorkCover Scheme are prepared in accordance with the Australian Accounting Standard AASB1023, the Institute of Actuaries of Australia's Professional Standard 300, which relates to estimation of outstanding claims liabilities, and Accounting Guidance Release AAG13.



Michael Playford  
Fellow of the Institute of Actuaries of Australia  
08 October 2008



David Wright  
Associate of the Institute of Actuaries of Australia  
08 October 2008





GPO BOX 12  
Sydney NSW 2001

## **INDEPENDENT AUDITOR'S REPORT**

### **Workers Compensation Nominal Insurer (trading as The NSW WorkCover Scheme)**

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Workers Compensation Nominal Insurer, trading as the NSW WorkCover Scheme (the Scheme), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

#### **Auditor's Opinion**

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Scheme as of 30 June 2008, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).

My opinion should be read in conjunction with the rest of this report.

#### **The Directors' Responsibility for the Financial Report**

The directors of the Board of the WorkCover Authority of New South Wales, acting for the Scheme, are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Scheme's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

My opinion does *not* provide assurance:

- about the future viability of the Scheme,
- that it has have carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

#### Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



Peter Achterstraat  
Auditor-General

26 November 2008  
Sydney

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

NSW WORKCOVER SCHEME

### INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008	2007
		\$'000	\$'000
<b>REVENUES</b>			
Earned premiums	4	2,440,231	2,520,079
Recoveries	4	155,918	29,277
Investment income	5	(59,780)	1,261,564
Other income		148,189	26,523
		<b>2,684,558</b>	3,837,443
<b>EXPENSES</b>			
Statutory levies	4	183,418	173,032
Claims incurred	4	2,244,322	2,516,430
Scheme Agent remuneration		303,697	306,997
Fund manager remuneration		15,958	20,006
Auditor remuneration	8	2,044	2,113
Bad debts written-off		46,401	29,035
Impairment of Trade Receivables	11	(6,189)	11,128
Impairment of Recoverables		22,060	–
Wage audit fees	7	11,175	17,591
Debt collection fees		16,197	17,911
Actuarial fees		6,889	4,475
Other operating expenses		25,829	11,375
		<b>2,871,801</b>	3,110,093
<b>(Deficit)/Surplus</b>		<b>(187,243)</b>	727,350

The accompanying notes form part of these financial statements.

## BALANCE SHEET AS AT 30 JUNE 2008

	Note	2008	2007
		\$'000	\$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	302,435	396,625
Recoveries receivable	10	121,552	115,503
Trade and other receivables	11	648,104	981,917
Other assets	12	48,488	867
Financial assets	13	13,114,088	11,017,532
<b>TOTAL CURRENT ASSETS</b>		<b>14,234,667</b>	<b>12,512,444</b>
<b>NON-CURRENT ASSETS</b>			
Recoveries receivable	10	377,165	357,671
Property, Plant & Equipment	15	390	395
<b>Total Non-Current Assets</b>		<b>377,555</b>	<b>358,066</b>
<b>TOTAL ASSETS</b>		<b>14,612,222</b>	<b>12,870,510</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	1,078,827	1,342,745
Borrowings	17	10,799	10,480
Unearned premiums	18	448,248	474,257
Outstanding claims	19	1,723,378	1,680,803
Financial liabilities	13	1,963,169	372,002
<b>Total Current Liabilities</b>		<b>5,224,421</b>	<b>3,880,287</b>
<b>NON-CURRENT LIABILITIES</b>			
Outstanding claims	19	8,762,563	8,177,742
<b>Total Non-Current Liabilities</b>		<b>8,762,563</b>	<b>8,177,742</b>
<b>TOTAL LIABILITIES</b>		<b>13,986,984</b>	<b>12,058,029</b>
<b>NET ASSETS</b>		<b>625,238</b>	<b>812,481</b>
<b>EQUITY</b>			
Accumulated surplus	21	625,238	812,481

The accompanying notes form part of these financial statements.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

NSW WORKCOVER SCHEME

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008	2007
		\$'000	\$'000
<b>Accumulated Surplus at the Beginning of Financial Year</b>		812,481	85,131
(Deficit)/Surplus for the year		(187,243)	727,350
<b>Accumulated surplus at the end of the financial year</b>	21	<b>625,238</b>	812,481

The accompanying notes form part of these financial statements.

### CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008	2007
		\$'000	\$'000
		<b>Inflows</b>	Inflows
		<b>(Outflows)</b>	(Outflows)
<b>Cash flows from operating activities</b>			
Premiums received		2,643,468	2,746,431
Claims paid		(1,632,507)	(1,581,846)
		1,010,961	1,164,585
Funding from WorkCover to offset the transfer of net liabilities of Uninsured Liabilities Scheme to the NSW WorkCover Scheme		83,700	–
Transfer of surplus cash from Workcover		48,000	–
Statutory levies paid		(199,819)	(168,679)
Recoveries received		103,088	108,225
Interest received		224,987	172,060
Dividends received		302,178	59,942
Other receipts		30,669	18,027
Agent management fees paid		(649,538)	(398,479)
Fund manager fees paid		(21,239)	(23,842)
GST paid		(132,981)	(176,014)
Other payments		(78,809)	(104,997)
Payments for financial assets		(34,751,138)	(21,245,064)
Proceeds from sale of financial assets		33,935,432	20,665,394
<b>Net cash provided by operating activities</b>	22	<b>(94,509)</b>	71,158
Cash at the beginning of the financial year		386,145	314,987
<b>Cash at the end of the financial year</b>	9	<b>291,636</b>	386,145

The accompanying notes form part of these financial statements.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### Note 1. Constitution and Functions

The Workers Compensation Nominal Insurer whose Registered Business Name is "The NSW Workcover Scheme" was created on 18 February 2005 by the *Workers Compensation Amendment (Insurance Reform) Act 2003*. As a reporting entity it comprises all entities under its control namely the Workers Compensation Insurance Fund (Insurance Fund). The reporting entity is a not for profit entity. The Nominal Insurer operates as a licensed workers compensation insurer. The Insurance Fund holds premiums and all other funds received.

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The Act states that the Nominal Insurer is not and does not represent the State or any authority of the State. The insurance claim liabilities of the Nominal Insurer can only be satisfied from the Insurance Fund and are not liabilities of the State, WorkCover Authority or any other authority of the

State. The reporting entity is not consolidated as part of the NSW Total State Sector Accounts.

In the process of preparing the consolidated financial report, all inter-entity transactions and balances have been eliminated.

This consolidated financial report for the year ended 30 June 2008 has been authorised for issue by the Chief Executive Officer of the WorkCover Authority acting for the Nominal Insurer on 24 November 2008.

### Note 2. Summary of significant accounting policies

#### (a) Basis of preparation

This general purpose financial report has been prepared in accordance with authoritative pronouncements of the Australian Accounting Standards Board including Australian Accounting Interpretations.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

#### (b) Accounting Standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the reporting period ending 30 June 2008. These are outlined in the table below.

AASB Amendment	Affected Standards	Operative Date
AASB 2007-2	Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1]	1 January 2008
AASB 2007-9	Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31	1 July 2008
AASB 101	Presentation of Financial Statements (revised September 2007)	1 January 2009
AASB 123	Borrowing Costs (revised )	1 January 2009
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8	1 January 2009
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123	1 January 2009
AASB 2007-8	Amendments to Australian Accounting Standards arising from AASB 101	1 January 2009
AASB 2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
AASB 127	Consolidated and Separate Financial Statements (revised)	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	1 July 2009

These Standards are concerned with disclosures and will have no direct impact on the Scheme's financial results

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2008**

**Note 2. Summary of significant accounting policies (continued)**

**(b) Accounting Standards issued but not yet effective (continued)**

**Adoption of new accounting standard**

The NSW WorkCover Scheme has adopted AASB 7 *Financial Instruments; Disclosures* and all consequential amendments which became applicable on 1 January 2007. The adoption of this standard has only affected disclosure in these financial statements. There has been no effect on profit and loss or the financial position of the entity.

**(c) Functional and presentation currency**

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the functional currency of the reporting entity.

**(d) Use of estimates and judgments**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 14 – Financial Instruments
- Note 19 – Outstanding claims

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. An appropriate allowance for impairment is made. (Refer Note 11).

**(e) Revenue/Expense recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

- (i) The earned portion of premiums received and receivable, excluding unclosed business, is recognised as revenue. Premium is treated as earned from the date of attachment of risk. The pattern of recognition over the policy periods is based on time which is considered to approximate the pattern of risks underwritten. Unclosed business has not been included as revenue as the amount involved is not considered to be material.
- (ii) The outstanding claims (Note 19) and recoveries receivable (Note 10) are based on estimates provided by WorkCover's consulting actuary, PricewaterhouseCoopers Actuarial Pty Ltd. Ernst & Young, consulting actuaries, have peer reviewed these estimates and support the conclusions of PricewaterhouseCoopers.

The outstanding claims are the amount which the consulting actuary has estimated as at 30 June 2008 as being the amount required to meet the cost of claims reported but not yet paid, claims incurred which are yet to be reported and the escalation in reported and reopened claims. The liability for the outstanding claims is estimated as the inflated and discounted values of the expected future payments, reflecting the fact that these payments will be spread over future years. The expected future payments are estimated on the basis of the ultimate cost of settling claims (including claims handling allowances) which is affected by factors arising during the period to settlement. The provision includes an allowance for claims handling expenses and a risk margin.

The majority of claims payments under the WorkCover Scheme benefit structure are linked to movements in award wages in New South Wales. Projected inflation factors take into account these and other relevant factors relating to future claims levels. The expected future payments are then discounted to a value at the reporting date using rates of interest which reflect the market-determined risk-adjusted rates of return on the underlying funds, consistent with Australian Accounting Standard AASB 1023 General Insurance Contracts. Details of inflation and discount rates applied are included in Note 19.

- (iii) Recoveries receivable on paid claims, reported claims not yet paid and claims incurred but not yet reported are recognised as revenue. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims. Recoveries receivable are estimated at the inflated and discounted values of the expected future receipts, calculated on the same basis as the liability for outstanding claims.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### **Note 2. Summary of significant accounting policies (continued)**

#### **(e) Revenue/Expense recognition (continued)**

- (iv) Investment revenue is brought to account on an accruals basis. Dividends on quoted shares are deemed to accrue when the relevant shareholding becomes ex-dividend. Differences between the net market values of investments at the reporting date and their net market values at the previous reporting date (or cost of acquisition, if acquired during the reporting period) are recognised as revenue in the income statement.

#### **(f) Provisions**

Provisions for claims are recognised when the Scheme has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

#### **(g) Taxation**

The Australian Taxation Office has issued a Private Ruling that the income of the Workers Compensation Nominal Insurer is not assessable income and that the Workers Compensation Insurance Fund is exempt from income tax from when these entities were established in 2005 to June 2009.

#### **(h) Cash and cash equivalents**

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

#### **(i) Investments and other financial assets**

Investments are initially recognised at cost plus transaction costs. Investments are subsequently measured "at fair value through profit or loss" as they are acquired principally for the purpose of selling. Gains or losses on these assets are recognised in the Income Statement.

Purchases and sales of investments are recognised on trade-date – the date on which the Scheme commits to purchase or sell the asset.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Scheme establishes fair value by using various valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models: making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Investments and other financial assets are held primarily for the purpose of being traded and are classified as current assets. Accordingly all of the scheme's financial assets and financial liabilities are at fair value through profit or loss – classified as held for trading.

#### **(j) Derivatives**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Scheme designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Scheme documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Scheme also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of any derivative financial instruments used for hedging purposes if any are disclosed in Note 14.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within other income or other expense together with the gain or loss relating to the ineffective portion and changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### Note 2. Summary of significant accounting policies (continued)

#### (j) Derivatives (continued)

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

#### (k) Fair value estimation

The fair value of financial assets and financial liabilities is estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Scheme is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price without any deduction for transaction costs.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Scheme uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Scheme for similar financial instruments.

#### (i) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

#### (ii) Derivatives recorded at fair value through profit or loss

Derivatives include interest rate swaps and futures, credit default swaps, cross currency swaps and forward foreign currency contracts, and options on interest rates, foreign currencies and equities. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Derivative financial instruments are subsequently re-measured at fair value.

#### (iii) Financial assets or financial liabilities designated at fair value through profit and loss

Financial assets and financial liabilities classified in this category are designated by management on initial recognition when the following criteria are met:

- ▶ The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or,
- ▶ The asset and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or,
- ▶ The financial instrument contains an embedded derivative that would otherwise need to be separately recorded.

#### (l) Property

Land and buildings are shown at fair value, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Scheme and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, over their estimated useful lives, as follows:

- ▶ Buildings      40 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### Note 2. Summary of significant accounting policies (continued)

#### (l) Property (continued)

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

#### (m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Scheme prior to the end of financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

#### (n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis.

#### (o) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured making an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off directly to the profit and loss when identified. An impairment provision is recognised when there is objective evidence that the Scheme will not be able to collect the receivable. In particular evidence of the employer being placed into receivership, administration, liquidation or bankruptcy and potential recovery receivable from these proceedings are the major factors used.

Where credit terms have been renegotiated, the date that the premium debt was incurred remains unchanged. Consequently, ageing of premium debts applies from the date that the debt was incurred and not from the date of renegotiation.

#### (p) Recoveries

Recoveries relate principally to amounts that the Scheme Actuaries estimate can be recovered from other insurers for worker compensation injuries. These recoveries relate to amounts already incurred on a claim or amounts estimated to be recovered from the estimated claim liabilities.

Accordingly they are not regarded as a financial instrument under Australian Accounting Standards and are not included in financial assets.

#### (q) Comparative Figures

Comparative figures have been reclassified to conform with changes in presentation in these financial statements. In particular:

- ▶ Investments and other financial assets are held primarily for the purpose of being traded and are classified as current assets. Consequently, proceeds from the sale of, and payments for, financial assets are shown as cash flows from operating activities within the Cash Flow Statement. In previous years, these were presented as investing activities within the Cash Flow Statement.

This change has resulted in Payments for financial assets in 2007 of \$21,245 million and Proceeds from sale of financial assets of \$20,665 million being moved from investing to operating cash flows. As a result cash from investing activities has reduced to Nil and cash from operational activities has reduced by \$580 million to \$71 million.

- ▶ Interest bearing securities and indexed securities have been combined in Note 13 on the basis that both classes of financial asset can be regarded as an indexed security. In the prior year accounts, they were shown separately.
- ▶ Financial assets in Note 13 have been reclassified to separately show derivative financial assets and liabilities. In the 2007 accounts the net amount of derivatives was shown.

This has resulted in derivative assets in 2007 increasing by \$372,002 million with derivative liabilities increasing by an offsetting amount.

### Note 3. Financial Risk Management Objectives and Policies

The principal financial instruments are detailed in Note 14.

The main purpose of these financial instruments is to meet the liabilities of the Nominal Insurer. Investment policies are put in place with the intention to outperform the growth in these liabilities.

The Scheme has various other financial assets and liabilities such as trade receivables and trade payables, which arise direct from its operations.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

NSW WORKCOVER SCHEME

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

#### Note 4. Underwriting Result

	2008	2007
	\$'000	\$'000
Earned Premiums	2,440,231	2,520,079
Less:		
Claims incurred	(2,244,322)	(2,516,430)
Recoveries revenue	155,918	29,277
Net claims incurred (Note 6)	(2,088,404)	(2,487,153)
<b>Underwriting result</b>	<b>351,827</b>	<b>32,926</b>
Less:		
WorkCover Authority Levy	(104,594)	(104,489)
Dust Diseases Levy	(72,774)	(63,051)
Mine Safety Levy	(6,050)	(5,492)
Total statutory levies	(183,418)	(173,032)
<b>Underwriting result excluding statutory levies</b>	<b>168,409</b>	<b>(140,106)</b>

#### Note 5. Investment income

	2008	2007
	\$'000	\$'000
Dividends	331,122	329,855
Interest	221,622	174,989
Other income/(expense)	(73)	6,897
Realised gain/(loss) on sale of investments	327,866	711,917
Unrealised gain/(loss)	(940,317)	37,906
<b>Investment income/(expense)</b>	<b>(59,780)</b>	<b>1,261,564</b>

#### Note 6. Net claims incurred

Direct Business	Current year	Prior year	2008 Total	2007 Total
	\$M	\$M	\$M	\$M
Gross claims incurred & related expenses – undiscounted	3,739	180	3,919	5,471
Reinsurance & other recoveries – undiscounted	(154)	(16)	(170)	(12)
Net claims incurred – undiscounted	3,585	164	3,749	5,459
Discount & discount movement – gross claims incurred	(1,608)	(67)	(1,675)	(2,954)
Discount & discount movement – reinsurance & other recoveries	32	(18)	14	(18)
Net discount movement	(1,575)	(85)	(1,661)	(2,972)
<b>Net claims incurred (Note 4)</b>	<b>2,010</b>	<b>79</b>	<b>2,088</b>	<b>2,487</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### Note 6. Net claims incurred (continued)

#### Explanation of material variances – prior years

The net increase in the gross claims incurred from prior years of \$180 million is due essentially to the transfer of the Uninsured Liabilities Scheme to the NSW WorkCover Scheme and an increase by the Scheme's consulting actuaries in the estimated level of future compensation payments for weekly benefits and medical costs that were partially offset by reductions in permanent impairment, pain and suffering and legal costs plus a reduction in claims handling expenses.

The decrease in discount & discount movement from prior years is due to an increase in the yield curve resulting in a higher discount applied to the outstanding claims, offset by a decrease in the time of payment.

### Note 7. Expenses

	2008	2007
	\$'000	\$'000
<b>The Surplus/(Deficit) includes the following specific expenses:</b>		
<i>Depreciation</i>		
Buildings	5	5
Impairment	–	–
Total depreciation & impairment	5	5
<i>Wage audit fees</i>		
Professional fees paid to WorkCover external wage audit panel members for the examination of wages paid by employers.	11,175	17,591

### Note 8. Remuneration of auditors

	2008	2007
	\$'000	\$'000
<b>The Auditor General of NSW</b>		
Audit of the financial report	139	128
<b>External Audit of Scheme Agents and Master Custodian</b>		
Audit or review of agent's reports	1,794	1,939
Other non-audit services	111	46
<b>Total</b>	<b>1,905</b>	<b>1,985</b>
<b>Total as per Income Statement</b>	<b>2,044</b>	<b>2,113</b>

The auditor for the NSW Workcover Scheme is the Auditor General of NSW.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

NSW WORKCOVER SCHEME

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

#### Note 9. Cash and cash equivalents

	2008	2007
	\$'000	\$'000
<b>Cash at bank</b>	<b>302,435</b>	396,625

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	2008	2007
	\$'000	\$'000
Cash asset	121,245	204,824
Money market deposits	181,190	191,801
<b>Total cash at bank</b>	<b>302,435</b>	396,625
Bank overdraft	(10,799)	(10,480)
<b>Balances as per statement of cash flows</b>	<b>291,636</b>	386,145

#### Note 10. Recoveries receivable

	2008	2007
	\$'000	\$'000
<b>Current</b>		
Actuarially assessed recoveries	120,535	115,503
Net Claims costs recoverable from uninsured employers	1,017	–
	121,552	115,503
<b>Non-Current</b>		
Actuarially assessed recoveries	371,540	357,671
Net Claims costs recoverable from uninsured employers	5,625	–
	377,165	357,671

Recoveries arise principally where a worker is injured in a motor vehicle accident and is not at fault. The majority of the costs of these claims are recovered from the third party motor vehicle insurers. The credit quality of these recoveries is considered high as these insurers are licensed by the Australian Prudential Regulation Authority which imposes strict limits on capital adequacy of these insurers. The Scheme's independent actuaries assess the amount of recovery potential for the Scheme, apart from claims costs already incurred that are recoverable from employers who did not have a workers' compensation policy. This latter type of recoveries are determined in the same manner as Trade and other receivables.

On 1 July 2007 the Uninsured Liabilities Scheme was transferred to the NSW WorkCover Scheme, including claims costs already incurred that are recoverable from employers. The amount of claims costs recoverable transferred was \$26,396,000 including a provision for doubtful recoveries of \$23,051,000. These transferred amounts have been included in recovery income and recoveries doubtful debts expense.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### Note 11. Trade and other receivables

	2008	2007
	\$'000	\$'000
<b>Current</b>		
Premiums receivable	470,327	493,192
Interest, dividends and other investment income receivable	104,554	158,112
Deposits held with brokers for margin calls	109,629	40,791
Other receivables	15,017	347,434
	699,527	1,039,529
Less : Allowance for impairment loss	(51,423)	(57,612)
<b>Total other receivables</b>	<b>648,104</b>	<b>981,917</b>

#### (a) Status of Trade receivables

	2008	2007
	\$'000	\$'000
<b>Class of Financial Asset</b>		
Maximum exposure within normal terms	455,884	800,464
Past due	192,220	181,452
Impaired	51,423	57,612
Renegotiated terms	—	—
	699,527	1,039,529

Employers are able to pay premiums on a lump sum, quarterly instalment basis or a monthly instalment basis, dependant on the size of the employer's premium. No security is held by the Scheme over any premium debts.

Apart from a limited number of industries covered by specialised insurance arrangements all employers in New South Wales are able to take out a workers compensation insurance policy with the Scheme. Accordingly the credit quality of these debts is viewed as the average of the credit quality of employers in the State.

#### (b) Allowance for Impairment Status of receivables

An allowance for impairment loss is recognised when there is objective evidence that a trade receivable is impaired (refer Note 2 (o) to the Financial Statements). As outlined in that Note the Scheme writes off bad debts direct to expenses. Where a bad debt is subsequently recovered the amount is included in other income. The impairment account is adjusted based on an assessment of the individual debts due and is increased or decreased accordingly.

#### Reconciliation of impairment account – Receivables

	2008	2007
	\$'000	\$'000
<b>Class of Financial Asset</b>		
Opening impairment account balance	57,612	46,484
Current period impairment charge (income)	(6,189)	11,128
<b>Closing impairment account balance</b>	<b>51,423</b>	<b>57,612</b>



# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

NSW WORKCOVER SCHEME

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

#### Note 11. Trade and other receivables (continued)

##### (b) Allowance for Impairment Status of receivables (continued)

##### Ageing of Receivables

2008	Total	Past due but not Impaired	Considered Impaired
	\$'000	\$'000	\$'000
Within normal terms	455,884	–	–
Less than 3 months overdue	110,927	107,615	3,312
3 months to 6 months overdue	38,762	33,693	5,069
Greater than 6 months overdue	93,954	50,912	43,042
	699,527	192,220	51,423
2007	Total	Past due but not Impaired	Considered Impaired
	\$'000	\$'000	\$'000
Within normal terms	800,464	–	–
Less than 3 months overdue	106,037	101,962	4,075
3 months to 6 months overdue	39,621	27,610	12,010
Greater than 6 months overdue	93,407	51,879	41,527
	1,039,529	181,451	57,612

#### Note 12. Other assets

	2008	2007
	\$'000	\$'000
<b>Current</b>		
Prepayments	48,488	867

#### Note 13. Financial assets and liabilities

	2008	2007
	\$'000	\$'000
<b>Financial Assets – Current</b>		
Indexed and interest bearing securities	7,013,123	4,759,374
Australian equities	536,033	1,863,652
International equities	628,482	712,503
Unit trusts	2,988,009	3,250,023
Derivatives	1,948,441	431,981
	13,114,088	11,017,532
<b>Financial Liabilities – Current</b>		
Derivatives	1,963,169	372,002
<b>Net Financial assets</b>	<b>11,150,919</b>	<b>10,645,530</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### Note 14. Financial Instruments

The Workers Compensation Nominal Insurer, trading as the "NSW WorkCover Scheme" (the Scheme) is ultimately responsible for identifying and controlling financial risks including the establishment of an overall financial risk management strategy and policy. The Workers Compensation Insurance Fund Investment Board (the Investment Board) is responsible for determining the investment policies of the Workers Compensation Insurance Fund (the Fund) and reporting to the Minister on the investment performance of the Fund. The Investment Board's functions are separate from those of the Board of Directors of the WorkCover Authority.

#### Market Price Risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Market price risk arises as a result of the Scheme holding and trading investments as part of its strategic asset allocation.

The Scheme seeks to manage exposure to market price risk so that it can generate sufficient returns to meet the Scheme's current and future liabilities and mitigate the risk that the Scheme's investments will be insufficient to meet such liabilities. The strategic asset allocation aims to achieve a return in excess of the liability discount rate used in valuing the Scheme's liabilities over a rolling three year period.

Due to cash flow and market fluctuations, actual asset allocations deviate from the strategic asset allocation at any point in time. The deviations in actual versus strategic asset allocation at reporting date were within the agreed tolerance limits for all asset classes.

A risk budgeting framework is used to help determine the optimal strategic asset allocation for the Scheme. This framework takes into consideration not only the risk and return characteristics of the different classes of investments in the portfolio, but also some of the economic factors (e.g. inflation and interest rates) that affect the value of the liabilities. Within this framework, a dollar Value-at-Risk (VaR) methodology is the Scheme's preferred measure of the sensitivity of the entire Fund to market price risks.

The VaR risk measure estimates the potential loss in earnings over a given holding period for a specified confidence level. The VaR methodology is a statistically defined, probability based approach that takes into account market volatilities as well as risk diversification by recognising offsetting positions and correlations between products and markets. Risks can be measured consistently across all markets and products, and risk measures can be aggregated to arrive at a single risk number.

The 95th percentile dollar VaR is the measure used; this is the minimum expected reduction in the Fund's surplus (or the increase in the Fund's deficit), which has a 1 in 20 or 5% chance of occurring in any one year, expressed in dollar terms over a one-year period.

In addition to a VaR measure, the risk budgeting framework can also be used to produce the following risk and return measures:

- ▶ Expected return on the investment portfolio relative to the growth in the Scheme's liabilities;
- ▶ Investment contribution to the Scheme's surplus; and
- ▶ Tracking error relative to the liabilities.

The Scheme's asset consultant conducts the risk budgeting analysis, using:

- ▶ Assumptions for the expected level of return, risk and correlations between price and wage inflation, bond yields and returns from different asset classes (e.g. equities, bonds, property, alternative assets);
- ▶ Assumptions regarding the duration of inflation-linked and other liabilities.

The analysis uses a Monte-Carlo simulation based on these assumptions to determine the risk and return of different investment strategies relative to the change in the liabilities over a period. The analysis is primarily used to compare different investment strategies, and then to determine the investment strategy that has the appropriate level of risk, given the risk and return objectives set by the Investment Board. Whilst VaR is used as the primary measure of risk, other measures are also considered. Risk budgeting analysis is also used in the ongoing monitoring of the strategic asset allocation, including analysis of medium term asset allocation adjustments based on investment market outlook.

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

### **Note 14. Financial Instruments (continued)**

#### **Market Price Risk (continued)**

The risk budgeting analysis is based on certain simplifying assumptions. (For example it assumes certain statistical characteristics of investment returns, volatilities and correlations which may not represent actual outcomes). It is also important to note that the analysis only allows for economic factors (such as inflation and bond yields), which affect the value of the liabilities. It does not allow for other factors (such as the claims loss ratio, claims incidence and recovery rates), which also affect the value of the liabilities. As such, the analysis may understate liabilities.

Based on the strategic asset allocation, the Investment Board in conjunction with its asset consultants determines the investment managers to be appointed in each asset class. Management of the Fund's assets is allocated to the appointed investment managers. Each investment manager is subject to restrictions in relation to the types of assets in which it may invest, and in relation to the composition of investments within certain asset types. These restrictions are expressed in formalised mandates contained in individually negotiated Investment Management Agreements, or, as described in Information Memoranda issued by the relevant investment manager where the investment is via a wholesale pooled fund. The investment mandates are monitored on a regular basis to ensure that investment managers are compliant with their mandates and relevant agreements.

Each investment manager is responsible for managing security specific risk using its particular management style. Essentially each portfolio is diversified through trading various assets within mandate guidelines.

The most recent VaR analysis performed by asset consultants Watson Wyatt was conducted in October 2008 based on the June 2008 Scheme valuation and showed expected VaR of \$1,110 million based on a confidence interval of 95%. The VaR analysis performed by the same consultants in December 2007 based on the June 2007 Scheme valuation showed an expected VaR of \$1,013 million based on a confidence interval of 95%.

#### **Interest Rate Risk**

Interest rate risk is the risk that the (fair) value of a financial instrument will fluctuate because of changes in market interest rates. The value of the Scheme's liabilities is also affected by interest rate fluctuations.

##### **(i) Exposure:**

Interest rate risk arises as a result of the Scheme holding interest earning investments, all of which are subject directly or indirectly to changes in value as a result of interest rate fluctuations.

##### **(ii) Risk management objective, policies and processes:**

The Investment Board manages the interest rate risk of the Fund through the strategic asset allocation, which at 30 June 2008 had a 57% allocation to inflation linked, fixed interest and money market securities. Where possible, the average duration of the Fund's fixed income assets is managed to be approximately in-line with the duration of the liabilities, as calculated by the Scheme actuary.

##### **(iii) Quantitative analysis of exposure:**

The table below summarises the Scheme's exposure to interest rate risks. It includes the Scheme's interest-bearing financial assets and liabilities at fair values, categorised by the earlier of their contractual re-pricing or maturity dates.

The table does not show all assets and liabilities of the Scheme. Assets and liabilities NOT shown in the table below are NOT interest bearing and are therefore not directly exposed to interest rate risk.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### Note 14. Financial Instruments (continued)

#### Interest Rate Risk (continued)

2008	Floating Interest rate	Fixed Interest Rate maturing in				Total
		3 months or less	4 to 12 months	1 to 5 years	Over 5 years	
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Class</b>						
Cash	181,190	–	–	–	–	181,190
Interest Bearing Securities	–	29,895	18,691	623,200	4,266,233	4,938,019
Indexed Securities	–	1,484,800	590,303	–	–	2,075,103
<b>Assets</b>	181,190	1,514,695	608,994	623,200	4,266,233	7,194,312
2007	Floating Interest rate	Fixed Interest Rate maturing in				Total
		3 months or less	4 to 12 months	1 to 5 years	Over 5 years	
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Class</b>						
Cash	191,801	–	–	–	–	191,801
Interest Bearing Securities	3,193	1,030,154	26,690	519,873	1,679,648	3,259,558
Indexed Securities	–	–	800	142,204	1,356,812	1,499,816
<b>Assets</b>	194,994	1,030,154	27,490	662,077	3,036,460	4,951,175

The Scheme's exposure to interest rate price risk is considered a component of market price risk and is quantified as part of the VaR analysis discussed under Market Price Risk.

The Scheme is exposed to interest rate cash flow risk on its floating rate interest bearing securities as interest income earned varies according to prevailing market interest rates.

#### Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

##### (i) Exposure:

The Scheme is exposed to foreign exchange risk as a result of the foreign currency denominated investments held as part of its strategic asset allocation.

##### (ii) Risk management objective, policies and processes:

Independent investment managers authorised by the Investment Board manage foreign exchange risk. The international bond and property managers fully hedge their exposures. An independent investment manager has been appointed to implement a currency hedge strategy for the developed markets' equity exposure. No hedging is undertaken on the value of assets invested in emerging equity markets.

The primary instruments used to achieve the foreign currency overlay are forward foreign exchange contracts.

The positions are monitored on an ongoing basis by the Scheme's custodian, State Street Bank and Trust Company, under a Service Level Agreement and reporting is provided both daily and monthly by the custodian to management. Reporting to the Investment Board is undertaken on a monthly basis.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

NSW WORKCOVER SCHEME

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

#### Note 14. Financial Instruments (continued)

##### Foreign Exchange Risk (continued)

##### (iii) Quantitative analysis of exposure:

A summary of the Scheme's exposure to foreign exchange risk, including of foreign currency derivatives is shown in the table below:

2008	US Dollars AUD	Euro AUD	British Pounds AUD	Other currencies AUD	Total AUD
	\$'000	\$'000	\$'000	\$'000	\$'000
International Equities	234,511	151,903	58,680	168,932	614,026
International Listed Property Equities	–	–	–	14,456	14,456
International Trusts	1,638	–	–	–	1,638
International Listed Property Trusts	1,040	–	–	–	1,040
International Discounted Securities	12,047	–	–	–	12,047
International Floating Rate Securities	–	–	10,854	–	10,854
International Bonds	198,723	128,144	116,862	41,969	485,698
Gross foreign exchange exposure position	447,959	280,047	186,396	225,357	1,139,759
Notional value of foreign currency derivatives	(683,121)	(304,369)	(228,946)	(212,688)	(1,429,124)
<b>Net foreign exchange exposure position</b>	<b>(235,162)</b>	<b>(24,322)</b>	<b>(42,550)</b>	<b>12,669</b>	<b>(289,365)</b>
2007	US Dollars AUD	Euro AUD	British Pounds AUD	Other currencies AUD	Total AUD
	\$'000	\$'000	\$'000	\$'000	\$'000
International Equities	291,830	151,475	79,780	200,011	723,096
International Listed Property Equities	–	–	–	–	–
International Trusts	–	–	–	–	–
International Listed Property Trusts	–	–	–	–	–
International Discounted Securities	–	–	–	–	–
International Floating Rate Securities	–	–	–	–	–
International Bonds	894,463	490,106	524,585	207,075	2,116,230
Gross foreign exchange exposure position	1,186,294	641,581	604,365	407,086	2,839,326
Notional value of foreign currency derivatives	(324)	621	2,400	(87,543)	(84,846)
<b>Net foreign exchange exposure position</b>	<b>1,185,970</b>	<b>642,203</b>	<b>606,765</b>	<b>319,543</b>	<b>2,754,480</b>

Ten percent is considered a reasonably possible movement in the weighted index of foreign currency exposures. This is based on the annual historical volatility of each currency versus the Australian dollar multiplied by the Scheme's exposure to each foreign currency as at reporting date.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### Note 14. Financial Instruments (continued)

#### Liquidity Risk

The Scheme is exposed to liquidity risk from holding financial assets that may not be readily convertible to cash to meet financial liabilities.

##### (i) Exposure:

The financial assets of the Scheme which may not be readily convertible to cash are largely receivables (refer Note 11) and investments in over-the-counter or thinly traded investments.

##### (ii) Risk management objective, policies and processes:

The Scheme's overall objective is to maintain adequate liquidity to meet the daily cash requirements for claims payments and other operating costs while investing surplus funds to at least equal the growth in existing claims liabilities from benefit rate growth and emerging claims.

To assist in meeting its liquidity risk management objectives, the Scheme maintains a cash balance and invests most of its assets in investments that are traded in active markets that can be readily disposed of. The Scheme also has the ability to borrow in the short term to ensure settlement of amounts due if required.

The Scheme invests only a small proportion of its assets in less liquid listed investments or investments that are not traded on active markets and this is strictly controlled in accordance with the strategic asset allocation.

Each investment manager is responsible for cashflow management of the assets that have been mandated to them. That is, each investment manager is responsible for managing settlement liquidity risk. The custodian supplies daily reporting to each investment manager to assist them in this process.

##### (iii) Quantitative analysis of exposure:

The financial liabilities of the Scheme comprise cash due to brokers, derivative positions, interest and other payables. The financial liabilities of the Scheme were similar at 30 June 2007.

Cash due to brokers is payable on demand. Interest and other payables are typically settled within 30 days. If the derivative positions are closed out prior to maturity by entering into offsetting transactions, the Scheme settles its derivative obligations in cash rather than physical delivery.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

##### (i) Exposure:

Credit risk arises from the Scheme's investments as a result of the investment managers trading with various counterparties; this could result in the Scheme not being able to receive obligations as a result of a failing counterparty. The Scheme's main credit risk concentration is spread between cash, interest bearing investments and over-the-counter, in-the-money derivatives.

Credit risk also arises from the Scheme's receivables. Disclosures relating to the Scheme's receivables are included in Note 11.

##### (ii) Risk management objective, policies and processes:

Credit Guidelines have been determined by the Investment Board to ensure the Scheme has controlled levels of credit concentration. These guidelines are at a total Fund level, with further asset class specific restrictions in investment managers' mandates where applicable. In addition, collateral arrangements may be implemented to reduce the Scheme's exposure.

The Scheme's custodian monitors exposure against set guidelines on a daily basis both from an individual manager's compliance and at a total fund level with reporting provided to the Scheme. The Investment Board receives reporting on a monthly basis.

##### (iii) Quantitative analysis of exposure:

The Scheme's maximum credit risk exposure at balance date in relation to each class of recognised financial asset, other than derivative financial instruments, is the carrying amount of those assets as indicated in the Balance Sheet.

In relation to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement.

# ► FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

NSW WORKCOVER SCHEME

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

#### Note 14. Financial Instruments (continued)

##### Credit Risk (continued)

##### Cash and interest bearing investments

All cash and interest bearing investment held by the Scheme are held with investment grade counterparties rated by Standard and Poors. The ratings assigned to the Scheme's cash and interest bearing investments at reporting date were as follows:

	2008	2007
	%	%
<b>Rating</b>		
AAA/aaa	82%	75%
AA/Aa	13%	–
A/A	5%	–
A	–	25%
<b>Total</b>	<b>100%</b>	<b>100%</b>

##### Fair Value Estimation

The carrying amounts of the Scheme's financial assets and liabilities at reporting date approximated their fair values as all financial assets and liabilities held were either fair valued at reporting date ('marked to market') or were short term in nature.

##### Summary of inputs used to determine the fair value of financial instruments

The following table shows an analysis of financial instruments recorded at fair value, distinguishing between those whose fair value is based on quoted market prices, those involving valuation techniques where all the model inputs are observable in the market, and those where the valuation techniques involves the use of non observable inputs.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### Note 14. Financial Instruments (continued)

#### Fair Value Estimation (continued)

2008	Quoted Market Price	Valuation techniques – Market observable inputs	Valuation techniques – Non Market observable inputs	TOTAL
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Derivative financial instruments	–	40,265	1,908,176	1,948,441
Financial assets designated at fair value through profit & loss	11,165,646	–	–	11,165,646
	11,165,646	40,265	1,908,176	13,114,087
<b>Financial liabilities</b>				
Derivative financial instruments	–	70,032	1,893,137	1,963,169
	–	70,032	1,893,137	1,963,169
2007	Quoted Market Price	Valuation techniques – Market observable inputs	Valuation techniques – Non Market observable inputs	TOTAL
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Derivative financial instruments	–	93,529	338,452	431,980
Financial assets designated at fair value through profit & loss	10,585,552	–	–	10,585,552
	10,585,552	93,529	338,452	11,017,532
<b>Financial liabilities</b>				
Derivative financial instruments	–	47,192	324,810	372,002
	–	47,192	324,810	372,002

#### Derivatives

The use of derivative financial instruments is governed by the Scheme's policies approved by the Investment Board. The Scheme enters into derivative contracts for the purpose of gaining market and/or duration exposure or hedging.

The table below shows the fair value of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivative is measured. The notional amounts indicate the volume of transactions outstanding at the reporting date and are indicative of the exposure of the Scheme to movements in the instrument underlying the derivatives. The notional amounts do not represent the credit risk of the derivative positions which is equal to the fair value.

The fair value amounts reported in the balance sheet, and the amounts reported in the following tables are the gross value of individual SWAP leg positions. The receivable and payable legs of SWAPs are not netted. This disclosure better reflects the nature of the Scheme's exposure as not all swap trades are necessarily settled net, are with varying counter parties, and trade details may require gross settlement.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

NSW WORKCOVER SCHEME

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

#### Note 14. Financial Instruments (continued)

##### Fair Value Estimation (continued)

2008	Assets	Notional Amount	Liabilities	Notional Amount
	\$'000	\$'000	\$'000	\$'000
<b>Futures:</b>				
Share price index futures	—	—	38,813	1,063,248
Interest rate futures	13,349	3,634,744	10,984	5,467,590
<b>Options:</b>				
Options on equity futures	—	—	6,118	12,737
Currency call option	—	—	—	—
Swaptions	—	—	—	—
Options on interest rate futures	—	—	—	—
<b>Forwards:</b>				
Forward foreign exchange contracts	26,916	1,496,011	14,117	567,889
<b>Swaps:</b>				
Interest rate swaps	427,881	429,930	434,578	429,930
Inflation swaps	1,480,295	1,941,050	1,458,559	1,928,344
	1,948,441	7,501,735	1,963,169	9,469,738
2007	Assets	Notional Amount	Liabilities	Notional Amount
	\$'000	\$'000	\$'000	\$'000
<b>Futures:</b>				
Equity futures	10	1,340	405	218,655
Interest rate futures	3,618	258,519	4,259	2,426,166
<b>Options:</b>				
Equity call option	—	—	35,039	340,088
Currency call option	2,234	2,014	—	—
Swaptions	496	416,116	520	157,703
Options on interest rate futures	—	—	—	—
<b>Forwards:</b>				
Forward foreign exchange contracts	87,668	94,119	7,490	9,273
<b>Swaps:</b>				
Swaps	337,957	1,265,037	324,290	932,081
	431,981	2,037,145	372,002	4,083,966

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### Note 14. Financial Instruments (continued)

#### Fair Value Estimation (continued)

##### Liability Maturity

All of the Scheme's financial liabilities relate to derivatives whose maturity is listed below.

2008	Less than 1 month	2 to 12 months	1 to 5 years	Total
	\$000	\$000	\$000	\$000
Derivatives	4,338	59,243	1,899,588	1,963,169
2007	Less than 1 month	2 to 12 months	1 to 5 years	Total
	\$000	\$000	\$000	\$000
Derivatives	831	45,334	325,837	372,002

At 30 June 2008 the Scheme has designated a share price index future as a fair value hedge against investments in Australian equities. This hedge represents approximately \$250 million of the Scheme's investments in Australian equity securities to mitigate a fall in the value of these investments. The fair value of this hedge is included in Note 14 of the Financial Statements. A net gain on the hedge of \$9.4 million was recognised through the profit and loss.

At 30 June 2007 no hedges were in place.

#### Financial Assets Pledged as Collateral

Scheme's financial assets pledged as collateral are \$nil (2007: nil), apart from cash held in margin accounts with the clearing houses across various markets for exchange traded derivatives (refer Note 11). These margin accounts are held by the relevant exchange to keep the derivative position open and are adjusted daily based on the underlying derivatives marked to market. As outlined previously the Scheme closes out its positions prior to maturity and settles positions in cash rather than physical delivery.

### Note 15. Property, Plant & Equipment

	2008	2007
	\$'000	\$'000
<b>Freehold buildings Gross Carrying Amount</b>		
Balance as at 1 July	405	405
Additions	—	—
Disposals	—	—
Balance as at 30 June	405	405
<b>Accumulated Depreciation and Impairment</b>		
Balance as at 1 July	10	5
Disposals	—	—
Depreciation expense	5	5
Balance as at 30 June	15	10
<b>Net Carrying Amount</b>		
As at 1 July	395	400
<b>As at 30 June</b>	<b>390</b>	395

Aggregate depreciation allocated during the financial year is recognised as an expense and disclosed in Note 7 to the financial statements.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2008

NSW WORKCOVER SCHEME

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

#### Note 16. Payables

	2008	2007
	\$'000	\$'000
Trade Payables	1,042,787	1,303,842
Statutory levies payable	36,040	38,903
<b>Total payables</b>	<b>1,078,827</b>	<b>1,342,745</b>

#### Note 17. Interest –Bearing Loans and Borrowings

	2008	2007
	\$'000	\$'000
<b>Current</b>		
Unsecured	–	–
Bank overdrafts	10,799	10,480
<b>Total current borrowings</b>	<b>10,799</b>	<b>10,480</b>

##### (a) Interest rate risk exposure

Details of the Scheme's exposure to interest rate changes on borrowings are set out in Note 14.

##### (b) Fair value disclosures

The carrying amount of the Fund's borrowings approximate their fair value.

##### (c) Bank overdrafts

The bank overdraft may be drawn at any time and is non interest bearing.

#### Note 18. Unearned premiums

	2008	2007
	\$'000	\$'000
<b>Unearned premiums</b>	<b>448,248</b>	<b>474,257</b>

Unearned premium represents the amount of premium that has been received relating to periods of coverage in the next financial year. Unearned premium is determined using the pro-rata method.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### Note 19. Outstanding claims

	2008	2007
	\$'000	\$'000
(a) Expected future gross claims payments (undiscounted)	20,361,138	18,058,726
Discount to present value	(9,875,197)	(8,200,181)
Liability for outstanding claims	10,485,941	9,858,545
Current	1,723,378	1,680,803
Non-Current	8,762,563	8,177,742
	10,485,941	9,858,545
(b) Expected future actuarial assessment of recoveries (undiscounted)	623,180	590,091
Discount to present value	(131,105)	(116,917)
Discounted actuarial assessment of recoveries	492,075	473,174
(c) Net outstanding claims per actuarial report	9,993,865	9,385,371

The overall outstanding claims liability of the Nominal Insurer is calculated by the consulting actuaries using a range of recognised, aggregate actuarial methods, appropriate for the characteristics of the various types of claim liability under scrutiny. The liability for the outstanding claims is estimated as the inflated and discounted values of the expected future payments, reflecting the fact that these payments will be spread over future years. The expected future payments are estimated on the basis of the ultimate cost of settling claims (including claims handling expenses) which is affected by factors arising during the period to settlement.

The provision for claims handling expenses is calculated as a percentage of the gross outstanding claims central estimate to recognise the ultimate expense of managing outstanding claims until they are finalised and closed. The percentage for claims handling expenses is 9.8% (2007 11%).

The WorkCover Board in its capacity as acting for the Nominal Insurer decided to adopt a risk margin for the Scheme as at 30 June 2008 based on a probability of adequacy of 75%. The risk margin for the Scheme as at 30 June 2008 was 13% or \$1.1 billion. In arriving at this decision, the Board took into account the special circumstances of the Scheme such as the legislative provisions to set and retrospectively adjust premiums, employers required to fund deficit as part of future premiums and the level of uncertainty in actuarial assessment of outstanding claims liability.

The consulting actuaries state in their certificate that there is inherent uncertainty in any estimate of outstanding claims liabilities. Whilst in their judgement they have employed techniques and assumptions that are appropriate, it should be recognised that future claim development is likely to deviate, perhaps materially, from their estimates. They state that examples of this uncertainty include but are not limited to the likelihood of injured workers lodging claims under the Scheme, the amount of compensation paid and the attitudes of claimants towards settlement of their claims and uncertainty surrounding the impact of the various reforms to Scheme design and operation which have occurred.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2008**

**Note 19. Outstanding claims** (continued)

Based on the consulting actuaries assessment of the Scheme's exposure to asbestos claims, an explicit provision of \$114 million (2007 \$78.7million) for such claims has been included in the overall outstanding claims liability.

The following average inflation and discount rates were used in the measurement of outstanding claims:

	2008	2007
	% pa	% pa
For the first succeeding year		
Inflation rate	4.25	4.00
Discount rate	7.07	6.50
For subsequent years		
Inflation rate	4.25–4.00	4.00
Discount rate	6.79–6.29	6.20–6.61

The weighted average discounted expected term from the balance date to settlement of the outstanding claims is estimated to be 7.8 years (7.4 years 2007).

**Note 20. Contingent liabilities**

The WorkCover Board is considering introducing a \$250 million initiative to provide intensive support to longer term injured workers to assist them to return to work and improve their personal outcomes.

**Note 21. Retained Earnings and Reserves**

Movements in retained earnings were as follows:

	2008	2007
	\$'000	\$'000
Opening Balance	812,481	85,131
Net Surplus/(Deficit)	(187,243)	727,350
<b>Closing Balance at 30 June</b>	<b>625,238</b>	812,481

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### Note 22. Reconciliation of Surplus from Operating Activities to Net Cash Provided by Operating Activities

	2008	2007
	\$'000	\$'000
Surplus/(Deficit) from operating activities	(187,243)	727,350
Depreciation expense	5	5
Bad debts written off	46,401	29,035
Doubtful Debts expense	15,871	11,128
Unrealised loss on investments	940,317	(37,906)
Decrease/(Increase) in operating assets		
Financial assets	(1,117,840)	(579,670)
Premiums receivable	(15,967)	144,015
Recoveries receivable	(55,172)	(15,386)
Interest and dividends receivable	53,558	(260,043)
Trade debtors and prepayments	215,958	7,897
(Decrease)/Increase in operating liabilities		
Statutory levies payable	(2,863)	33,741
Other creditors and accruals	(261,055)	(93,468)
Provision for outstanding claims	627,396	976,615
Unearned premiums provision	(26,009)	(160,238)
Realised (gain)/loss on sale of investments	(327,866)	(711,917)
<b>Net cash provided by/(used in) operating activities</b>	<b>(94,509)</b>	<b>71,158</b>

### Note 23. Subsequent Events

Investment markets worldwide have been subject to considerable fluctuation since 30 June 2008 with many suffering a severe downturn. As a result, at 31 October 2008, the Scheme's investments had fallen in value by approximately \$730 million (unaudited), or 6.5% from the levels shown in these accounts.

### Note 24. Liability Adequacy Test

At 30 June 2008 WorkCover has calculated an unearned premium provision of \$448 million (\$474 million as at 30 June 2007). This unearned premium was based on premium on risk during 2007/08 but where the period of coverage extends into 2008/09.

The Scheme's independent actuaries have advised that the unearned premium provision is adequate to meet the anticipated claims arising for these policies plus a risk margin of 13% to give a 75% probability of adequacy, the same margin as used for the Scheme valuation. Accordingly they have advised that an additional unexpired risk provision is *not* required to be made by the Scheme.

### Note 25. Commitments

As at the date of this report the NSW Workcover Scheme does not have any capital or lease commitments.

**End of Audited Financial Statements**



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# APPENDIX 1

## LEGISLATION AND LEGAL CHANGE

### PRINCIPAL LEGISLATION ADMINISTERED

#### ACTS

##### CONSTITUTION OF WORKCOVER

*Workplace Injury Management and Workers Compensation Act 1998*

##### OCCUPATIONAL HEALTH AND SAFETY

*Occupational Health and Safety Act 2000* (also administered by the Department of Primary Industries in relation to mines)

*Explosives Act 2003*

*Rural Workers Accommodation Act 1969*

*Road and Rail Transport (Dangerous Goods) Act 1997*  
(jointly with Department of Environment and Climate Change)

##### WORKERS COMPENSATION

*Workplace Injury Management and Workers Compensation Act 1998*

*Workers Compensation Act 1987*

*Workers' Compensation (Brucellosis) Act 1979*

*Workers Compensation (Bush Fire, Emergency and Rescue Services) Act 1987*

*Workers' Compensation (Dust Diseases) Act 1942*

*Workmen's Compensation (Lead Poisoning – Broken Hill) Act 1922*

*Associated General Contractors Insurance Company Limited Act 1980*

*Bishopsgate Insurance Australia Limited Act 1983*

*The Standard Insurance Company Limited and Certain Other Insurance Companies Act 1963*

#### OTHER

*Sporting Injuries Insurance Act 1978*

#### REGULATIONS

##### *Occupational Health and Safety Act 2000*

*Occupational Health and Safety Regulation 2001*

*Occupational Health and Safety (Clothing Factory Registration) Regulation 2001*

##### *Explosives Act 2003*

*Explosives Regulation 2005*

##### *Workplace Injury Management and Workers Compensation Act 1998 and Workers Compensation Act 1987*

*Workers Compensation Regulation 2003*

*Workers Compensation Commission Rules 2006*

##### *Workers Compensation (Bush Fire, Emergency and Rescue Services) Act 1987*

*Workers Compensation (Bush Fire, Emergency and Rescue Services) Regulation*

##### *Workers' Compensation (Dust Diseases) Act 1942*

*Workers' Compensation (Dust Diseases) Regulation 2003*

##### *Sporting Injuries Insurance Act 1978*

*Sporting Injuries Insurance Regulation 2004*

*Sporting Injuries Insurance Rule 1997*

#### CHANGES TO ACTS

##### *Workers Compensation Amendment Act 2008*

This Act amends the *Workers Compensation Act 1987*. It makes it an offence for employers to have more than one insurance policy in place at the one time.

It also provides that certain employers ("exempt employers") who reasonably expect to pay less than \$7,500 per year in wages are deemed to have obtained an insurance policy from the Nominal Insurer and do not have to pay any premiums in respect of it.

Additionally, it defines a "culpable director," being a director against whom WorkCover can recover amounts to which it is entitled, but that it is unable, to recover from a corporation and inserts a provision preventing new applicants from being granted a specialised insurer licence.

Further, it provides for self-insurers and former self-insurers to pay a deposit to WorkCover when granted a licence.

Assented to, and commenced on, 20 May 2008.

##### *Workers Compensation Legislation Amendment (Financial Provisions) Act 2008*

This Act amends both the *Workers Compensation Act 1987* and the *Workplace Injury Management and Workers Compensation Act 1998*, essentially to make provision for further monies to be paid into the WorkCover Authority Fund.

The amendments made to the *Workplace Injury Management and Workers Compensation Act 1998* include provisions that allow for funds to be paid into the WorkCover Authority Fund with Ministerial approval or if the Insurance Fund is in surplus. They also provide criteria to which WorkCover must have regard in determining the amount that specialised and self-insurers, as well as Comcare employers, must pay into the Fund each year.

## ► APPENDICES

The complementary amendments to the *Workers Compensation Act 1987* allow for the assets of the Insurance Fund to be applied in accordance with the Ministerial approval referred to above, as well as to the Guarantee Fund or the Terrorism Re-Insurance Fund. They also permit the payment by the Insurance Fund to the WorkCover Authority Fund of a percentage of the Nominal Insurer's unpaid premium income.

The provision allowing surplus monies to be paid into the Fund commenced on 25 June 2008 and the balance of the amending provisions on 1 July 2008.

### CHANGES TO REGULATIONS

#### **Regulation amendments made under the *Occupational Health and Safety Act 2000***

##### *Occupational Health and Safety Amendment (Certificates of Competency) Regulation 2007*

This Regulation amends the Occupational Health and Safety Regulation 2001 to:

- ▶ Allow certain notices to be served by post to a person's last known address,
- ▶ Permit WorkCover to direct the assessment of the competence of an applicant seeking the issue or renewal of a certificate of competency, and
- ▶ Allow WorkCover to specify, by written notice, an expiry date prior to 29 March 2009 for certificates of competency issued before 29 March 2004.

It commenced on 2 November 2007.

##### *Occupational Health and Safety Amendment (Licensing of Asbestos Removal and Demolition Work) Regulation 2008*

This Regulation removes from the Occupational Health and Safety Regulation 2001 the previous provision permitting licensees who carry out certain demolition work to remove bonded asbestos. It also provides for WorkCover to require applicants seeking licences to carry out works relating to demolition and asbestos removal to supply information supporting their application, as well as permitting WorkCover to approve the manner in which those applications must be lodged. It also makes provision in relation to licence fees.

It commenced on 23 May 2008.

#### **Regulation amendments made under the *Workers Compensation Act 1987*, *Workplace Injury Management and Workers Compensation Act 1998* and *Workers Compensation (Dust Diseases) Act 1942***

##### *Workers Compensation Amendment (Administration Fees) Regulation 2008*

This Regulation provides for the administration and late payment fees payable by employers whom the *Workers Compensation Act 1987* does not require to take out insurance policies.

In addition, it provides that those employers' deemed insurance policies are not subject to the recovery of excess amounts provision in section 160 of that Act.

It commenced at 4pm on 30 June 2008.

##### *Workers Compensation Amendment (Index Number) Regulation 2008*

This Regulation updates an index number that is used for the indexation of benefits under the *Workers Compensation Act 1987*.

It commenced on 7 March 2008.

##### *Workers Compensation Amendment (Latest Index Number) Regulation 2007*

This Regulation updates index number used for the indexation of benefits under the *Workers Compensation Act 1987*.

It commenced on 21 September 2007.

##### *Workers Compensation Amendment Regulation 2007*

This Regulation essentially remakes the *Workplace Injury Management and Workers Compensation Regulation 2002* by incorporating its provisions into the *Workers Compensation Regulation 2003*. The amending Regulation provides for:

- ▶ The modification of provisions in the Workplace Injury Management and Workers Compensation Act 1998 relating to self-insurers,
- ▶ Requirements relating to the establishment and notification of return-to-work programs and in respect of return-to-work co-ordinators,
- ▶ The accreditation of rehabilitation providers,
- ▶ Other matters relating to offences and penalty notices, and
- ▶ WorkCover to determine fees payable in relation to rehabilitation provider certificates.

This Regulation commenced on 1 September 2007.

##### *Workers Compensation (Bush Fire, Emergency and Rescue Services) Regulation 2007*

This Regulation essentially remakes the *Workers Compensation (Bush Fire, Emergency and Rescue Services) Regulation 2002*, which was repealed on 1 September 2007. It prescribes emergency services and rescue association workers and the circumstances in which the former are covered by the workers compensation provisions in the *Workers Compensation (Bush Fire, Emergency and Rescue Services) Act 1987* when they are injured outside of New South Wales. It also prescribes authorised activities and associated operations or works for the purposes of that Act.

This Regulation commenced on 1 September 2007.

## **NEW AND AMENDING RULES AND ORDERS UNDER THE EXPLOSIVES REGULATION 2005**

### *Explosives Regulation 2005 Exemption No. 001/08*

This Order provides a limited exemption to the NSW Police Force's State Protection Support Unit from the requirement in the *Explosives Regulation 2005* that persons who handle explosives and explosive precursors must be licensed. It also provides them with a limited exemption from the prohibition on the transportation of explosives.

It commenced on 24 April 2008.

## **NEW AND AMENDING RULES AND ORDERS UNDER THE OCCUPATIONAL HEALTH AND SAFETY ACT 2000 AND OCCUPATIONAL HEALTH AND SAFETY REGULATION 2001**

### *Code of Practice for the construction and testing of concrete pumps revocation 2007*

This instrument revoked the Code of Practice for the construction and testing of concrete pumps that had been gazetted on 26 November 1993.

It took effect on 29 February 2008.

### *Code of Practice for pumping concrete revocation 2007*

This instrument revoked the Code of Practice: pumping concrete that had been gazetted on 3 December 1993.

It took effect on 29 February 2008.

### *Code of Practice safety lines revocation 2007*

This instrument revoked the Code of Practice: safety lines gazetted on 17 March 1995.

It took effect on 29 February 2008.

### *Occupational Health and Safety Regulation 2001 Exemption Order No. 014/07*

This Order exempts the owners corporations of strata schemes from certain duties imposed upon them as controllers of premises by clauses 33 to 44 of the *Occupational Health and Safety Regulation 2001*. One of the specific effects of this Order is that those corporations are relieved from the obligation to conduct risk assessments in respect of exempted common property.

It commenced on 8 November 2007.

### *Occupational Health and Safety Regulation 2001 Exemption Order – Fumigant Exemption for Farmers: Certificate No. 017/07*

This Order exempts rural fumigant users who use aluminium phosphide tablets and chloropicrin to control stored grain and vertebrate pests from the requirement to hold a certificate of competency or recognised qualification in relation to work of that kind.

It commenced on 8 November 2007.

### *Occupational Health and Safety Regulation 2001 Exemption Order No 002/08*

This Order exempted certain persons using aluminium phosphide and chloropicrin to control stored grain, invertebrate and vertebrate pests on farms from compliance with clause 270(1) of the *Occupational Health and Safety Regulation 2001*.

It commenced on 29 February 2008.

## **NEW AND AMENDING RULES AND ORDERS UNDER THE WORKERS COMPENSATION ACT 1987 AND THE WORKPLACE INJURY MANAGEMENT AND WORKERS COMPENSATION ACT 1998**

### *Insurance Premiums Order 2007-2008 Amendment Order 2007*

This Order corrected a typographical error in the *Insurance Premiums Order 2007-2008*.

It was published in the Government Gazette on 17 August 2007.

### *Insurance Premiums Order 2007-2008 Further Amendment Order 2007*

This Order provides that the *Insurance Premiums Order 2007-2008* is not applicable to workers compensation policies that are to be or have been issued or renewed so as to take effect on or after 4.00pm on 31 December 2007. It re-names that Order as the *Insurance Premiums Order (July – December) 2007* and provides that the *Insurance Premiums Order (January – June) 2008* will apply to policies that are to be or have been issued or renewed so as to take effect on or after 4.00pm on 31 December 2007 and before 4.00pm on 30 June 2008.

This Order was published in the Government Gazette on 7 December 2007.

### *Insurance Premiums Order (January – June) 2008*

This Order fixes the manner in which premiums payable by an employer or a proposed employer for policies under the *Workers Compensation Act 1987* are to be calculated. It applies to policies that are to be or have been either issued or renewed so as to take effect on or after 4.00pm on 31 December 2007 and before 4.00pm on 30 June 2008.

It also specifies the interest rate to be used to calculate late payment fees for the late payment of insurance premiums.

This Order commenced at 4.00pm on 31 December 2007.

### *Insurance Premiums Order 2008 – 2009*

This Order fixes the manner in which premiums payable by an employer or a proposed employer for policies under the *Workers Compensation Act 1987* are to be calculated. It applies to policies that are to be or have been either issued or renewed so as to take effect on or after 4.00pm on 30 June 2008 and before 4.00pm on 30 June 2009.

## ► APPENDICES

It also specifies the interest rate to be used to calculate late payment fees for the late payment of insurance premiums.

This Order commenced at 4.00pm on 30 June 2008.

### ***Notice of Determination under Insurance Premiums Order (July – December) 2007***

This Notice was published in the Government Gazette on 6 June 2008 and commenced on that day.

### ***Notice of Determination under Insurance Premiums Order (January – June) 2008***

This Notice was published in the Government Gazette on 6 June 2008 and commenced on that day.

### ***Workers Compensation Act 1987 – Notice (Concerning indexation of WorkCover benefits and damages)***

This Notice was published in the Government Gazette on 21 September 2007.

A further such Notice was published in that Gazette on 7 March 2008.

### ***Workers Compensation Act 1987 – Notice (Concerning indexation of benefits covered by Workers Compensation Act 1926)***

This Notice was published in the Government Gazette on 21 September 2007.

A further such Notice was published in that Gazette on 7 March 2008.

### ***Workers' Compensation (Dust Diseases) Act 1942 – Notice (Concerning Indexation of Benefits)***

This Notice was published in the Government Gazette on 21 September 2007.

A further such Notice was published in that Gazette on 7 March 2008.

### ***Workers Compensation (Chiropractor Fees) Order 2008***

This Order fixes the maximum fees for which an employer is liable under the *Workers Compensation Act 1987* for the chiropractic treatment of a worker's work-related injury.

It commenced on 1 January 2008.

### ***Workers Compensation (Dust Diseases) Act 1942: Contributions under section 6 for 2008-2009 Financial Year***

This Notice was published in the Government Gazette on 6 June 2008 and commenced on that day.

### ***Workers Compensation (Medical Practitioner Fees) Order 2008***

This Order fixes the maximum fees for which an employer is liable under the *Workers Compensation Act 1987* for treatment by a medical practitioner of a work-related injury suffered by a worker.

It commenced on 1 January 2008.

### ***Workers Compensation (Orthopaedic Surgeons Fees) Order 2008***

This Order fixes the maximum fees for which an employer is liable under the *Workers Compensation Act 1987* for treatment by an orthopaedic surgeon of a work-related injury suffered by a worker.

It commenced on 1 January 2008.

### ***Workers Compensation (Osteopathy Fees) Order 2008***

This Order fixes the maximum fees for which an employer is liable under the *Workers Compensation Act 1987* for treatment by an osteopath of a work-related injury suffered by a worker.

It commenced on 1 January 2008.

### ***Workers Compensation (Physiotherapy Fees) Order***

This Order fixes the maximum fees for which an employer is liable under the *Workers Compensation Act 1987* for treatment by a physiotherapist of a work-related injury suffered by a worker.

It commenced on 1 January 2008.

### ***Workers Compensation (Public Hospital Rates) Order 2008***

This Order relates to the treatment of workers on or after 27 June 2008 in a public hospital. It provides the amount for which an employer is liable under the *Workers Compensation Act 1987* in respect of hospital services generally and for brain and spinal injury rehabilitation services. It also provides fee amounts in respect of outpatient physiotherapy treatment and health records and medical reports.

This Order commenced on 27 June 2008.

### ***Workers Compensation (Surgeons Fees) Order 2008***

This Order fixes the maximum fees for which an employer is liable under the *Workers Compensation Act 1987* for treatment by a surgeon of a work-related injury suffered by a worker.

It commenced on 1 January 2008.

### ***Workplace Injury Management and Workers Compensation (Injury Management Consultants) Order 2008***

This Order provides for fees relating to injury management consultants, including the maximum hourly fee chargeable in respect of reports and appearances, cancellation fees and the timeframe for the provision of a report to a referrer.

It commenced on 1 January 2008.

### ***Workplace Injury Management and Workers Compensation (Medical Examinations and Reports) Order 2008***

This Order fixes the maximum fees to be charged by health service providers in relation to medical assessments.

It commenced on 1 January 2008.



## NOTICES UNDER THE EXPLOSIVES ACT 2003 AND EXPLOSIVES REGULATION 2005

*WorkCover NSW: Register of Authorised Explosives and Prohibited Explosives in New South Wales Under the Explosives Act 2003 and the Explosives Regulation 2005 – March 2007*

This Register was published in the Government Gazette on 27 July 2007.

## APPENDIX 2 CHIEF AND SENIOR EXECUTIVE PERFORMANCE STATEMENTS – SES5 AND ABOVE

<b>Name</b>	Jon Blackwell
<b>Position and level</b>	Chief Executive Officer SES Level 7
<b>Total remuneration package</b>	\$313,277
<b>Performance pay</b>	Nil
<b>Period in position</b>	18 August 2003 to 30 June 2008

### HIGHLIGHTS

- ▶ Implementing the Strategic Asset Allocation for the Workers Compensation Insurance Fund (WCIF) which resulted in the WCIF significantly out-performing other insurance and superannuation funds for the year to 30 June 2008
- ▶ Developing the new 2008/09 funding model that has been agreed to by Treasury and Government, including ensuring the appropriate legislative amendments were introduced
- ▶ Introducing an enterprise wide risk management, governance and compliance framework
- ▶ Managed the WorkCover Scheme to ensure continued delivery of improved financial results, maintaining a funding ratio above 100 per cent
- ▶ Commenced the tender process for the 2009 – 2013 Agent contracts
- ▶ Continued leadership and involvement in the harmonisation of workers compensation arrangements across jurisdictions
- ▶ Oversaw the delivery of the OHS Division Change Management program outcomes
- ▶ Oversaw the delivery of the problem solving approach into OHS improvement strategies enabling improved management of incident investigations
- ▶ Ensure Major Hazard Facilities Legislation is in place with an IPART review of licensing fees currently underway.

**Hon Joseph Tripodi MP**  
**Minister for Finance**

<b>Name</b>	Michael Block
<b>Position and level</b>	General Manager, Investment Division SES Level 5
<b>Total remuneration package</b>	\$253,500
<b>Performance pay</b>	Nil
<b>Period in position</b>	20 September 2004 to 30 June 2008

### HIGHLIGHTS

- ▶ Contributed to the Strategic Asset Allocation for the Workers Compensation Insurance Fund (WCIF) which resulted in the WCIF significantly out-performing other insurance and superannuation funds for the year to 30 June 2008
- ▶ Developed and introduced additional strategies for the WCIF to ensure the Fund out-performed its investment benchmarks (eg selling call options, reducing exposure to credit)
- ▶ Led the development and implementation of a broad risk management framework to assess and manage risk in the WCIF
- ▶ Reduced the cost of managing the WCIF's investments by implementing performance-based fees, by reducing the amount of active management and by increasing the quantum of funds managed internally
- ▶ Reduced risk to the WCIF by reducing the WCIF's reliance on equities and property
- ▶ Managed the impact of the global financial crisis on the WCIF. The WCIF's investment strategies reduced potential losses by more than \$1 billion and this significantly protected the financial viability of the Scheme
- ▶ Selection and implementation of State Street as the master custodian for the WCIF's investments.

**Jon Blackwell**  
**Chief Executive Officer**

## ► APPENDICES

<b>Name</b>	Robert Gray
<b>Position and level</b>	General Manager, Corporate Services Division SES Level 5
<b>Total remuneration package</b>	\$228,151
<b>Performance pay</b>	Nil
<b>Period in position</b>	3 July 2006 to 30 June 2008

### HIGHLIGHTS

- Managed the development of the new 2008/09 funding model that has been agreed to by Treasury and Government, including the necessary legislative amendments
- Completion and implementation of the financial dashboard reporting project that now provides valuable Divisional financial reports on a monthly basis
- Led the development and introduction of an enterprise wide risk management, governance and compliance framework
- Improved leadership and management capability through the delivery of the Corporate Leadership Development Program to an additional 101 managers and supervisors and led the successful implementation of the first round of the Talent Program
- Highlighted WorkCover's 'brand' through increased numbers of entries in and persons attending the Safety Awards, implementing a new publications policy and developing and running advertising campaigns that promoted the benefits of safer workplaces
- Upgraded the WorkCover Internet with advanced search capacity to ensure ease of access to relevant OHS information and tools.

**Jon Blackwell**  
**Chief Executive Officer**

<b>Name</b>	Rob Thomson
<b>Position and level</b>	General Manager, Workers Compensation Division SES Level 5
<b>Total remuneration package</b>	\$253,500
<b>Performance pay</b>	Nil
<b>Period in position</b>	9 June 2005 to 30 June 2008

### HIGHLIGHTS

- Led the WorkCover Scheme ensuring continued delivery of improved financial results, maintaining a funding ratio above 100 per cent
- Commenced and managed the tender process for the 2009 – 2013 Agent contracts
- Continued WorkCover's involvement in the harmonisation of workers compensation arrangements across jurisdictions
- Contributed to the agreement of a National Rehabilitation Framework
- Commenced the development of a new method for calculating workers compensation premiums for large employers
- Led the development of Certificate IV Case Management education program in NSW
- Developed and introduced annual scholarship program for case managers to undertake postgraduate study through the Personal Injury Education Foundation.

**Jon Blackwell**  
**Chief Executive Officer**

<b>Name</b>	John Watson PSM
<b>Position and level</b>	General Manager, Occupational Health and Safety Division SES Level 5
<b>Total remuneration package</b>	\$245,050
<b>Performance pay</b>	Nil
<b>Period in position</b>	1 April 2004 to 30 June 2008

### HIGHLIGHTS

- Managed the implementation of the OHS Division Change Management program outcomes including leading briefings with key stakeholders including Unions NSW, NSW Business Chamber, Advisory Council, MBA, HIA and other key groups



- ▶ Integrated the problem solving approach into OHS improvement strategies enabling improved management of incident investigations through the formation of a Strategic Investigation Unit
- ▶ Led the development and delivery of the Major Hazard Facilities Legislation with an IPART review of licensing fees currently underway
- ▶ Actively involved in the national arena, including contributing extensively to harmonisation, championing best practise initiatives and ensuring stakeholder liaison
- ▶ Establishment of Regional Small Business Forums achieving above expectation impact in the small and micro sectors
- ▶ Expanded the role of WorkCover's Aboriginal and Torres Strait Islander Employees Network to increase education and promote OHS and Workers Compensation to Aboriginal businesses and communities
- ▶ Modified rebate schemes to increase uptake and raise awareness of programs across small business
- ▶ Actively drove the strategic direction of licensing nationally through HWSA and ASCC Working Groups
- ▶ Managed the development of a business plan for TestSafe Australia including implementation of a Financial Management review.

**Jon Blackwell**  
Chief Executive Officer

## APPENDIX 3

### SIGNIFICANT INTER-DEPARTMENTAL COMMITTEES

#### *Australian Safety and Compensation Council*

Chief Executive Officer: Jon Blackwell

#### *Heads of Workers Compensation Authorities*

Chief Executive Officer: Jon Blackwell

#### *Heads of Workplace Safety Authorities*

General Manager, Occupational Health and Safety Division:  
John Watson

#### *Central Coast Regional Coordination Management Group Executive*

Director, Office of the Chief Executive: Murray McLachlan

#### *"Working Together" Steering Committee*

General Manager, Strategy and Policy Division: Vicki Telfer

#### *Treasury Managed Fund Advisory Board*

General Manager, Strategy and Policy Division: Vicki Telfer

#### *Personal Injury Education Foundation Board*

General Manager, Workers Compensation Division: Rob Thomson

The Personal Injury Education Foundation (PIEF) was established in 2006 by a consortium of Australian and New Zealand accident compensation regulators, insurers and claims management organisations. The Foundation is a not-for-profit organisation established to develop postgraduate educational programs focused on the needs of those working in the accident compensation industry.

The PIEF Board oversee the Foundation's work in developing a specialised personal injury postgraduate program through Deakin University.

## APPENDIX 4

### SIGNIFICANT ORGANISATIONS WITH DEPARTMENTAL REPRESENTATION

#### **DUST DISEASES BOARD**

Jon Blackwell, Chief Executive Officer (Chairperson)

The Dust Diseases Board is a statutory authority established under the *Workers Compensation (Dust Diseases) Act 1942* to examine, hear and determine all matters and questions arising out of a claim for compensation by workers and their dependants when a worker suffers death or disability from dust diseases including asbestosis, silicosis and mesothelioma.

The Dust Diseases Board produces its own annual report.

#### **SPORTING INJURIES COMMITTEE**

Jon Blackwell, Chief Executive Officer (Chairperson)

Murray McLachlan, Director, Office of the Chief Executive (Deputy Chairperson)

The Sporting Injuries Committee is established under the *Sporting Injuries Act 1978* to manage and administer the insurance schemes that provide cover for registered sporting organisations, students engaged in organised school sport, and participants in NSW Department of the Arts, Sport and Recreation activities. The committee operates a grants scheme and a safety award scheme to improve levels of safety in sport in NSW.

The Sporting Injuries Committee produces its own annual report.

### APPENDIX 5

#### SIGNIFICANT DEPARTMENTAL COMMITTEES

##### WORKCOVER NSW EXECUTIVE (AS AT 30 JUNE 2008)

Chief Executive Officer (Jon Blackwell)

General Manager, Occupational Health and Safety Division (John Watson)

General Manager, Workers Compensation Division (Rob Thomson)

General Manager, Investment Division (Michael Block)

General Manager, Strategy and Policy Division (Vicki Telfer)

General Manager, Corporate Services Division (Rob Gray)

Director, Office of the Chief Executive (Murray McLachlan)

The Executive Team is WorkCover NSW peak management decision-making group, responsible for ensuring that WorkCover NSW operates as a single, united organisation. It leads WorkCover's

- ▶ corporate strategy and policy development and implementation
- ▶ planning, budget and finance, risk management and human resource provision programs
- ▶ performance against corporate priorities and key performance indicators
- ▶ communication strategies
- ▶ business development and organisational improvement programs.

##### CAPITAL PROJECT APPROVALS AND REVIEW BOARD (CPARB)

The Capital Projects and Review Board is the Executive decision making body responsible for overseeing and reviewing all WorkCover NSW capital funded projects from conception to successful delivery and maintenance.

The Board is accountable for the recommended approval of capital funded projects budget funding to the Executive, capital funded projects review and prioritising of all capital funded projects. The Board prioritises capital funded projects according to corporate goals and strategies and is responsible for timely decision processes and directions affecting escalated capital funded projects issues and prioritisation. The Board reports to the Executive the progress and status of major capital funded projects on a quarterly basis.

The following members comprised the Board as at 30 June 2008:

- ▶ Rob Gray, General Manager, Corporate Services Division (Chair)
- ▶ John Watson, General Manager, Occupational Health and Safety Division

- ▶ Vicki Telfer, General Manager, Strategy and Policy Division
- ▶ Rob Thomson, General Manager, Workers Compensation Division
- ▶ Julie Newman, Chief Financial Officer, Finance Branch
- ▶ Geoff Fuggle, Director, Information Management Branch
- ▶ Leonie McCouat, Director, Business Risk Management & Site Services Branch
- ▶ Rob McNulty, Manager, Project Management Office, (Secretariat)

##### OCCUPATIONAL HEALTH AND SAFETY COMMITTEES

Committees operated in WorkCover NSW in the following locations:

- ▶ Gosford Head Office
- ▶ Parramatta District Office
- ▶ Blacktown District Office
- ▶ CBD South District Office
- ▶ Country South Team
- ▶ Country North Team
- ▶ TestSafe – Londonderry and Thornleigh Laboratories
- ▶ Workers Compensation Commission of New South Wales
- ▶ Long Service Payments Corporation

OHS Representatives were active in other locations including Chatswood District office, Hurstville District office, Liverpool District office and in Legal Group in the Elizabeth Street office.

Regular meetings are held in line with regulatory requirements, with teleconferencing now being used by the two country teams to facilitate a more efficient system of consultation. Minutes of committees are placed on the WorkCover NSW intranet.

The committees and representatives carry out regular occupational health and safety workplace inspections to identify hazards and assist management in eliminating the risks to health and safety in order to create a safer working environment.

### APPENDIX 6

#### SIGNIFICANT COMMITTEES ESTABLISHED IN 2007/08

The Bullying Joint Working Party was established in 2008 with the first meeting being held 7 February 2008.

Membership comprises:

- ▶ Chair – Rob Gray, General Manager Corporate Services Division, WorkCover
- ▶ 4 nominees of the Chief Executive Officer of WorkCover
- ▶ 4 nominees of the General Secretary of the Public Service Association
- ▶ Chair of the OH&S Safety Committee of WorkCover.

## APPENDIX 7

### SIGNIFICANT COMMITTEES ABOLISHED IN 2007/08

No significant departmental committees were abolished during the reporting period.

## APPENDIX 8

### FREEDOM OF INFORMATION

#### Privacy management

WorkCover Privacy Management Plan outlines the organisation's policies and practices with respect to the management of personal information. The Plan can be accessed on WorkCover's web site at [www.workcover.nsw.gov.au](http://www.workcover.nsw.gov.au).

During 2007/08, two reviews were conducted by, or on behalf of WorkCover under the *Privacy and Personal Information Protection Act 1998*.

#### NUMBER OF NEW REQUESTS

FOI requests	Personal			Other			Total		
	2005/06	2006/07	2007/08	2005/06	2006/07	2007/08	2005/06	2006/07	2007/08
New (including transferred in)	818	788	888	6	71	47	824	859	935
Brought forward	27	34	66	0	0	3	27	34	69
Total to be processed	845	822	954	6	71	50	851	893	1004
Completed	797	742	758	5	68	46	802	810	804
Transferred out	2	0	0	1	0	0	3	0	0
Withdrawn	2	6	3	0	0	0	2	6	3
<b>Total processed</b>	<b>801</b>	<b>748</b>	<b>761</b>	<b>6</b>	<b>68</b>	<b>46</b>	<b>807</b>	<b>816</b>	<b>807</b>
Unfinished	44	74	193	0	3	4	44	77	197

#### WHAT HAPPENED TO COMPLETED REQUESTS

Result of FOI request	Personal	Other
Granted in full	90	9
Granted in part	428	27
Refused	234	10
Deferred	6	0
Completed	758	46

#### MINISTERIAL CERTIFICATES – NUMBER ISSUED DURING THE PERIOD

No Ministerial Certificates were issued during 2007/08.

#### Freedom of Information statistics (2007/08)

A total of 807 applications for access to documents were processed under the terms of the *Freedom of Information Act 1989*.

Of the 807 applications received, 46 were non-personal, four requests were deferred, 99 requests were granted in full, 455 were granted in part and 244 were refused. The latter included instances where no documents were located, fees were not provided or applications were redirected to other agencies. No Ministerial Certificates were issued, 20 formal consultations were conducted and no personal records were amended.

The range and nature of the requests received were relatively constant and established procedures were appropriate for the effective assessment of the applications.

#### FORMAL CONSULTATIONS

	Issued	Total
Number of requests requiring formal consultations	20	20

#### AMENDMENT OF PERSONAL RECORDS

There were no requests for amendment of personal records received.

#### NOTATION OF PERSONAL RECORDS

No requests for notation of personal records were received.

## APPENDICES

### FOI REQUESTS GRANTED IN PART OR REFUSED

Basis of disallowing or restricting access	Personal	Other
Application incomplete/ wrongly directed	3	0
Deposit not paid	0	0
Diversion of resources	0	0
Exempt	360	26
Otherwise available	69	2
Documents not held	81	2
Deemed refused – over 21 days	206	9
Released to medical practitioner	0	0
<b>Totals</b>	<b>719</b>	<b>39</b>

### COSTS AND FEES OF REQUESTS PROCESSED DURING PERIOD

	Assessed costs	FOI fees received
All completed requests	\$24,822.00	\$23,495.00

### DISCOUNTS ALLOWED

Type of discount allowed	Personal	Other
Public interest	0	0
Financial hardship – pensioner/child	7	0
Financial hardship – non profit organisation	0	0
<b>Totals</b>	<b>7</b>	<b>0</b>
Significant correction of personal records	0	0

### DAYS TO PROCESS

Elapsed time	Personal	Other
0-21 days	217	16
22-35 days	240	10
Over 35 days	304	20
<b>Totals</b>	<b>761</b>	<b>46</b>

### PROCESSING TIME

Processing hours	Personal	Other
0-10 hours	684	31
11-20 hours	73	13
21-40 hours	4	2
Over 40 hours	0	0
<b>Totals</b>	<b>761</b>	<b>46</b>

### REVIEWS AND APPEALS

Number of internal reviews finalised	2
Number of Ombudsman reviews finalised	0
Number of District Court (Administrative Decisions Tribunal) appeals finalised	0

### BASIS OF INTERNAL REVIEW

	Personal		Other	
	Upheld	Varied	Upheld	Varied
Access refused	1	0	0	0
Access deferred	0	0	0	0
Exempt matter	0	0	0	0
Unreasonable charges	0	0	0	0
Charge unreasonably incurred	0	0	0	0
Withdrawn	0	0	0	0
<b>Totals</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>

During 2007/08 Freedom of Information procedures had no significant impact on WorkCover NSW administration and no major Freedom of Information compliance issues or problems arose.

## APPENDIX 9 CODE OF CONDUCT

WorkCover is part of the New South Wales Public Service, and public employment carries with it an obligation to the community to conduct business professionally, efficiently, impartially and with integrity. Accordingly, WorkCover has a code of conduct that ensures that WorkCover's policies on standards of behaviour, values and principles are clearly depicted and understood by all employees. To support this initiative, copies of the code of conduct are issued with letters of offer to all prospective employees. The code of conduct forms part of the WorkCover induction process, and all new employees sign to acknowledge their understanding and acceptance of the code's principles. Copies of the code are available from the WorkCover website.

## APPENDIX 10

### RESPONSE TO SIGNIFICANT MATTERS RAISED IN THE OUTGOING AUDIT REPORT

There were no significant matters raised by audit.

## APPENDIX 11

### ACCOUNT PAYMENT PERFORMANCE

#### Account payment performance

Amounts outstanding to suppliers at the end of each quarter of the year were:

2007/08	September Qtr \$	December Qtr \$	March Qtr \$	June Qtr \$
<b>CURRENT</b>	464,252	579,049	159,216	2,730,466
<30 days overdue	3,778,113	121	2,310	295,531
>30 days and <60 days overdue	0	-33	-23,111	0
>60 days and <90 days	0	-305	0	0
90 days and over	-71,437	-25,165	-4,249	-4,122
Total value of accounts paid on time	20,120,687	19,113,555	11,144,348	12,780,929
Percentage paid on time	93.90%	94.34%	91.91%	98.76%
<b>Total value of accounts paid</b>	<b>21,428,085</b>	<b>20,259,719</b>	<b>12,125,514</b>	<b>12,940,805</b>

During 2007/87, WorkCover paid \$66.8 million in accounts of which \$63.2 million or 94.62 per cent of the invoices were paid within the vendor's terms. The performance compared favourably to a target of 90 per cent.

## APPENDIX 12

### INVESTMENT MANAGEMENT PERFORMANCE

WorkCover's investment portfolio is held with the New South Wales Treasury Corporation. It is invested in medium term growth, long-term growth and cash facilities. At 30 June 2008, the allocation between the facilities was as follows:

Investment Type	\$ Million	Percentage of total
Long term growth	62.8	39
Medium Term Growth	66.7	41
Cash	33.6	20
<b>TOTAL</b>	<b>163.1</b>	

The total investment portfolio value at 30 June 2008 was \$163.1 million, with \$62.8 million allocated to the Long Term Growth Facility, \$66.7 million in the Medium Term Growth Facility and \$33.6 million held as cash. The return for the financial year for each of the facilities was -10.27 per cent for Long Term, -0.57 per cent for Medium Term and 6.82 per cent for cash.

## APPENDIX 13

### LIABILITY MANAGEMENT PERFORMANCE

Reporting period	2007/08	2006/07	2005/06
<b>Workers Compensation:</b>			
<i>No. of employees</i>	1275	1237	1225
No. of claims	47	44	36
No. of claims per employee	0.04	0.04	0.03
Total cost of claims	\$414,050	\$274,348	\$307,485
Average claim cost	\$8,809	\$6,235	\$8,541
Average cost per employee	\$324	\$222	\$251
<b>Motor vehicles:</b>			
<i>Vehicles<sup>(1)</sup></i>	328	321	331
Number of claims	138	134	116
No. of claims per vehicle	0.42	0.42	0.35
Total cost of claims	\$329,086	\$296,148	\$255,575
Average cost per claim	\$2,385	\$2,211	\$2,203
Average cost per vehicle	\$1,003	\$923	\$772
<b>Property:</b>			
Number of claims	5	7	6
No. of claims per employee	0.004	0.006	0.005
Total cost of claims	\$15,304	\$23,669	\$101,434
Average cost per claim	\$3,061	\$3,381	\$16,906
Average cost per employee	\$12	\$19	\$83
<b>Liability:</b>			
Number of claims	2	5	Nil
Total cost of claims	\$28,207	\$1,228,848	Nil
Average claim	\$14,104	\$245,770	Nil
<b>Miscellaneous:</b>			
Number of claims	Nil	1	Nil
Total cost of claims	Nil	\$739	Nil
Average claim	Nil	\$739	Nil

### ULIS liability

WorkCover NSW also has outstanding workers compensation claims liabilities that arise under the Uninsured Liability and Indemnity Scheme, the Insurers' Guarantee Fund, the Bush Fire Fighters and Emergency and Rescue Workers Compensation Funds.

These liabilities are assessed by actuaries and for the last five years were:

Year	Uninsured Liability & Indemnity Scheme	Insurers' Guarantee Fund	Bush Fire Fighters Compensation Fund	Emergency & Rescue Workers Compensation Fund
	\$m	\$m	\$m	\$m
2003/04	102.1	133.8	11.4	8.8
2004/05	104.4	134.3	13.1	8.9
2005/06	93.9	108.4	11.9	9.2
2006/07	67.5	88.9	9.9	6.8
<b>2007/08</b>	0.0	80.0	12.5	9.0

Funding of the largest liabilities is by insurers' contributions and details of all liabilities are reported in the financial statements each year.

WorkCover NSW does not have any borrowings.

## APPENDIX 14

### MAJOR ASSETS/LAND – DISPOSALS AND ACQUISITIONS

#### DISPOSALS

		2007/08	2006/07	2005/06
LOCATION	ITEM	\$'000	\$'000	\$'000
		Nil	Nil	Nil

#### ACQUISITIONS

		2007/08	2006/07	2005/06
LOCATION	ITEM	\$'000	\$'000	\$'000
Gosford Head Office	Corporate Data Repository			8,400
Gosford Head Office	Portal Project		758	
Gosford Head Office	WorkCover Licensing		893	
Gosford Head Office	Business Enhancements		1,044	
Gosford Head Office	WCC Case Management		1,375	
Gosford Head Office	IBM System Server Rack Mounted Hardware Management Console	276		
Elizabeth Street Office	Reception Area Fitout	270		
<b>Total</b>		<b>546</b>	<b>4,070</b>	<b>8,400</b>



## APPENDIX 15

### MAJOR ASSETS OTHER THAN LAND HOLDINGS

ASSETS	2007/08	2006/07	2005/06
	\$'000	\$'000	\$'000
Buildings	4,022	3,904	3,577
Leasehold improvements	11,969	14,847	16,942
Office machines and equipment	273	347	200
Furniture and fittings	112	157	210
Computer hardware and software	19,734	25,588	23,372
Scientific, technical and mechanical equipment	2,468	2,481	2,217
Motor vehicles	225	256	136
<b>Total</b>	<b>38,803</b>	47,580	46,654

## APPENDIX 16

### WORKS IN PROGRESS

Major computer hardware and software projects	Total cost 30/6/2008 \$m	Cost overrun \$m	Estimated date of completion	Reason for significant delay	Asset/work in progress
BAU Advisory Information System	0.24		August 2008	N/A	WIP
Desktop Refresh	0.10		July 2008	N/A	WIP
OSC Replacement	0.27		July 2008	N/A	WIP
My WorkCover Web Project	0.75		August 2008	N/A	WIP
<b>TOTAL</b>	<b>1.36</b>	0.0			

## APPENDIX 17

### PRICE DETERMINATION METHOD

#### AS AT THE REPORTING DATE:

WorkCover NSW is primarily funded from statutory contributions by the Nominal Insurer and self-insurers based on their premium income and deemed premiums respectively. The amount of contributions is determined annually by the WorkCover Board of Directors based on estimates of the total of the amounts to be paid from the WorkCover Authority Fund as well as those amounts that are to be set aside as provisions to meet expenditure in later years.

#### POST REPORTING DATE:

Please see Appendix 21 'Events that have a significant effect on the succeeding year after the balance date' re: *Workers Compensation Legislation Amendment (Financial Provisions) Bill 2008*.

## APPENDIX 18

### CONSULTANTS

#### CONSULTANTS EQUAL TO OR MORE THAN \$30,000

Consultant	Cost \$	Purpose
Enzyme International	70,600	Facilitation support for development of Stakeholder Index. Including report, provision of indices and analysis of results, documented output from workshops and interviews.
CT & A Consulting Pty Ltd	46,200	Consulting fees for staff survey
GVK Consulting	31,535	Costs for Employee Relations Case 3
Workers Compensation Solutions Pty Ltd	30,000	Business support services for the Burning Cost proposal
<b>Total greater than \$30,000</b>	<b>178,335</b>	

#### CONSULTANTS LESS THAN \$30,000

During 2007/08, other consultancies were engaged in the following areas:

Consultancy area	Cost \$
Information technology	44,838
Finance and accounting/tax	10,913
Management services	246,657
Organisational review	68,602
Training	37,610
<b>Total consultancies less than \$30,000</b>	<b>408,620</b>

## APPENDIX 19 OVERSEAS TRAVEL

JULY 2007 TO JUNE 2008

Person	Date	Purpose	Cost \$	Recovery \$	Net Cost \$
Sharon Hogan	June 2007	Heads of Workers Compensation meeting in Wellington	1,021	0.00	1,021
Greg O'Donnell	September 2007	Biological Monitoring Conference in Beijing	1,741	0.00	1,741
Henry Huynh & Ujen Singh	September 2007	To Conduct Quality Assessment of CMG in Singapore	2,848	2,848	0.00
Gordana Manojlovic	September 2007	Attend IECEx Scheme ExTAG Meetings Electro Magnetic International Standards Setting Conference in Colorado (USA)	1,271	1,271	0.00
Russell Ashley & John Watt	October 2007	To Conduct Quality Assessment of CMG Electronic Motors NZ Ltd (New Zealand)	818	818	0.00
Adrian Rietdijk	November 2007	To Conduct Quality Assessment of Tait Electronics, The Insulated Panel & Door Company, High Tech Poly & Metal Craft Insulated Panel Systems (New Zealand)	1,157	1,157	0.00
Gordana Manojlovic & James Zhao	December 2007	Audit Hua Jia Xin Weebing Factory,Yoho Co Ltd,Kinyun Science & Technology Developments Co Ltd, Shangai Renming Electric Works (China)	5,439	5,439	0.00
Ujen Singh & Gordana Manojlovic	March 2008	Audit Joy Mining & Proof Engineering (Sth Africa)	4,292	4,292	0.00
Ajay Maira	April 2008	Standards Development Meeting & Client Audit (Czech Republic)	3,337	3,337	0.00
Mike Carroll	May 2008	Discuss licence renewal arrangements with Norfolk Island administration	986	0.00	986
Adjustments			42	0.00	42
<b>TOTAL</b>			<b>22,952</b>	<b>19,162</b>	<b>3,790</b>

## APPENDIX 20

### CONTRACTING AND MARKET TESTING

WorkCover's contracting and market testing activities are carried out to conform to the New South Wales Government Procurement Policy and related legislation. WorkCover ensures that open and effective competition is achieved by consistently employing the WorkCover Tender and Contract Management Framework.

In the 2007/08 period WorkCover has sought proposals from Industry for twenty procurement arrangements for a range of goods and/or services. Following are three major procurement arrangements that were undertaken and had contracts executed during the period:

- ▶ Tender for the panel of private investigators to supply investigation services to WorkCover at a value of \$900,000
- ▶ Cleaning of WorkCover's Gosford Head Office at a value of \$795,000
- ▶ Strategy for Engaging General Practitioners for Workers Compensation at a value of \$685,775

## APPENDIX 21

### EVENTS THAT HAVE A SIGNIFICANT EFFECT ON THE SUCCEEDING YEAR AFTER THE BALANCE DATE

#### CHANGED CAPITALISATION POLICY

A change in the current capitalisation policy takes effect from the 1 July 2008 to reflect reducing computer hardware costs and to enable a total cost of project approach to capital projects.

From 1 July 2008 the new capitalisation thresholds will be:

Property, plant & equipment	Unit or Network Asset value greater than \$5,000 (currently \$2,000)
Internally developed software	Greater than \$100,000 including direct allocation of WorkCover personnel service costs (previously \$3,000)

The effect of this change is estimated to be an additional expense of \$0.9m in 2008/09.

#### WORKERS COMPENSATION LEGISLATION AMENDMENT (FINANCIAL PROVISIONS) ACT 2008

The Workers Compensation legislation Amendment (Financial Provisions) Bill 2008 contains amendments to the workers compensation legislation that introduce a new model for the funding of the Workcover Authority Fund on 1 July 2008.

Under the new funding model it will be clear in advance how much money the WorkCover Authority Fund will receive from the Workers Compensation Insurance Fund, instead of the

contributions varying in accordance with the actual premium income of the Workers Compensation Nominal insurer throughout the relevant financial year. The amount paid to the Workcover Authority Fund will therefore be predictable.

The Workers Compensation Legislation Amendment (Financial Provisions) Act 2008 also provides for the payment from the WorkCover Authority Fund to the Workers Compensation Insurance Fund any amount by which the Authority determines the Fund to be in surplus from time to time.

The WorkCover Board has resolved that as a result of the new predictable funding model commencing on 1 July 2008, surplus funds of \$84m are to be paid from the WorkCover Authority Fund to the Workers Compensation Insurance Fund for the year ended 30 June 2008. \$48m of this \$84m was paid from the WorkCover Authority Fund to the Insurance Fund before 30th June 2008.

WorkCover has therefore provided for the remaining \$36m surplus funds to be paid to the Insurance Fund in 2008/09.

## APPENDIX 22

### PUBLICATIONS

WorkCover publishes a variety of printed material to assist employers and employees to meet their responsibilities for workplace safety, injury management and workers compensation. Publications include guides, fact sheets, codes of practice, forms, posters and general information.

Many publications are distributed free of charge and an increasing number are available for download from the WorkCover website. In meeting client demand, and taking advantage of new publishing technology, WorkCover has made most information and publications available on its website and in formats such as CD ROM. These have proven to be extremely popular.

WorkCover produces a number of new publications each year, many of which are developed in conjunction with stakeholders and industry and through the industry reference groups. Examples include the Work Near Underground Assets Guide and Manual Handling Risk Guide.

New publications developed in 2007/08 are as follows:

- ▶ Exercise Physiologists Guide 2007
- ▶ Annual Report – 2006/07
- ▶ FAQ's Tree Work
- ▶ Insurance Premiums Order (January – June) 2008
- ▶ National Falls from Heights in the Heavy Vehicle Sector Report
- ▶ GP Rates Code Fees 2008
- ▶ Guide to completing restricted and unrestricted demolition licence application forms

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- ▶ Completing friable or bonded asbestos licence application forms: Guide
- ▶ HWSA Falls Prevention in Construction
- ▶ WorkCover News Media Kit 2008
- ▶ Code of Conduct: WorkCover NSW Accredited Trainers
- ▶ Evidence of Identity – WorkCover Construction Induction Certificate/OHS Consultation
- ▶ Mentor Program
- ▶ Small Business EOI form
- ▶ Small Business Forums
- ▶ Managing for Safety
- ▶ Funding of Equipment and Workplace Modifications for Injured Workers
- ▶ Safety Alert: Operating earthmoving equipment in or near water
- ▶ LP Gas Cylinders – Safe Handling, Storage and Disposal: Fact Sheet
- ▶ An applicant's guide: How to apply
- ▶ Machinery and Equipment Safety – An Introduction
- ▶ Statement of OHS Induction Training Certificate (SOT)
- ▶ Safety Alert – Fire and explosion risks at wineries
- ▶ What is adequate site supervision
- ▶ Amenities on housing sites
- ▶ Site security and public access onto housing construction sites
- ▶ Fatigue Management Guide
- ▶ Safety Alert: Operating loading ramps on trailers (low loaders)
- ▶ Discussion paper: Certificate of competency for formwork and the operation and use of explosive powered tools
- ▶ OHS & IM Improvement Standards
- ▶ A Guide to Safety in the Wood Products Manufacturing Industry
- ▶ Review of OHS (Clothing Factory Registration) Regulation 2001: Fact Sheet
- ▶ Review of OHS (Clothing Factory Registration) Regulation 2001: Discussion Paper
- ▶ Working with Asbestos: Guide
- ▶ Business Assistance Unit: Information Packs
- ▶ Emergency Procedures for Storm Damaged Bonded Asbestos Material: Fact Sheet
- ▶ SMB Consultative Framework – Terms of Reference for Small Business
- ▶ Information Bulletin Number 1: Accredited Framework for Rehabilitation Providers
- ▶ SMB Consultative Framework – Guidelines for the Payment of Sitting Fees: Small Business Forums
- ▶ Retraining Closure Report
- ▶ Consolidated Benefits Guide April 2008
- ▶ Newswatch for Trainers March Edition
- ▶ Frequently Asked Questions: OHS General Induction for Construction Work in NSW
- ▶ Frequently Asked Questions: OHS Consultation Course
- ▶ Use of Aluminium Phosphide and Chloropicrin on Farms: Fact Sheet
- ▶ Information Bulletin: Approval Framework for Workplace Rehabilitation Providers
- ▶ 2008 Renewal Application for the approval of workplace rehabilitation providers
- ▶ Babysitting Guide
- ▶ Babysitting Checklist
- ▶ Babysitting Guide for Parents
- ▶ LALC Easy Reference Guide – BAB
- ▶ LALC Checklist – Safe Business “Must Haves” BAB
- ▶ Renewal application for the approval of workplace rehabilitation providers
- ▶ Applying for a position within WorkCover NSW
- ▶ What are the benefits when you work for WorkCover NSW
- ▶ Tips for Addressing Key Selection Criteria
- ▶ Application for the approval of workplace rehabilitation providers
- ▶ Worker's Injury Claim Form
- ▶ What Next? Improving your OHS
- ▶ Serious About Safe Business Follow Up Actions Sheet
- ▶ Feedback/Complaints Registration Form
- ▶ Major Hazard Facilities Conditions Document: Draft
- ▶ Information Bulletin Number 2 April (2008): Launching the new approval framework for workplace rehabilitation providers
- ▶ Leading Teams: Working Well Fact Sheet
- ▶ WorkCover Assist Education and Training Grants Program 2008
- ▶ Soft Tissue Injury Management Kit
- ▶ BAB Mentor Program Glossary of Terms
- ▶ Newslines March 2008
- ▶ Worker Status Ruling Branch Rural Postcard/Magnet
- ▶ Safety Alert: Erection and Dismantling of Formwork
- ▶ Safe Manual Handling Z Card
- ▶ Manual Handling for Bricklaying
- ▶ Welcome to WorkCover NSW
- ▶ A Guide to Aboriginal Protocols
- ▶ Worker or Contractor: Paying the Correct Premium
- ▶ Driver Fatigue Management Brochure
- ▶ Drought Relief Package: Fact Sheet
- ▶ Driver Fatigue Management Tool

- ▶ Ageing Workforce Report
- ▶ Evidence of Identity: Information Sheet for Employers and Course Participants
- ▶ Burning Cost Premium Model: Large Employer Consultation
- ▶ Safety Alert: Operating Earthmoving equipment adjacent to Excavations
- ▶ Insurance Premiums Order 2008/09
- ▶ Working Together Public Sector OHS & Injury Management Strategy 2005 – 2008 Progress Report
- ▶ Soft Tissue Injury Management – FAQs
- ▶ Clothing Outworkers: Fact Sheet OHS Act Review 2006
- ▶ Safety Alert: Suspended Scaffolding
- ▶ Safety Alert: Operating Skip Loaders on Slopes
- ▶ Worker Status Ruling Branch Generic Postcard/Magnet
- ▶ Report of the 2006 statutory review of the OHS Act (Stein Report)
- ▶ How to avoid slips, trips and falls in your retail workplace kit

## APPENDIX 23

### GRANTS TO NON GOVERNMENT ORGANISATIONS

#### 2007/08 WORKCOVER ASSIST GENERAL GRANTS

Organisation Name	Amount \$	Purpose	Start and Finish Dates
Advertising Federation of Australia	99,300	Develop an OHS training program for advertising agencies. The training program will address individual participants' knowledge and understanding of OHS legislation as well as the practical application of the acquired knowledge in the workplace.	19 July 2007 to 27 July 2008
Aged and Community Services Association	131,408	Identify and understand the root causes of workplace manual handling injuries in the aged care industry. A manual-handling audit of thirty-two (32) aged care facilities/services will be conducted. Existing manual handling packages will be adapted to make them applicable to low care facilities.	18 July 2007 to 22 July 2008
Association of Wall and Ceiling Industries of NSW	28,800	The project seeks to train plastering contractors in identifying and controlling on site risks and hazards using a previously developed package.	9 July 2007 to 15 August 2008
Australasian Meat Industry Employees Union Newcastle and Northern Branch	110,000	Develop a train the trainer package to support the previously developed electronic induction and communication tool. Continue the 1800 Workers Compensation Advisory Line.	4 July 2007 to 2 July 2008
Australian Business Industrial	97,500	Develop a resource kit for employers, particularly SME's in the manufacturing and wholesale sectors with the object of providing them with user friendly plain English resources to enable them to better identify, assess, eliminate or manage manual handling risks.	5 July 2007 to 30 July 2008
Australian Hotels Association (NSW)	94,000	This project aims to shift the perception that OHS is a 'burden imposed on businesses' towards an understanding that 'OHS is good for your business' – to ensure a higher level of compliance and best practice OHS within the hotel industry.	16 July 2007 to 28 July 2008
Australian Industry Group	197,900	Provide a practical education program for the manufacturing industry that enables employers to design and implement their own compliance program in their workplace. The program will be supported by an online toolkit.	23 July 2007 to 18 August 2008
Australian Manufacturing Workers Union	205,600	Establish a safety culture in the manufacturing industry to reduce workplace injury. Provide a strategic program of education and training, skills development, practical resources and individual support.	2 July 2007 to 28 August 2008

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Organisation Name	Amount \$	Purpose	Start and Finish Dates
Australian Retailers Association (ARA)	107,700	Provide one-on-one 2.5 hour consultation sessions for small business retailers with OHS advisors at the retailer's place of business. The advisor will assist the retail operator to develop and implement customised OHS practices appropriate for their workplace.	5 July 2007 to 30 September 2008
Child Care NSW	68,500	The project will provide centre owners and/or managers with tools to assist them complete appropriate and adequate documentation in order to comply with Occupational Health and Safety legislation.	2 August 2007 to 23 July 2008
Construction Forestry Mining and Energy Union (NSW Branch)	95,862	Provide comprehensive workers compensation assistance to injured building workers, including over the phone assistance, liaising with employers and insurers to ensure good injury management/return to work outcomes for injured workers and their employers.	3 July 2007 to 1 July 2008
Housing Industry Association	112,715	Provide practical, hands-on training and increase the awareness of OH&S, particularly with hand and power tools, resulting in young workers becoming more responsible for their own health and safety whilst in a workplace.	15 November 2007 to 17 November 2008
Liquor, Hospitality and Miscellaneous Workers Union in partnership with TAFE NSW	145,040	The LHMU and TAFE NSW Hunter Institute will deliver a customised educational initiative titled SA.F.E.R. Training Program, to people with (primarily) intellectual disabilities within the workplace.	2 July 2007 to 4 July 2008
Local Government Association of NSW and Shires Association of NSW (LGSA)	72,258	In partnership with the United Services Union, LGSA will offer regional and metropolitan councils the choice of three "Preventing Bullying" focused training programs. In addition, LGSA will develop a Train the Trainer strategy for Module 3 in order to complete the resources that have been developed on preventing bullying and to ensure the sustainability of the program	2 July 2007 to 4 July 2008
Master Builders Association of NSW	88,500	Produce a DVD learning resource to support young workers and their employers in the industry. In addition a learners guide for young workers and a training guide for employers and supervisors will also be produced.	12 July 2007 to 29 August 2008
Master Plumbers Association of NSW	50,000	Develop a web based OHS training course for employees, tradesmen and plumbing contractors within the Plumbing and Services industry. This approach will provide training resources for regional NSW and in particular those in more isolated areas.	9 August 2007 to 13 August 2008
Master Roof Tiles and Slaters Association of NSW Inc	90,100	Develop a roofing industry specific resource based on the WorkCover NSW 'Subby Pack'. This resource will be made available on the website.	5 July 2007 to 8 July 2008
Motor Inn & Motel Association of NSW	101,340	Provide an on site risk assessment for approximately 300 accommodation operators. The risk assessment will focus on the mechanisms of the consultative process, identifying, removing or controlling hazards and will review current OHS management systems.	22 October 2007 to 20 October 2008
Motor Traders' Association of NSW	94,057	Develop and promote an automotive industry awareness induction program. The resources will include a training DVD, internet based resources and industry briefings.	2 August 2007 to 27 July 2008



Organisation Name	Amount \$	Purpose	Start and Finish Dates
National Upholstery & Carpet Cleaners Association	90,149	Develop in consultation with NUCCA members, an OHS system [manual of policies, procedures and sample risk management documents] that can be readily adapted and implemented by individual companies.	2 July 2007 to 4 July 2008
New South Wales Local Government Clerical, Administrative, Energy, Airlines & Utilities Union (United Services Union)	94,700	In partnership with the Local Government & Shires Association, USU will offer regional and metropolitan councils the choice of three "Preventing Bullying" focused training programs. In addition, the previously developed bullying prevention training will be provided to OHS delegates in approximately 100 councils.	2 August 2007 to 6 August 2008
NSW ACT Independent Education Union.	138,650	Provide support and education in relation to OHS across the early childhood and non-government school sectors. The focus will be on three strategic target groups including new teachers, regional staff and principals	19 October 2007 to 20 October 2008
NSW Farmers' Industrial Association	87,500	Develop and provide an e-learning program to take farmers through a risk management process on their own farm, with particular focus on working in confined spaces.	5 July 2007 to 3 July 2008
NSW Teachers Federation.	119,000	Provide at least 40 seminars in country and city locations aimed at reaching in excess of 1000 members. The seminars will address consultation, risk assessment and management covering matters such as violent student behaviour and bullying and harassment	19 July 2007 to 17 July 2008
Pharmacy Guild of Australia (NSW Branch)	96,000	Address OHS issues identified through an audit of pharmacies conducted in a previous WorkCover Assist grant. The project will provide seminars and one on one assistance with implementing an OHS management system	2 August 2007 to 8 August 2008
Police Association of NSW	150,000	Program is designed to extend and strengthen the significant work in OHS and workers compensation for police under previous WorkCover Assist grants. The particular target areas include 'slips, trips and falls', hazard identification, ergonomic assessment of workplaces, fatigue management and the implementation and promotion of the findings of the WorkCover Applied Research Grant (currently under way) identifying psychological risk and protective factors in police tasking systems to police commands and police in positions to effect changes in this area.	5 July 2007 to 8 July 2008
Public Service Association of NSW	107,753	Continue to develop, deliver and provide practical information, assistance and support to PSA members on current NSW, workers compensation, injury management and OHS legislation. This project will build on the current partnership with Premiers Department (PEO), Unions NSW and WorkCover (Dignity and Respect in the Workplace Charter).	2 October 2007 to 8 October 2008
Screen Producers Association of Australia	97,900	Develop an OHS program that will contribute to department managers' enhanced knowledge & understanding of the OHS legislation, the safe systems of work being developed & implemented by their employers (producers); and providing them with the resources & tools to effectively identify hazards, undertake risk assessments and implement elimination/control measures for the different departmental work activities, work sites and work procedures under their control.	2 July 2007 to 4 July 2008
Shearing Contractors Association of Australia	89,000	Provide an appropriate and accessible OHS, injury management and workers compensation support, advice and resource service to the shearing industry	4 July 2007 to 2 July 2008

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Organisation Name	Amount \$	Purpose	Start and Finish Dates
Textile Clothing and Footwear Union of Australia	129,500	Provide information and advice to employers who give out (or receive) orders for the production of textile, clothing and/or footwear manufacturing work. Provide educational resources to employers and employees and provide assistance for those from NESB.	2 July 2007 to 30 June 2008
Timber Trade Industrial Association	104,412	Develop a generic OHS management system for the Private Property Harvesting Sector of the timber industry. Deliver the OHSMS to approx. 60 Private Sector Contractors; train in the implementation of the system; assist with customising of the system to the individual contractor.	2 July 2007 to 25 July 2008
Transport Workers Union of NSW	148,391	Advise the Transport Industry of their Chain of Responsibility (COR) rights and obligations (e.g. Long Distance Truck Driver Fatigue) and how this fits in with other related programs and initiatives. Develop an on-line web-based interactive tool covering all aspects of COR, which will have the capacity for on-line learning and assessment, self-testing and be mapped against Training Package units for competency.	2 July 2007 to 4 July 2008

### 2007/08 WORKCOVER ASSIST COMMISSIONED EDUCATION GRANTS

Organisation Name	Amount \$	Purpose	Start and Finish Dates
Police Association of NSW	150,000	<b>Identifying and Managing Psychosocial and Environmental Barriers to Return to Work</b> An education program will be developed that identifies and manages psychosocial and environmental barriers for serving and medically discharged members.	3 July 2007 to 1 July 2008
Australian Retailers Association (ARA)	143,580	<b>Work Smart – Stay Safe</b> Australian Retailers Association (ARA) and Youthsafe will work collaboratively to develop, pilot and evaluate an OHS resource kit for students and teachers and a website for employers of young people. The collaboration will ensure consultation with students, educators and employers resulting in an innovative, effective and relevant OHS resource.	3 July 2007 to 30 September 2008
NSW Farmers' Industrial Association	150,000	<b>What Does Compliance Look Like?</b> A stand-alone e-learning resource, delivered online, that can provide NSW farmers with accreditation in 'Farm Safety Management'. The objectives align with those of the 'What does Compliance look like?' program	3 July 2007 to 1 July 2008
Liquor, Hospitality and Miscellaneous Workers Union (LHMU) – in partnership with TAFE Hunter Institute	124,279	<b>Prevention of Violence in the Workplace</b> Develop and deliver quality, relevant training, free of charge, to the staff members of Supported Business, Open Employment and Advocacy Services. The Program will train up to 200 participants from a range of disability services to increase and raise their awareness in terms of the prevention of violence in the workplace.	3 July 2007 to 16 July 2008
Australian Industry Group (Ai Group)	73,333	<b>Managing Fatigue Related Risks in the Workplace</b> Develop and deliver a sound, well structured educational program that will provide key management personnel (i.e. HR and/or operations) with the competencies and tools to develop a fatigue management plan and train employees in fatigue management	16 July 2007 to 17 July 2008

Organisation Name	Amount \$	Purpose	Start and Finish Dates
Australian Business Industrial (ABI)	137,500	<b>Navigating the Workers Compensation System for Employers</b> The project will provide participants with a road map of the workers compensation system. Beginning with their statutory obligations the project will track through the processes of a claim, and the factors which can influence each stage of the process including, but not limited to, rights and obligations by employers and employees.	31 July 2007 to 21 August 2008
Timber Trade Industrial Association (TTIA)	107,380	<b>Problem Solving in the Workers Compensation system – Option for Workers and Employers</b> The aim of the project is to address a shortfall within the small to medium sized timber companies regarding the problem solving in the Workers Compensation system. TTIA will prepare and deliver 13 training sessions throughout NSW addressing Workers' Compensation and injury management problems faced by these timber companies.	3 July 2007 to 1 July 2008

## 2007 WORKCOVER ASSIST APPLIED RESEARCH GRANTS

NSW Nurses' Association Australian Nursing Federation (NSW) Branch	129,051	<b>The Outcome of Occupational Rehabilitation of NSW Nurses.</b> A study to determine the return to work practices in the health care sector by evaluating the perceptions and experiences of injured nurses and the perceptions and experiences of workplace rehabilitation coordinators.	19 February 2008 to February 2009
NSW Nurses' Association Australian Nursing Federation (NSW) Branch	118,161	<b>Resistance to Care: Workplace injury and effects on the nursing workforce in NSW.</b> A study to determine the incidence and type of injuries associated with resistance to care across different clinical environments.	19 February 2008 to February 2009
Police Association of NSW	200,500	<b>Police appointments belt interaction with vehicle seating systems and vehicle cabin layouts and their role in injuries to police during urgent and non-urgent police duties.</b> This study will assess interaction of police appointments belts with vehicle seating systems; and, item stowage systems and practices and vehicle cabin layouts. The study will aim to determine their roles in injuries to police, measure the extent of the problem, and develop cost-effective safety solutions.	19 February 2008 to March 2009

## Commissioned Research

Consultant	Funding Amount \$	Purpose
Insight SRC Pty Ltd	150,000	<i>"leading teams: working well"</i> Demonstration project Commissioned December 2007 Implement and evaluate an organisational health model as a means of preventing and managing workplace stress in three health and community services sector workplaces.
Jane Elkington & Associates Pty Ltd	72,710	<b>OHS Consultation Training course – Evaluation &amp; Review</b> Project commenced February 2008. Review and evaluate the current OHS Consultation Training course to determine how well it meets the needs of OHS Committee members, OHS representatives and other key stakeholders.

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### NGO Grants

Grantee	Funding Amount \$	Purpose
Building Trades Group of Unions	261,920 (over a two-year period)	<i>Building Trades Group Drug and Alcohol Committee Apprentice Training Program</i> Commenced September 2007. Improve safety, reduce drug and alcohol consumption on building sites and raise awareness of the availability of drug and alcohol referral/assessment and treatment services through the provision of education to apprentices in TAFE colleges.

## APPENDIX 24

### CREDIT CARD

For the 2007/08 financial year credit card use within WorkCover was in accordance with Premier's Memoranda and Treasurer's directions.

#### CREDIT CARD USE

Credit card use with WorkCover is largely limited to:

- ▶ Expenses incurred in connection with travel on official business.
- ▶ The purchase of minor stores and services.
- ▶ Meeting the cost of official out-of-pocket expenses (including certain approved entertainment/hospitality costs) covered, from time to time, by the Premier's policy guidelines.

#### DOCUMENTING CREDIT CARD USE

The Authority's credit card policy is documented, and requires monthly reconciliation of invoices by the cardholder's manager.

## APPENDIX 25

### LICENSED AND SELF-INSURERS

#### SELF-INSURERS

- ▶ Bankstown City Council
- ▶ BOC Limited
- ▶ Campbelltown City Council
- ▶ Council of the City of Blacktown
- ▶ Council of the City of Lake Macquarie
- ▶ Council of the City of Newcastle
- ▶ Council of the City of Sydney
- ▶ Council of the City of Wollongong
- ▶ Delta Electricity
- ▶ Electrolux Home Products Pty Ltd
- ▶ Energy Australia
- ▶ Eraring Energy
- ▶ Fairfield City Council
- ▶ Fletcher International Exports Pty Limited

- ▶ Forestry Commission of New South Wales
- ▶ Gosford City Council
- ▶ Hawkesbury City Council
- ▶ Inghams Enterprises Pty Limited
- ▶ Integral Energy Australia
- ▶ ISS Property Services Pty Limited
- ▶ Johnson & Johnson Pty Limited
- ▶ Liverpool City Council
- ▶ Mars Australia Pty Limited
- ▶ Pacific National (NSW) Pty Ltd
- ▶ Qantas Airways Limited
- ▶ Rail Corporation New South Wales
- ▶ Rocla Pty Limited
- ▶ Shoalhaven City Council
- ▶ Star City Pty Limited
- ▶ State Transit Authority of New South Wales
- ▶ Sutherland Shire Council
- ▶ 3M Australia Pty Limited
- ▶ Toll Pty Limited
- ▶ Transfield Services (Australia) Pty Limited
- ▶ TransGrid
- ▶ Unilever Australia Limited
- ▶ United Group Rail Services Limited
- ▶ University of New South Wales
- ▶ University of Wollongong
- ▶ Veolia Environmental Services (Australia) Pty Limited
- ▶ Warringah Council
- ▶ Westpac Banking Corporation
- ▶ Wyong Shire Council

#### GROUP SELF-INSURERS

- ▶ Australia and New Zealand Banking Group Limited
- ▶ Brambles Industries Limited
- ▶ BHP Billiton Limited
- ▶ Bluescope Steel Limited
- ▶ Cadbury Schweppes Australia Limited
- ▶ Coles Group Limited

- ▶ CSR Limited
- ▶ McDonald's Australia Holdings Limited
- ▶ NB Flinders Pty Limited
- ▶ Northern Co-operative Meat Company Limited
- ▶ The NSW Self Insurance Corporation
- ▶ OneSteel Limited
- ▶ Rail Infrastructure Corporation
- ▶ Rinker Group Pty Limited
- ▶ Skilled Group Limited
- ▶ Symbion Health Limited
- ▶ Woolworths Limited

#### **SPECIALISED INSURERS**

- ▶ Catholic Church Insurances Limited
- ▶ Coal Mines Insurance Pty Ltd
- ▶ Guild Insurance Limited
- ▶ Hotel Employers Mutual Limited
- ▶ North Insurances Pty Ltd
- ▶ StateCover Mutual Limited
- ▶ Racing NSW

#### **SPECIALISED DOMESTIC INSURERS**

Workcover is proposing the closure of this category of licences effective as of 31st December 2008

- ▶ ACE Insurance Limited
- ▶ Allianz Australia Insurance Limited
- ▶ Ansvar Insurance Limited
- ▶ Calliden Insurance Limited
- ▶ CGU Insurance Limited
- ▶ Chubb Insurance Company of Australia Limited
- ▶ Commonwealth Insurance Limited
- ▶ Elders Insurance Limited
- ▶ GIO General Limited
- ▶ Insurance Australia Limited
- ▶ The Hollard Insurance Company Pty Limited
- ▶ Lumley General Insurance Limited
- ▶ Vero Insurance Limited
- ▶ QBE Insurance (Australia) Limited
- ▶ Westpac General Insurance Limited
- ▶ Zurich Australian Insurance Limited

## **APPENDIX 26**

### **PRODUCTION NOTES**

The WorkCover NSW Annual Report 2007/08 is a publicly available document and can be accessed on the WorkCover website [www.workcover.nsw.gov.au](http://www.workcover.nsw.gov.au) or obtained by phoning 13 10 50.

In accordance with statutory requirements, WorkCover notes that the estimated total external production cost for the 2007/08 Annual Report was \$41,170 plus GST.

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Project Management by WorkCover NSW – Planning Performance and Research Unit, Strategy and Policy Division

Designed by Impress Design

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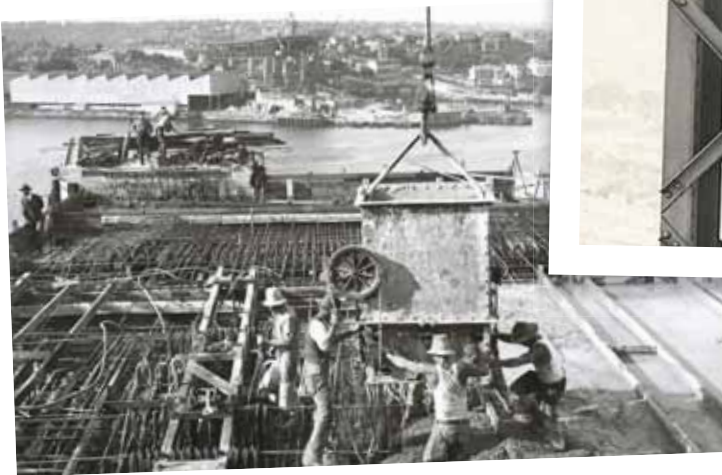
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## ▶ NOTES

# Bridging the gap...

## ... WORKPLACE SAFETY – THEN AND NOW



### THE PAST

When the Sydney Harbour Bridge was built, 16 workers died, including seven bridge workers who fell from a great height. This figure doesn't include those workers who fell and survived.

Workers on the Bridge received no tea breaks, no sick leave and no annual leave . . . and no safety equipment.

One boilermaker, who fell 46 metres from the arch of the bridge, was celebrated for surviving and breaking only two ribs. He returned only 17 days later and was presented with a gold medal and watch.

For many years, the response of Government to workplace incidents was to prescribe regulations, which today seem peculiar and archaic.





## THE TURNING POINT

New South Wales introduced the *Occupational Health and Safety Act 1983*, creating a general duty on employers to provide a safe workplace.

The evolution of occupational health and safety in New South Wales continued with the introduction of the *Occupational Health and Safety Act 2000*. Reforms to the State's injury management legislation placed a renewed focus on managing the return to work process for the benefit of injured workers.



## THE PRESENT

New South Wales is now experiencing its lowest rates of workplace injuries. The incidence of work related fatalities has also more than halved. For employers, it means lower workers compensation premiums and improved business performance.

## THE FUTURE

WorkCover, in partnership with government, industry, workers and their unions, has committed to reducing the number of workplace fatalities by 20 per cent and levels of workplace injury by 40 per cent by 30 June 2012.

Our objectives are simple . . . to ensure that all workers make it home at the end of the day...and allow employers to get on with the business that they do best.



# CORPORATE PLAN 2008–11

*making a difference*



## ORGANISATIONAL CULTURE

Committed to

**CUSTOMER SERVICE**

**INTEGRITY**

**ACCOUNTABILITY**

**RESPECT AND FAIRNESS**



New South Wales Government

#### DISCLAIMER

This publication may contain occupational health and safety and workers compensation information. It may include some of your obligations under the various legislations that WorkCover NSW administers. To ensure you comply with your legal obligations you must refer to the appropriate legislation.

Information on the latest laws can be checked by visiting the NSW legislation website ([www.legislation.nsw.gov.au](http://www.legislation.nsw.gov.au)) or by contacting the free hotline service on **02 9321 3333**.

© WorkCover NSW

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