



20 YEARS OF
making a difference

2008
ANNUAL REPORT
2009



CORPORATE PLAN 2008–11

making a difference

Engage stakeholders to improve OHS and workers compensation outcomes

- Building strong ongoing relationships to share perspectives and partner with stakeholders
- Actively seeking and responding to stakeholder views
 - Developing effective partnerships to provide a harmonised and whole of government approach to workplace safety and workers compensation

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

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

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

Building organisational capability – our people and our systems

- Attracting and retaining quality staff
- Developing and recognising management and technical skills
 - Modelling good leadership behaviour
- Enhancing internal communications and cooperation to deliver holistic OHS and workers compensation outcomes
- Providing effective governance, risk and issues management and business support systems

ORGANISATIONAL CULTURE

Committed to

CUSTOMER SERVICE

INTEGRITY

ACCOUNTABILITY

RESPECT AND FAIRNESS

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Letter to the Minister

30 November 2009
 The Hon. Michael Daley MP
 Minister for Finance
 Minister for Police
 Parliament House
 Macquarie Street
 Sydney NSW 2000

Dear Minister

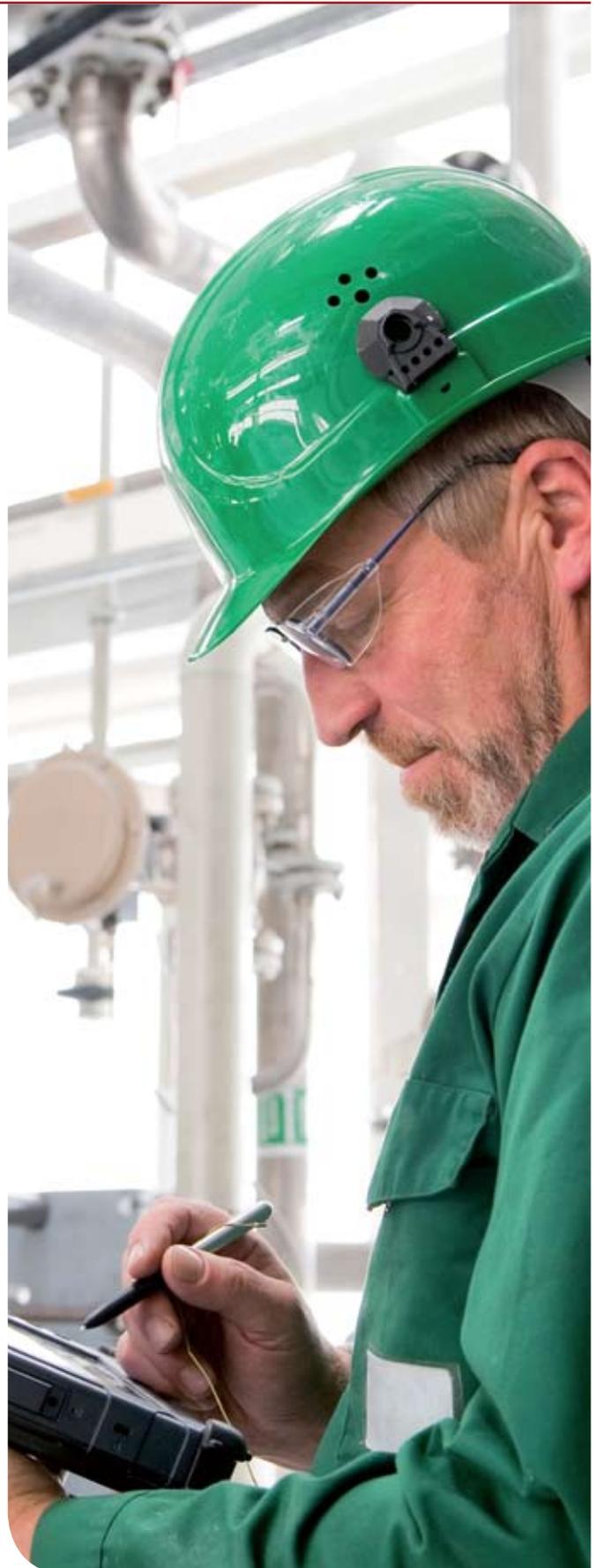
In accordance with the *Annual Reports (Statutory Bodies) Act 1984*, I have pleasure in submitting for your information and presentation to Parliament, the Annual Report of WorkCover NSW for the financial year ended 30 June 2009.

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



Rob Thomson
 A/Chief Executive Officer
 WorkCover NSW



About 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.

Historically, WorkCover operations have been funded through a levy on workers compensation premiums. New funding arrangements from 1 July 2008 provide greater transparency and improved financial accountability. WorkCover now prepares an annual base expenditure budget and estimates in relation to income expected from various sources. Funds required in addition to identified income sources are then transferred from the Workers Compensation Insurance Fund (WCIF) to the WorkCover Authority Fund to cover operation costs. Surplus funds may be transferred back to the WCIF as determined by the WorkCover Board.

Under the new funding arrangements premium collections, investment performance and cost reductions all contribute towards funding WorkCover operations. As such, industry continues to bear the direct cost of occupational health and safety services and the management of the workers compensation system in New South Wales.

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.

WorkCover continues to undertake significant reform of its occupational health and safety and workers compensation regulatory regimes against the backdrop of greater inter jurisdictional cooperation and stakeholder engagement. These reforms have delivered a modern regulatory framework that provides 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 New South Wales.

In July 2008 the states, territories and Commonwealth signed an *Inter-Governmental Agreement for Regulatory and Operational Reform in Health and Safety*, committing to implement national uniform model occupational health and safety (OHS) legislation by the end of 2011. Further details are available on page 35.

Role

WorkCover monitors the workers compensation system, licenses self and specialised insurers to provide workers compensation insurance, regulates insurers and manages scheme agents on behalf of the Nominal Insurer. It ensures the administration of insurers provides for 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 2009, 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: *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.

“New funding arrangements from 1 July 2008 provide greater transparency and improved financial accountability”

Corporate direction and reporting

This 2008/09 Annual Report is structured to provide information using the key objectives and organisational outcomes identified in the 2008–11 WorkCover Corporate Plan. The four key objectives are:

- prevention of workplace injury and illness
- a financially and socially responsible workers compensation system
- engage stakeholders to improve OHS and workers compensation outcomes, and
- organisational capability – our people and our systems.

The financial statements contain the audited financial statements for the year ended 30 June 2009.

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 2008/09 WorkCover NSW Annual Report provides financial reports for the Workers Compensation Investment 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. The WCIF’s investment policies are determined by the Workers Compensation Insurance Fund Investment Board. The Board is responsible for:

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

Additional information about the activities of the WCIF in 2008/09 is provided on page 27. Financial Statements for the WCIF commence on page 126.

Workers Compensation Commission

The Workers Compensation Commission is an independent statutory tribunal within the justice system of New South Wales, 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 New South Wales. 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 88.

Office of the WorkCover Authority

The enactment of the *Public Sector Employment Legislation Amendment Bill 2006* transfers 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 have become 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 106.

Post-period note

The Compensation Authorities Staff Division was formed as part of the *Departmental Amalgamations Order 2009 (2009 no 352)* on 1 July 2009. The Office of the WorkCover Authority was abolished and WorkCover is now part of this new entity.

Future outlook 2009–2012

WorkCover's 2009–2012 Corporate Plan will provide strategic direction and guide the organisation over the next three years. The 2009/10 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 stakeholders to improve occupational health and safety and workers compensation outcomes, and
- building organisational capability through 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 New South Wales employers, employees and the New South Wales 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 annually reviews its core objectives, refocusing its strategies and performance measures to better reflect the changing workplace environment: These changes are reflected in the corporate plan as follows:

■ Prevention of workplace injury and illness

Building capability of workplaces to manage and control health and safety risks through:

- Appropriate application of information, assistance, education, advice, incentives and deterrents
- Development and operationalisation of national model legislation
- Development and implementation of practical workplace standards, information, testing and workable solutions.

Our successful delivery of these strategies 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)
- Improvement in the proportion of preventative activities as a proportion of total activities
- Businesses reporting that they are more capable of managing Occupational Health and Safety (OHS), workers compensation and injury management (IM) as a result of interactions with WorkCover
- Businesses reporting that they have more knowledge and skills in managing OHS, workers compensation and IM as a result of interactions with WorkCover
- Employers consider WorkCover interventions 'fair and reasonable'
- Stakeholders report that they experience consistent messages about what compliance looks like
- Agreed 'National Strategy' milestones met within timeframes.

■ A financially and socially responsible workers compensation system

WorkCover will endeavour to continually improve the workers compensation system for employers and employees through:

- Responsible financial management
- Improved health, social and return to work outcomes for injured workers
- Effective decision making with timely and equitable resolution of disputes
- Focusing on performance and ensuring accountability of agents, insurers and service providers

- Effective management of Scheme investments
- Information, assistance, education, incentives and deterrents
- Influencing national workers compensation strategies and initiatives.

Our successful delivery of these strategies will be measured by:

- Maintaining a Scheme funding ratio in the range 90 per cent to 110 per cent
- Maintaining average claim duration rates at 2008/09 levels
- Our Claims Assistance Service resolving greater than 85 per cent of requests for assistance
- Scheme Agents are subject to no more than two Corrective Action Plans per annum
- Greater than 95 per cent of self insurers on full term (three-year) licence renewal cycle
- Greater than 90 per cent of Retro-Paid Loss Premium Method applicant employers meet or exceed acceptance criteria
- Seek a return in excess of the liability discount rate over a three-year rolling period.

▪ **Engaging stakeholders to improve OHS and workers compensation outcomes**

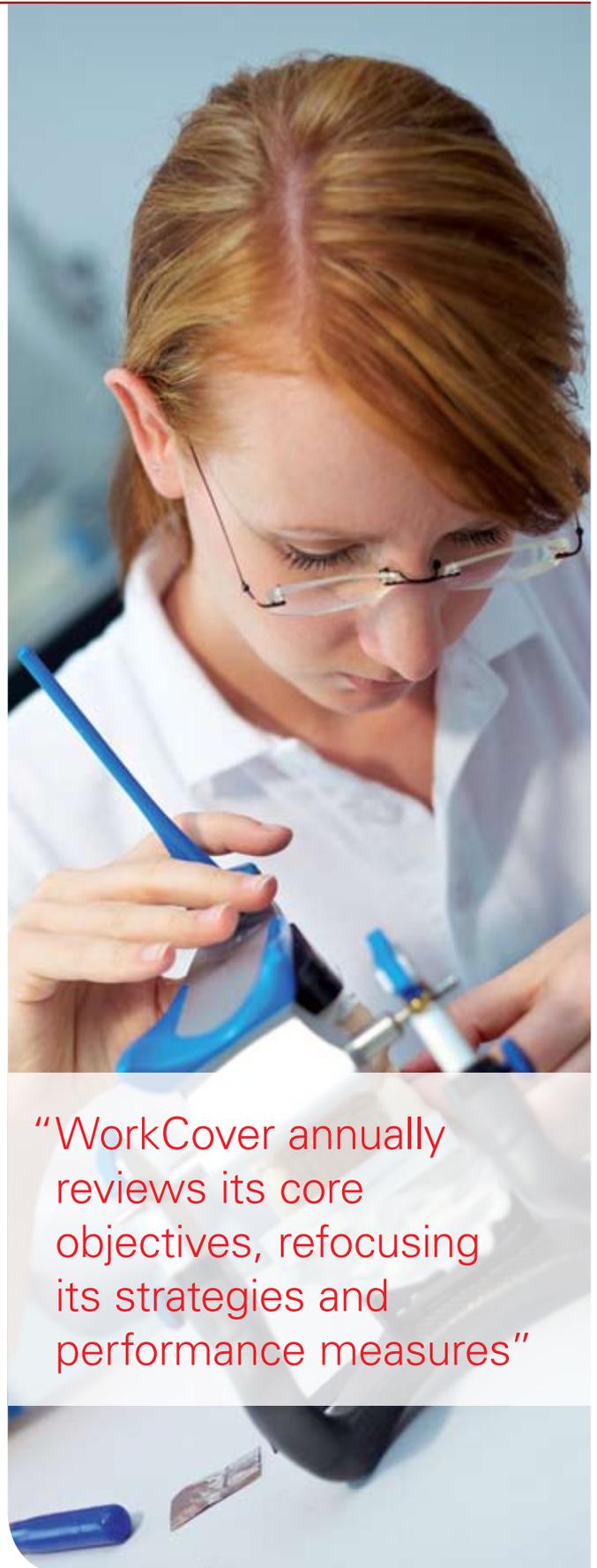
WorkCover will assist NSW employers and employees improve their OHS and workers compensation understanding and outcomes through:

- Actively listening to and considering stakeholder views and responding appropriately
- Partnering with stakeholders to better understand their needs and working with them to achieve improved outcomes
- Developing effective partnerships with NSW, Commonwealth and interstate agencies.

▪ **Building organisational capability through our people and our systems**

WorkCover will strengthen its ability to provide effective and efficient services by 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 annually reviews its core objectives, refocusing its strategies and performance measures”

Chief Executive Officer's report



CEO foreword

In its 20th year, WorkCover NSW continues to deliver positive occupational health and safety, injury management and return to work, and workers compensation outcomes for the people of NSW. The organisation continues to be well regarded by NSW employers and workers in its role of helping to ensure that work and the work environment are safe, healthy and productive. This view has been further reinforced throughout 2008/09 by:

- a strong emphasis on engaging with our stakeholders
- a continued focus on the provision of advice and assistance to businesses to increase their capability to improve their own workplace safety, and
- improved awareness of both WorkCover NSW and workplace safety.

Most importantly, this approach is proving successful with NSW experiencing its lowest injury incidence rates, and a reduction by 62 per cent in the incidence rate of work related fatalities, since the Workers Compensation Scheme commenced in 1987.

In July 2008 the Australian, state and territory governments committed to implementing national uniform model OHS legislation by the end of 2011. In May 2009, the Workplace Relations Ministers' Council agreed to a framework for uniform workplace safety laws across jurisdictions.

A new national tripartite body, the Safe Work Australia Council, was established in March 2009 to oversee workplace safety outcomes and workers compensation arrangements across Australia, replacing the former Australian Safety and Compensation Council. The new Council will lead the development and implementation of uniform national occupational health and safety legislation that will commence on 1 January 2012. WorkCover NSW is a key participant in the achievement of the national program for the development and implementation of uniform OHS laws.

Reductions in injuries, improved workers compensation outcomes and solid investment performance have all contributed to a financially sound Workers Compensation Scheme in New South Wales.

In 2008/09 the organisation continued to improve workplace safety and workers compensation services to NSW. From 30 June 2009, a new retro-paid loss premium calculation method based on commercial burning cost arrangements has provided large employers with an alternative to the current conventional premium calculation system. Retro-paid loss arrangements provide strong financial incentives to improve workplace safety and outcomes for injured workers.

An extensive body of work was carried out throughout 2008/09 for the awarding of new, five-year contracts for the provision of workers compensation claim and policy services for the Nominal Insurer. The new contracts will commence from 1 January 2010 and build on the existing performance-based contracts that have been in place since January 2006.

WorkCover was formally recognised as an employer of choice by being named a finalist in the 2008 Australian Human Resource Awards in the category – Employer of Choice (Public Sector). Our nomination for this award is strong evidence of the organisation's commitment to staff development and providing innovative approaches to leadership and flexible work practices.

On behalf of the WorkCover Executive team I would like to acknowledge the significant contribution made to WorkCover by the former Chief Executive Officer, Jon Blackwell, over his six years with the organisation.

I would also like to thank the staff and management of WorkCover for the outstanding contribution they have given to improving workplace safety and workers compensation outcomes for the people of NSW. Their efforts are recognised and appreciated, and the importance of continuing with this very valuable work cannot be overstated.

Finally, I encourage the employers and workers of NSW to continue to take a lead role in improving their workplace safety. It makes good business sense. Most importantly, it saves lives.



Rob Thomson
A/Chief Executive Officer

November 2009

“This approach is proving successful with NSW experiencing its lowest injury incidence rates since the Scheme commenced”

Year in review

Prevention of workplace injury and illness

To assist NSW employers and employees to achieve safer workplaces, and therefore more productive workplaces

Outcomes and performance

- Major workplace injury rates (injuries per 1,000 employees) are at the lowest level since the commencement of the Scheme. The number of workplace injuries reduced from 43,982 reported in 1997/98 to 30,077 in 2007/08 (latest injury and fatality data available), representing a 47.1 per cent reduction in incidence rates over the period
- Workplace fatalities reduced by over 25 per cent since 1997/98
- Major employment injury incidence rates (injuries per 1,000 employees) continue to reduce with a one per cent reduction from 2006/07 to 2007/08
- Employment related fatality incidence rates have reduced by 62 per cent since 1987/88
- WorkCover has actively participated in the continuing harmonisation of occupational health and safety laws across Australia
- WorkCover continues to increase advisory activity with 83 per cent of all OHS activities being of an advisory nature
- WorkCover issued:
 - 2,460 confirmation of advice notices
 - 690 penalty notices
 - 769 prohibition notices
 - 10,863 improvement notices
- In 2008/09 WorkCover concluded 108 successful occupational health and safety prosecutions involving 96 defendants in 59 matters with total fines awarded by the courts of over \$4.6 million
- WorkCover provided 6,049 rebates totalling \$517,521 for power take-off guards to farmers to improve tractors safety
- WorkCover provided 4,690 rebates totalling \$1,287,792 to farmers to improve silo safety

The Future

- Apply targeted incentives, rebates, recognition, and rewards to encourage and assist businesses to achieve health and safety outcomes
- Build workplace capability through utilising the full range of tools available, depending on the severity of risks and capability of the employer
- Develop and implement national model legislation, including practical guidance material, National Codes, Standards and Laws
- Establish and maintain partnerships and alliances to promote effective workplace safety cultures



Year in review

A financially and socially responsible workers compensation system

Improving the workers compensation system for employers and employees

Outcomes and performance

- At 30 June 2009, the WorkCover Scheme's liabilities exceeded its assets by \$4,482 million
- Implemented phase two initiatives from the Intergovernmental Agreement for Harmonisation of Workers Compensation and Occupational Health and Safety Arrangements
- WorkCover received 333 referrals of alleged fraudulent activity, all of which have been or are being actioned
- Other fraud activities included 12 prosecutions that resulted in convictions
- A total of 6,477 wages audits were undertaken, resulting in \$29 million in underpaid premiums being identified and \$7.8 million being paid to employers
- Five premium rate reductions since November 2005 have reduced workers compensation premium rates by an average of 30 per cent, saving NSW industry \$935 million in 2008/09 alone
- Apprentice wages have been removed from the calculation of workers compensation premiums, saving employers an additional \$53 million in 2008/09
- Red tape surrounding workers compensation wage declarations and certificates of currency requirements have been cut, saving employers an additional \$20 million per year
- The requirement for keeping wage records has been reduced from seven to five years
- Lump sum payments for workers sustaining a permanent injury increased by ten per cent from January 2007
- The lump sum compensation for the death of a worker was increased by more than 23 per cent and the circumstances in which benefit is payable broadened
- Automatic workers compensation coverage has been provided to most employers that pay annual wages of \$7,500 or less, including private households employing domestic workers
- Introduced the Retro-paid Loss Premium Calculation Method that links large employers claims experience to their premium (see page 26)
- Investment returns outperformed the strategic benchmark return by 1.1 per cent

The Future

- Refine decision making practices to minimise disputes
- Implement new Scheme Agent contracts
- Monitor and analyse Scheme data, identify issues and initiate action where appropriate
- Continue to implement:
 - large employer premium reform
 - third party provider performance initiatives and
 - industry professional education and skills programs for insurers, Scheme Agents and providers

Engage stakeholders to improve OHS and workers compensation outcomes

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

Outcomes and performance

- The NSW Government committed to the *Inter-Governmental Agreement for Regulatory and Operational Reform in Health and Safety*, committing to implement national uniform model occupational health and safety legislation, regulations and codes of practice by the end of 2011 (see page 35)
- Substantially improved public sector injury prevention, injury management and return to work outcomes through the *Working Together* strategy
- The WorkCover Information Centre handled 221,923 phone calls, 10,723 emails and 3,917 counter enquiries
- The Claims Assistance Service resolved 4,087 workers compensation dispute cases
- WorkCover's Information Centre was named a finalist in the Best Government Contact Centre Awards
- Over 11,000 visitors attended the 2008 Safety Show and Conference
- The WorkCover Assist grants program made \$5 million available for employer, employee organisations and not for profit group training organisations to help them improve understanding and comply with occupational health and safety and workers compensation legislation
- Finalised a Memorandum of Understanding with the Commonwealth Department of Immigration and Citizenship to formalise information sharing regarding the section 457 visa scheme to improve worker safety
- Surveys show WorkCover's safety message is being received, with 94 per cent of the general public aware of WorkCover and its role

- The Mentor program provided 81 small businesses with free access to OHS, workers compensation and injury management assistance
- WorkCover provided 501 workshops, 142 presentations and conducted 32 small business forums to assist small and medium businesses to improve their OHS and injury management outcomes
- WorkCover provided its 1,000 workplace advisory visit

The Future

- Strengthen industry capability to manage workplace risk by providing employer, employee and community engagement mechanisms
- Establish, maintain and evaluate partnerships with NSW and interstate government agencies to deliver OHS, workers compensation and injury management outcomes
- Support the development and implementation of national OHS legislation, by developing effective relationships with the Commonwealth and other jurisdictions
- Deliver the WorkCover message to targeted key stakeholders through effective communication strategies including advertising campaigns and sponsorship programs

Building organisational capability – our people and our systems

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

Outcomes and performance

- WorkCover’s own injury management practices remained stable with around 50 claims per year over the past five years
- Twenty one of the 47 claims in 2008/09 recording no lost time and eight others with less than five days lost
- The average time lost per claim has gradually reduced from 18 days in 2002/03 to just seven in 2008/09
- WorkCover continued to improve its social justice performance through multicultural policies and services, a disability action plan, equal employment opportunity management, a spokeswomen’s program and Aboriginal and Torres Strait Islander development strategies
- WorkCover’s proportion of Aboriginal and Torres Strait staff of 3.1 per cent exceeds the public sector benchmark of two per cent

- WorkCover was a finalist in the 2008 Australian Human Resource Awards – Employer of Choice (Public Sector) category
- Results for WorkCover’s second Great Place to Work survey show an improvement of three to four on surveyed items
- Just over 250 managers have now completed the Corporate Leadership Development Program to improve leadership within the organisation. In addition, 24 managers have completed an executive and management development programs offered to the NSW public sector
- WorkCover’s attrition rate of 6.12 per cent is considered a positive result for staff engagement and retention
- WorkCover continues to expand its reporting and analysis capability, and improve system stability and performance through continual improvements to the Corporate Data Repository and associated works
- Redesign of the WorkCover website undertaken in 2008/09 will make it more user friendly, more industry relevant and improve search capability. The site will be launched in 2009/10
- WorkCover’s overall energy consumption has decreased by 7.4 per cent from 2007/08 to 2008/09

The Future

- Enhanced information management to provide high quality information, evidence and research to support business decision making
- Deliver a strategic research framework to ensure all research is actively managed and aligns with the corporate strategic direction
- Promote WorkCover as an employer of choice to attract and retain quality staff
- Improve staff capability and recognise core business skills



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.
- 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 2009 there were two vacancies.

Members of the WorkCover Board on 30 June 2009

Greg McCarthy AAIL

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 New South Wales. 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.



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 New South Wales 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.



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.



Mark Lennon BComm, LLB

Mark Lennon is currently the Secretary of Unions NSW and was appointed to that position in October 2008. Mark joined Unions NSW (formerly the Labor Council of NSW) in 1988 and has held the positions of OH&S training officer, industrial officer, organiser and Assistant Secretary prior to becoming Secretary.

Mark was appointed to the WorkCover NSW Board on 30 May 2007.



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 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 2009

Chief Executive Officer

Jon Blackwell, BA, MA

General Manager, Corporate Services Division

Robert Gray, MMgt

General Manager, Investment Division

Jerome Lander, MBBS, MBusCom, Grad Cert Business Admin, CIMA (from 29/6/09)

Michael E Block, BA, BCom, MCom, Dip Law, Grad Dip Applied Finance & Investment, Dip Fin Planning, FCPA, FFin, CIMA, JP (to 12/12/2008)

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

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.

Director, Office of the Chief Executive

Murray McLachlan, BA, DipEd, GDTL, MPubPol

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 2008/09 the meetings held and attendances by directors were:

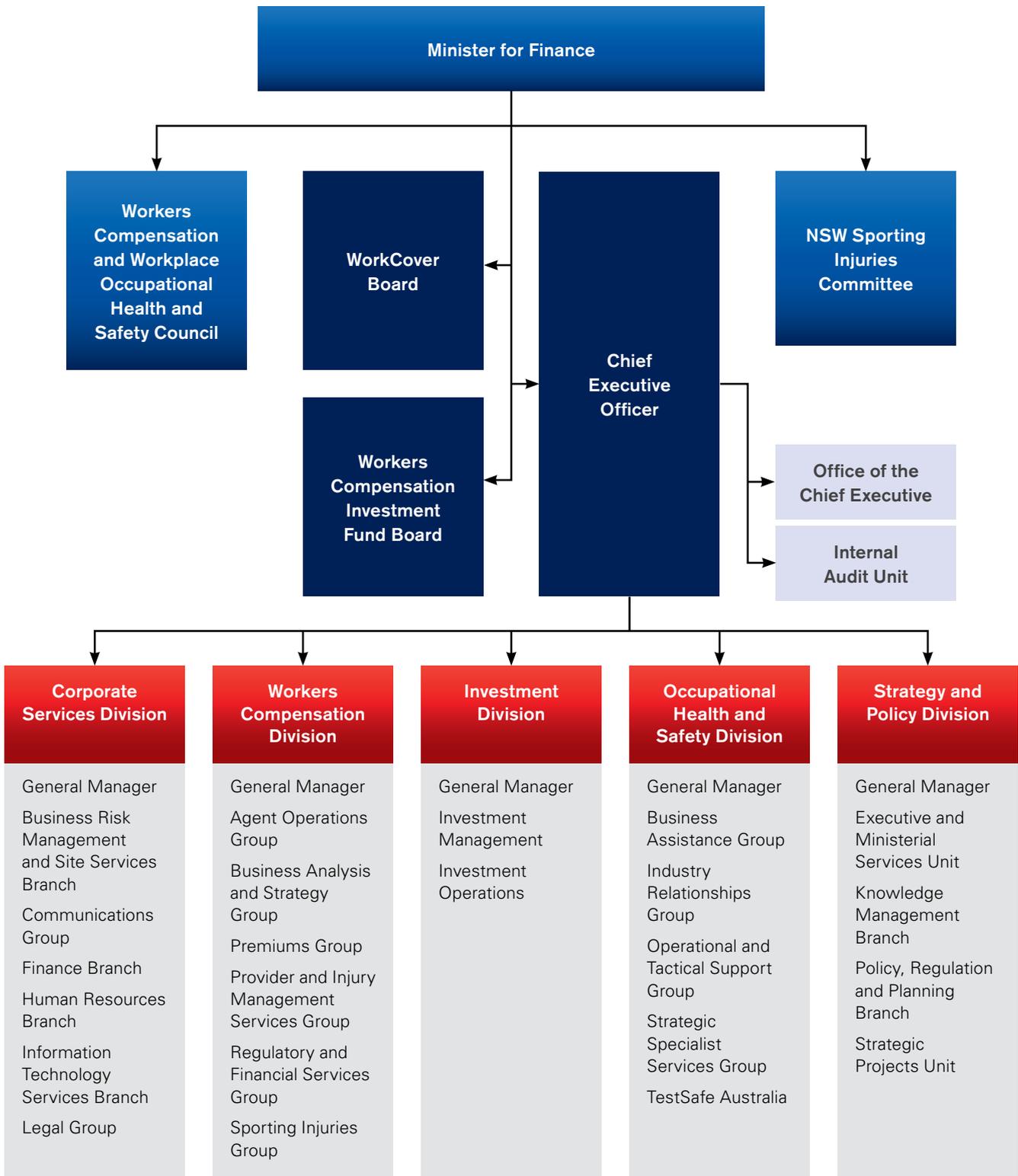
Board	Number eligible to attend	Number attended
Jon Blackwell	11	11
Sue Clark	11	10
Greg McCarthy (Chairperson)	11	11
Donna Staunton	11	10
Doug Wright	11	11
Mark Lennon	11	10

Board Audit and Risk Management Committee*	Number eligible to attend	Number attended
Richard Allely (independent member)	4	3
Jon Blackwell	4	3**
Sue Clark	4	3
Mark Lennon	As needed	0
Donna Staunton	4	4
Doug Wright (Chairperson)	4	4

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

** The Chief Executive Officer is a standing invitee of the Board Audit and Risk Management Committee, and attended three meetings during the year ended 30 June 2009, with Rob Gray attending one meeting as Acting CEO.

Organisational structure on 30 June 2009



Prevention of workplace injury and illness

WorkCover administers New South Wales 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. WorkCover's Inspectors and Business Advisory Officers supply these services directly to the State's employers and employees.

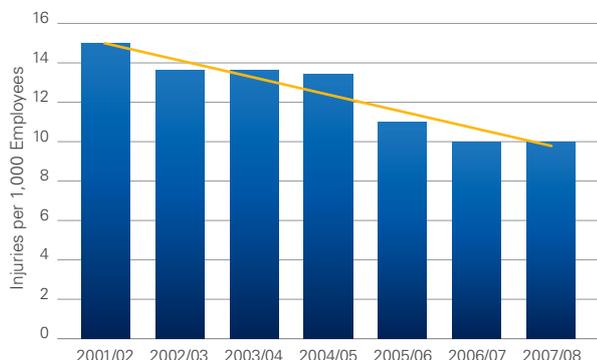
To measure the effectiveness of its illness and injury interventions WorkCover looks to the changes in the incidence rates for major injuries and workplace fatalities. The most recent figures (2007/08 data) show that work related injury rates are at their lowest levels since the workers compensation scheme began in 1987. Work related fatality rates have reduced by 62 per cent over the same period.

Workplace injuries

The incidence rate for major workplace injuries is defined as the number of major workplace injury claims per 1,000 employees. 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. 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. Figure 1 below indicates the incidence rates of major workplace injury claims. The graph shows a continued reduction in workplace injuries, with the yellow line representing a linear trend from 2001/02.

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 data from recent years.

Figure 1: Workplace Incidence Rates – Major Injuries



There were a total of 30,077 major workplace injuries reported in 2007/08 (the latest released data), a reduction of 31.6 per cent from the 43,982 reported in 1997/98. This represents a 47.1 per cent reduction in major workplace injury incidence rates over the same ten year period. This decrease is significant considering the reclassification of road traffic accidents in 2004/05.

The agriculture, forestry and fishing industry were the highest represented industry with an incidence rate of 22.9 major workplace injuries per 1,000 employees. This industry also contributed to eight workplace fatalities in 2007/08. Manual handling injuries were a major mechanism for injury in this industry, contributing to a total of 8,875 of the 30,077 workplace injuries across all industries.

Workplace fatalities

Workplace fatalities have declined from 71 in 1997/98 to 53 in 2007/08, a reduction of over 25 per cent. The manufacturing (11), transport and storage (10) and construction (9) industries accounted for 30 fatalities, representing approximately 57 per cent of all workplace fatalities. Fatalities in the 44 to 49 years age group represented nearly 23 per cent of all workplace fatalities (12) and contributed to a total of 36 fatalities occurring in the 40 to 59 years age bracket.

Figure 2: Workplace Fatalities

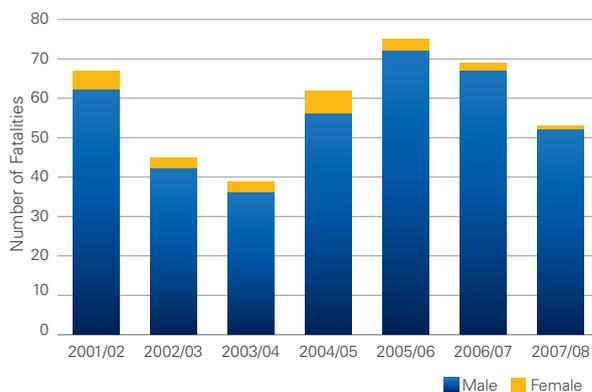
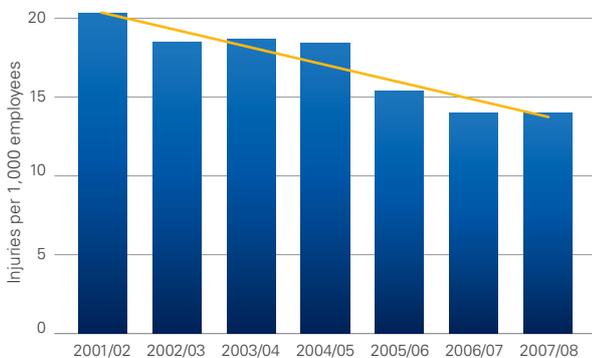


Figure 2 shows the number of workplace fatalities by gender. Of the 53 workplace fatalities in 2007/08, 52 were males and there was one female fatality. Care should be taken when comparing recent results with years prior to 2004/05. Recent years appear higher as a result of the reclassification of road accidents, with vehicle accidents accounting for 11 of the 53 workplace fatalities in 2007/08.

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 142,542 employment injuries reported in 2007/08, a rise of two per cent from 140,203 in 2006/07. This represents a one per cent reduction in the incidence rate (total employment injuries per 1,000 employees) from 47.6 in 2006/07 to 47.3 in 2007/08.

Figure 3: Incidence Rate – Major Employment Injuries

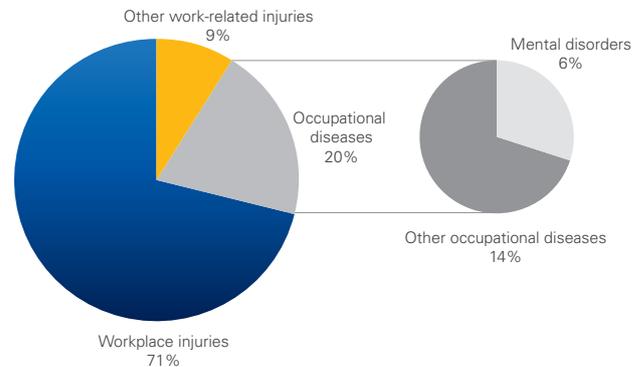


Major injury claims are those that result from incidents causing death, permanent disability or temporary disability where five or more days have been paid for total incapacity. Major employment incidence rates (major employment injuries per 1,000 employees) have reduced by 44.4 per cent in the ten years from 25.2 in 1997/98 to 14.0 in 2007/08.

Figure 3 shows the continual reduction in major employment injury incidence rates since 2001/02, with the yellow line representing the trend over this period. The mining sector had the highest incidence rate (28.1) followed by the agriculture, forestry and fishing (27.0), manufacturing (24.7) and construction industry (22.9).

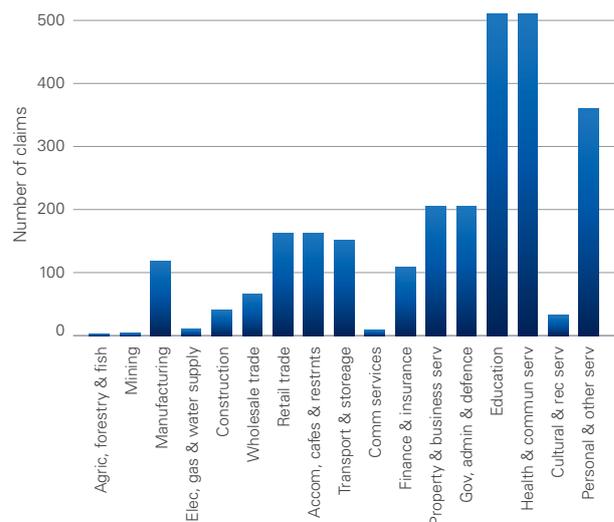
An analysis of employment injuries represented in Figure 4 shows workplace injuries make up approximately 71 per cent of all employment injuries, followed by occupational diseases (20 per cent), with other work-related injuries contributing to 9 per cent.

Figure 4: Major Employment Injuries



Mental disorders continue to be the highest represented nature of disease contributing 2,657 of the 8,628 incidences of occupational disease. Females are highly represented in the mental disorders data, with 1,539 or nearly 58 per cent of mental disorder claims. This represents an incidence rate of 1.1 claims per 1,000 female employees out of a total occupational diseases incidence rate for females of 1.9. As shown in Figure 5 below, the health and community services and education industries were the major contributors, representing over 38 per cent of all reported mental disorders.

Figure 5: Number of mental disorder claims by industry



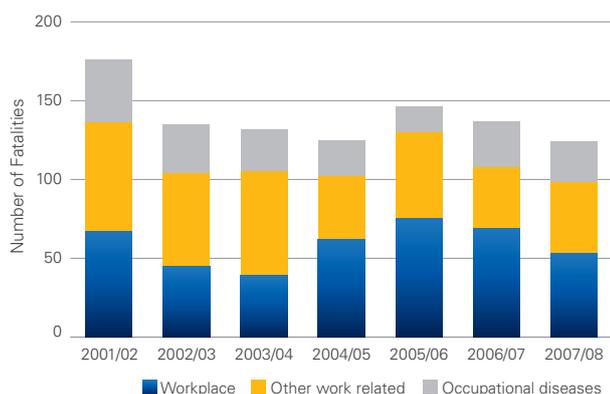
Prevention of workplace injury and illness

Employment fatalities

There were 124 fatalities resulting from employment related injury and disease reported during 2007/08, representing a reduction in incidence rates of 62 per cent since the workers compensation scheme commenced. As shown in Figure 6 below:

- 53 occurred as a result of traumatic injury while the person was at work (including 11 fatalities resulting from road traffic accidents while at work)
- 26 resulted from diseases contracted or aggravated as a result of employment, and
- 45 occurred while the person was away from their place of work (for example commuting to or from work).

Figure 6: Employment Fatalities



Further workers compensation claims data is available in the WorkCover NSW Statistical Bulletin, accessible from the WorkCover website www.workcover.nsw.gov.au.

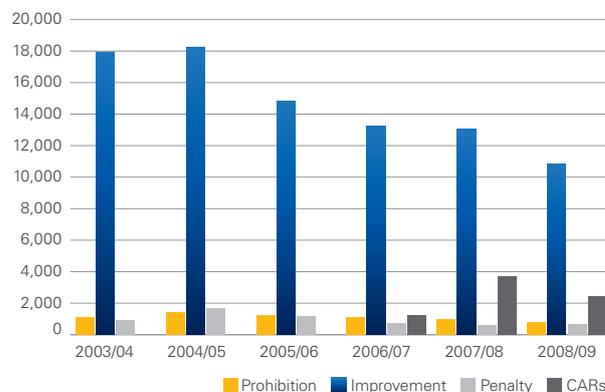
Applying an appropriate mix of information, assistance, education, advice, incentives and deterrents

WorkCover NSW provides workers compensation and occupational health and safety information, advice and educational services through its Inspectorate, project teams, Business Assistance Group and ongoing business activities, to assist employers meet their workplace safety obligations.

These services are delivered through advice and education programs, individual site visits, targeted interventions, industry rebate programs and a range of seminars and workshops held throughout the State.

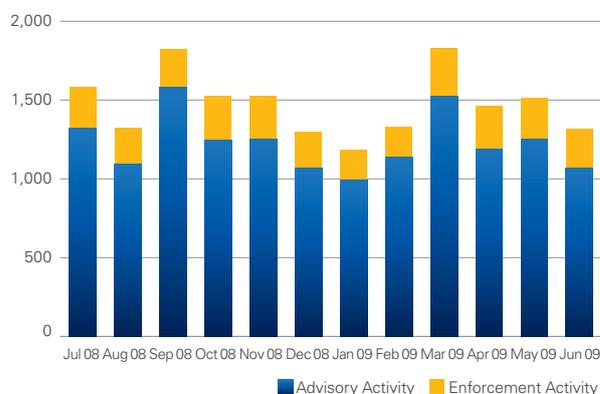
In 2008/09, WorkCover inspectors carried out workplace visits resulting in the issue of 2,460 confirmation of advice records (CARs), 690 penalty notices, 769 prohibition notices and 10,863 improvement notices for non-compliance with workplace safety legislation. WorkCover's focus on the provision of information and advice has seen a reduction in the number of prohibition and penalty notices issued, as evidenced in Figure 7. Improvement notices and the new CARs provide advice to employers on how to improve their workplace safety, without the need to issue formal enforcement notices.

Figure 7: Notices Issued



Advisory activity incorporates more than the provision of notices and includes activities such as advisory workplace visits, workshops, seminars and other events. In 2008/09 formal advisory activity data suggests that in excess of 83 per cent of all WorkCover OHS activities were of an advisory nature.

Figure 8: Proportion of Advisory Activity to all Activity



OHS prosecutions

As the regulator for workplace safety in New South Wales, WorkCover undertakes strategic prosecutions for non-compliance with occupational health and safety legislation. In 2008/09 WorkCover concluded a total of 108 successful occupational health and safety prosecutions involving 96 defendants in 59 matters. Total fines awarded by the courts were over \$4.6 million.

A total of 156 defendants were charged for breaches of the legislation in 2008/2009.

As at 30 June 2009, 196 defendants were before the Courts for breaches of occupational health and safety legislation. This does not include matters before the Coroner or under investigation.

Case management of investigations

WorkCover's highly effective case management of fatality investigations has been extended to include non-fatality incidents. A specialist criminal law unit provides legal advice and support to Inspectors investigating possible breaches of occupational health and safety legislation.

On completion of an investigation, a WorkCover solicitor reviews the evidence collated and provides legal advice on any recommendations for prosecution. This specialist legal support and assistance promotes appropriate and effective outcomes to workplace incidents, a strategic approach to effective risk management and prevention and compliance with OHS legislation.

Industry Solutions Program

The Industry Solutions Program establishes consultative committees to address key safety issues across a range of industries and recommend practical and innovative solutions to specific hazards. The committees are established partnerships of representatives from WorkCover, key industry experts, worker and employer groups, manufacturers, designers, suppliers and end users.

Since commencement of the program in 2006, the committees have provided safety solutions relating to post drivers, grain augers and erection of timber roof trusses. NSW is also working with other OHS jurisdictions to harmonise the initiatives that fall under the program. During 2008/09 Queensland, Victoria and Western Australia co-badged the industry safety standards for post drivers and grain augers.

The program continued in 2008/09, reviewing safety issues relating to wood splitters and erecting, altering and dismantling scaffolding. The scaffolding program saw the development and implementation of the *Industry Safety Standard for Erecting, Altering and Dismantling Scaffolding – Part 1: Prefabricated Steel Modular Scaffolding*. The Standard provides the construction industry with a safer way to erect scaffolding. In developing the Standard, over 30 industry briefings were held across NSW reaching approximately 1,200 participants including scaffolders, builders and training providers.

Practical solutions to prevent the collapse of brick walls and to reduce the risks arising from the use of agricultural slashers (general foliage cutting) and front end loader attachments to agricultural tractors will commence in the new financial year.

Building capability so that workplace health and safety risks are properly controlled

New resources for the residential construction industry

In May 2009, WorkCover hosted a launch of the Housing Industry Site Safety Pack (HISSP) at Miller TAFE. Members of the Housing Industry Consultative Committee (HICC), guests from the Office of Fair Trading and staff and students from Miller TAFE attended the launch.

The HISSP safety pack provides guidance in how to manage risk, and provides tools and forms to help small businesses in the residential construction sector meet their OHS obligations. The resource was developed with the benefit of many varied industry perspectives, with WorkCover and industry working in partnership to develop practical, workable solutions.

Manual Handling Program

Manual handling injuries continue to be the highest contributory mechanism for workplace injuries, representing nearly 30 per cent of all workplace injuries in 2007/08. WorkCover's Manual Handling Program provides practical solutions to overcome manual handling injuries.

In 2008/09 the Smart Move Toolkit was developed and loaded onto the Smart Move website. The toolkit is a practical one-stop shop to implementing a manual handling system into a workplace and includes practical tools that address



hazard identification, risk assessment and control of manual handling risks. A specialist online toolkit was also developed for local government, with hardcopies and CD's also made available.

Manual handling workshops designed around the Smart Move toolkits were held across the State throughout *Manual Handling Month* in June 2009.

The first manual handling Webinar (on-line seminar) was held in April 2009, with 276 people attending from a range of industry sectors via the Internet. The Webinar discussed manual handling legislation with a focus on the national standard and code of practice. Specialist working teams have been formed to look at high-risk manual handling issues relating to young workers performing night fill duties in supermarkets and the safe use and handling of surgical loan kits. The two teams are working closely with industry researching solutions to specific problems arising in these industries.

Prevention of workplace injury and illness

Rural safety initiatives

The agriculture, forestry and fishing industry has the highest incidence rate (22.9) of major workplace injuries in NSW, at more than double the all industries rate of 10.0 injuries per 1,000 employees. Because of this WorkCover undertakes rural safety initiatives that provide a range of safety solutions and activities across the agriculture industry, and raise awareness of workplace health and safety issues by providing financial and other assistance to the State's farmers.

Drought Recovery Assistance Program

The Drought Recovery Assistance Program was launched in July 2008 to assist rural and regional business operators, workers and their families affected by the drought. The Program also provides support to communities through the recovery period.

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 PTO Guard Rebate Program provides rebates 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 four-year program will close on 30 August 2009. To 30 June 2009, a total of 6,049 PTO guards have been purchased, with \$517,521 in rebates being paid to farmers.

Safer Silo 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 where they are exposed to risks such as fire, explosion and asphyxiation. Poorly designed or maintained silos may also collapse, causing injury to users or bystanders.

Under the Program, seminars were held promoting a new Code of Practice for safe silo use to farming communities, and specialist advice on silo design for silo designers, manufacturers and suppliers.

A rebate scheme that provided up to \$1,000 dollar for dollar to assist farmers to purchase and fit silo safety devices commenced in January 2007. Finishing in January 2009, the scheme provided for 4,690 silo upgrades with rebates being paid to 1,380 applicants totalling \$1,287,792.

Entry Level Farm Safety Training Program

Young people and other new farming workers are highly represented in farming injuries and fatalities statistics.

WorkCover has engaged Farmsafe NSW to develop an entry-level farm safety training package. The program draws on existing farm safety training and resources to deliver a simple yet comprehensive training package for new farm workers. Farming groups, training organisations, farm owners and managers will be able to deliver the training packages, which will be available free to not-for-profit providers.

FarmSafe will be piloting the package with a number of farmer groups during November and December 2009.

“Young people and other new farming workers are highly represented in farming injuries and fatalities statistics”

Rural Mental Health Support Program

WorkCover has committed \$60,000 to support existing mental health prevention and support programs in regional and rural NSW.

Commencing in August 2008, WorkCover sponsored a number of events in rural NSW, including Looking Forward, an initiative of the 'Healthier Men! Healthier Families, Healthier Communities' Program. This Program is organised by the YMCA and promoted through the Greater Western Area Health Service.

WorkCover supports other mental health initiatives throughout NSW, such as Anglicare, St Vincent De Paul and the Black Dog Institute.

All Terrain Vehicles Safety

The use of All Terrain Vehicles (ATVs) on farms are very popular. However, ATVs are a major cause of death and serious injury in the farming community. WorkCover continues to fund practical demonstration at major rural field days to promote safe ATV selection, maintenance and riding.

Fostering Local Farm Safety

The Fostering Local Farm Safety Workshop Program provides the farming community with practical safety advice on specific hazards and how to control them using low cost solutions.

Through consultation with farming leaders the workshops are tailored to the needs and characteristics of the particular commodity groups. Particular industry specific hazards or work practices chosen by the farms are discussed through interactive workshops that provide farmers with the necessary skills to carry out risk assessments on their own equipment and work practices.

A series of successful workshops were undertaken with grape and citrus growers in the Riverina Region. WorkCover also funded Farmsafe NSW farm safety talks throughout the year and supported the 'Future Farmers Field Days' organised by FarmSafe NSW in 2008/09.

Wine Industry Safety Strategy

In response to a number of fatalities and serious incidents in the wine industry WorkCover commenced a program in July 2008 involving winery advisory and compliance visits, regional seminars and workshops focusing on industry specific high-risk issues.

The Wine Industry Safety Reference Group has begun development of the wine industry guide for the wine production industry. Rollout of the revised guides will be supported by information sessions and workshops in wine regions across NSW.

Harmonised and practical workplace standards, information, testing and workable solutions

Harmonisation Program 2008/09

WorkCover's Occupational Health and Safety Harmonisation program continues to contribute to greater consistency to regulatory OHS frameworks across Australia. Uniformity of OHS legislation will assist workers and employers operating in more than one state by cutting red tape without reducing safety standards.

WorkCover led a national working party that developed agreed definitions of proactive and reactive workplace interventions for the Comparative Performance Monitoring Report, which were approved by the Heads of Workplace Safety Authorities in March 2009.

WorkCover also participated in a national working party that developed a National OHS Compliance and Enforcement Policy that considers common principles of approach. Discussion on the development of model OHS legislation is detailed on page 35.

NCOC Renewals Program

The National Certificate of Competency (NCOC) program was undertaken to validate licences issued between 1996 and March 2004.

From September 2006, NCOC licences have been issued with photo identification, provision for the signature of the licence holder and tamper proof security features. The new photo licences will provide an assurance to both workers and employers that those people undertaking high-risk work have a valid licence. The program was completed in 2009 with approximately 97,000 certificates being converted to the new photo licence.

Asbestos and Demolition Online Notification System

The Online Notification System was launched in May 2009 to introduce an alternative method for licensees to lodge asbestos and demolition work notification and permit applications. The system ensures people supervising asbestos or demolition works have the appropriate training and improves safety of workers and the public from unsafe exposure to asbestos.

National Standard for Licensing Persons Performing High Risk Work

In April 2006, Safe Work Australia's predecessor, the Australian Safety and Compensation Council, declared the *National Standard for Licensing Persons Performing High Risk Work* (National Standard). The National Standard facilitates the operation of a nationally uniform, competency based licensing system for persons performing certain types of high-risk work.

The National Standard transfers high-risk work training and assessment to the Vocational Education and Training sector. Issue of a national licence will require training and assessment to be conducted under the supervision of or in partnership with a Registered Training Organisation. NSW will commence under the National Standard from 1 September 2009, with current National Certificates of Competency continuing to be recognised in all jurisdictions. These cards will be replaced with the new card at their renewal.

National Code of Practice for Induction for Construction Work

In May 2007 the former Australian Safety and Compensation Council declared the *National Code of Practice for Induction for Construction Work* (National Code). The National Code will reduce inconsistency and confusion for employers and workers by having one set of construction induction arrangements throughout Australia.

Construction induction training has been transferred to the Vocational Education and Training sector, requiring all training to be conducted under the supervision of, or in partnership with a Registered Training Organisation. The National Code will commence in NSW from 1 September 2009. Existing NSW issued construction induction cards will remain valid and will be recognised nationally (excluding Western Australia).

Loadshifting

WorkCover has reviewed the current requirements to licence loadshifting classes, other than forklifts, in NSW. The review was as a result of five loadshifting classes not being included in the *National Standard for Licensing Persons Performing High Risk Work* (National Standard). In November 2008 WorkCover released a discussion paper to over 600 stakeholders on three options including the adoption of the National Standard. The outcomes of this assessment have been provided to the Government for consideration.

OHS Consultation Course Review

WorkCover commissioned research on the content, design and structure of the OHS Consultation Course to determine the best means of achieving effective consultation outcomes as prescribed in NSW OHS legislation. However, the new course content has been suspended pending completion of the model OHS Act. In the interim, WorkCover initiated the development of supplementary training materials during 2008/09 for existing accredited trainers and approved providers to maintain the course quality. Material will be released by March 2010.

Certificates of competency for formwork and the operation and use of explosive-powered tools

NSW is currently the only jurisdiction requiring operators to hold a licence for formwork and explosive-powered tool operation. In line with Government's commitment to harmonise OHS legislation throughout Australia, WorkCover has reviewed current requirements to hold a certificate of competency for these activities.

Prevention of workplace injury and illness

A discussion paper was released in March 2008 providing options proposed for the management of formwork and explosive-powered tool operation in NSW. Results of public consultation are currently with the Government for consideration.

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

In August 2008, the Minister approved the *Occupational Health and Safety (Clothing Factory Registration) Regulation 2001* to be included in the *Occupational Health and Safety Regulation 2001*. Following intensive stakeholder consultation, maintenance of separate legislation for the registering of clothing factories was considered unnecessary. Further consideration will be given to this regulation requirement as part of the national model legislation framework.

National Licensing Review Reference Group

WorkCover is currently undertaking review, development and implementation of various national licensing codes, standards, legislation and systems. An intensive stakeholder engagement strategy including establishment of a specialist reference group will ensure the best outcomes are provided to stakeholders, and that they receive comprehensive, consistent and inclusive responses on all licensing related issues.

TestSafe

WorkCover's TestSafe facilities at Thornleigh and Londonderry are internationally recognised laboratories providing testing, research and certification services for the improvement of workplace safety, particularly in hazardous locations.

In April 2009, TestSafe hosted the 2009 SES Sydney Western Region Rescue Competition. The competition provided volunteers with an opportunity to practice their rescue skills under realistic, simulated conditions.

Approximately 100 SES volunteers participated in the event that assessed their skills under various scenarios including multiple casualties located in darkness, forensic evidence field search and crime scene preservation, lifting and stabilisation, rescue from heights, and casualty assessment.

Working cooperatively to develop a workplace safety culture

OHS partnerships

WorkCover has reviewed delivery of OHS services as a result of the changing needs of its stakeholders and the changing OHS environment. Recognising the need to engage its stakeholders in a more collaborative approach, one of the major strategies being adopted is the establishment of formalised partnership arrangements.

While still in their infancy, initial indications suggest partnerships are a highly successful and effective strategy to enhance OHS outcomes and build industry capability to manage OHS risks. WorkCover continues to actively engage peak employer groups, unions, co-regulators and the community to help achieve these objectives. Through the development of partnerships, WorkCover NSW is achieving goals in an innovative and proactive approach to improving OHS outcomes.

In the past 12 months, WorkCover has signed agreements with a range of organisations including Clubs NSW, the Service Station Association, the Motor Traders Association of NSW, the Supermarket Safety Alliance and the HIA and MBA, with others currently under development.

Landmark safety construction alliance on NSW South Coast

A landmark safety alliance was formed in April 2009 between WorkCover, the Department of Commerce and Richard Crookes Constructions Pty Ltd for construction of the South Coast Correctional Centre at Nowra.

The alliance will ensure strategies are in place to achieve positive and sustained OHS and injury management outcomes during construction of the centre.

Richard Crookes Constructions have recognised the high indigenous population in the Nowra area through an indigenous workforce strategy, focusing on apprenticeships and young workers to build work skills within the community.

Printing industry partnership

WorkCover NSW and the Printing Industries Association of Australia (PIAA) joined forces to improve health and safety outcomes in the printing industry.

In 2007/08 there were 378 injuries in the printing industry, representing a cost in excess of six million dollars on the workers compensation Scheme. The Minister and the CEO of PIAA signed the partnership in May 2009 that will allow WorkCover to reach more than 1,500 printing businesses across NSW to help them improve their workplace safety.

The partnership framework consists of five initiatives:

- promoting the partnership
- providing practical, reliable and relevant safety information on industry specific high-risk issues
- supporting PIAA in the development of an 'OHS Resource Centre' on its website
- promoting and delivering an industry-specific, tailored and targeted workshop program to printing businesses across NSW, and
- promoting and delivering workplace advisory visits to printing businesses across NSW.

A financially and socially responsible workers compensation system



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

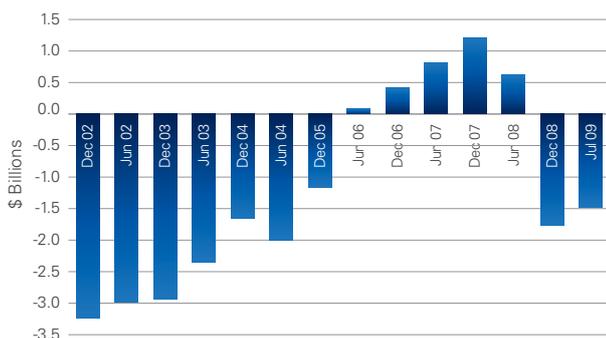
- five premium rate reductions since November 2005 have reduced workers compensation premium rates by an average of 30 per cent, saving NSW industry \$935 million in 2008/09 alone
- apprentice wages have been removed from the calculation of workers compensation premiums, saving employers an additional \$53 million in 2008/09
- red tape surrounding workers compensation wage declarations and certificates of currency requirements have been cut, saving employers an additional \$20 million per year
- the requirement for keeping wage records has been reduced from seven to five years
- lump sum payments for workers sustaining a permanent injury were increased by ten per cent from January 2007
- the lump sum compensation for the death of a worker was increased by more than 23 per cent and the circumstances in which benefit is payable have been broadened
- automatic workers compensation coverage has been provided to most employers that pay annual wages of \$7,500 or less, including private households employing domestic workers.

A financially balanced Scheme and system

WorkCover Scheme valuation

At June 2009, the WorkCover Scheme's liabilities exceeded its assets by \$1,482 million. The deterioration in the Scheme's financial position during 2008/09 was largely the result of lower than expected investment returns, lower asset values and low interest rates.

Figure 9: NSW WorkCover Scheme – Actuarial Valuation June 2009



The New South Wales Scheme has the third lowest workers compensation premiums in Australia, and the 2009–2010 WorkCover Industry Classification rates and the Industry Claims Cost Rates have been kept at the same levels as those gazetted in June 2008.

Given the prevailing economic environment, this minimises costs for businesses and will support opportunities for employment.

Harmonisation project – workers compensation

The objective of harmonisation is to increase the consistency of workers compensation and occupational health and safety arrangements for employers who operate across jurisdictions while maintaining high safety and service standards.

During 2007/08 New South Wales and Victoria implemented actions from the *Intergovernmental Agreement for Harmonisation of Workers Compensation and Occupational Health and Safety Arrangements*, which initiated the national harmonisation program.

A second program of works was jointly developed by New South Wales and Victoria to address other areas of concern identified by multi-state employers. Phase Two initiatives include:

- alignment and updating of WorkCover Industry Classification systems on a basis of ANZSIC 2006 to assist with consistent industry classification between jurisdictions
- adoption by New South Wales of Victoria's minimum workers compensation policy exemption threshold
- alignment of premium and debt collection policies and processes where possible
- simplification of existing policy and claim forms.

Several Phase Two initiatives were implemented in New South Wales during 2008/09. These include the minimum policy exemption threshold (effectively removing approximately 130,000 policies from the Scheme while still providing coverage to the affected employers and their workers); the launch of Certificate IV Workers Compensation training to a pilot group; and review of WorkCover NSW's premium and debt collection processes.

WorkCover continues to foster close working relationships with other jurisdictions to further the aims of harmonising key areas in workers compensation.

Fraud Awareness Program

The Fraud Awareness Program was developed in 2008 to increase awareness of fraud in the workers compensation system.

The program aims to engage and educate key staff within Scheme Agents and Self and Specialised Insurers and other interested groups on fraud awareness. This includes information on:

- the role WorkCover plays in the detection, investigation and prevention of fraudulent activity
- online information
- simple referral pathways.

A financially and socially responsible workers compensation system



The program is being rolled out in three phases. In 2008, 1,500 Scheme Agent Case Managers participated in phase one of the program. Phase two of the program was rolled out in May and June 2009 to Self and Specialised Insurers, with approximately 200 human resource and case management staff attending.

The key outcomes of the program during 2008/09 include:

- increased education and awareness
- increased contact with WorkCover staff
- increased visits to the fraud website
- improvement in the quality of fraud referrals.

Phase three of the program will be rolled out through 2009/2010 and will include presentations to employer groups, and regular, formal visits by WorkCover staff to Scheme agent offices.

Workers compensation fraud

In 2008/09:

- WorkCover received 333 referrals of alleged fraudulent activity, all of which have been or are being actioned
- 12 prosecutions resulted in convictions
- 12 matters resulted in cautions in lieu of prosecution and 11 warnings.

Routine wage audits overseen by WorkCover help to improve employer compliance with premium and policy obligations.

A total of 6,477 wage audits were completed in 2008/09 resulting in \$29 million in underpaid premium being identified and refunds of \$7.8 million being paid to employers.

Audits help ensure that employers who do not pay the correct amount of workers compensation premiums do not get an unfair advantage over their competitors.

Future workers compensation fraud and non-compliance strategies will include a greater focus on targeted initiatives, a more flexible approach to enforcement and an increasingly discriminating use of prosecution as a penalty. Education and communication programs will support these strategies.

“Routine wage audits overseen by WorkCover help to improve employer compliance with premium and policy obligations”

Health, social and return to work outcomes for injured workers

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).

Figure 10: RTW Scheme results – 6 month measure

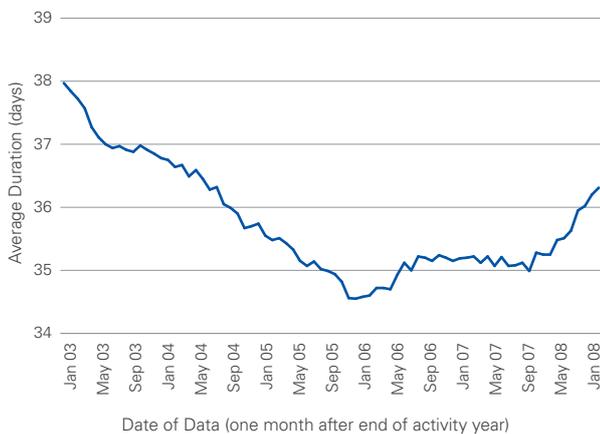


Figure 11: RTW Scheme results – 12 month measure

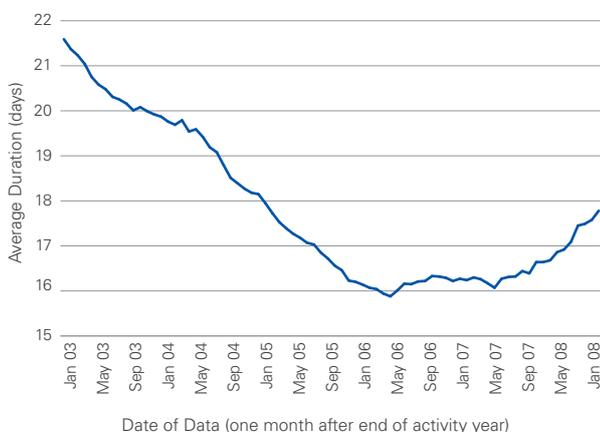
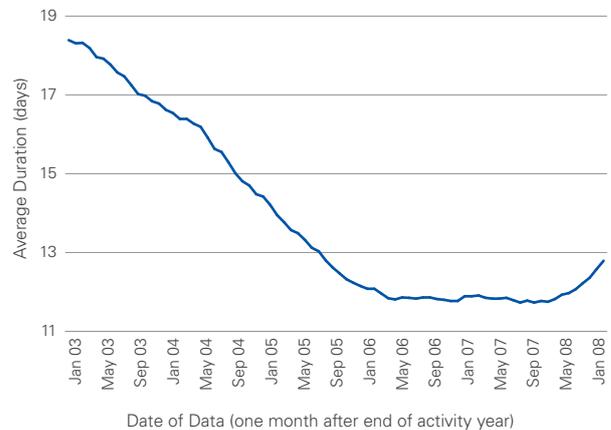


Figure 12: RTW Scheme results – 18 month measure



These results show that the amount of time injured workers remained unfit for work following an injury decreased markedly between 2003 and 2006 then remained relatively stable, with some deterioration in recent months.

Death benefit changes

In December 2008, changes to the *Workers Compensation Act 1987* increased the compensation available to families of workers who die as a result of a workplace injury or illness.

The changes apply to deaths that occur on or after 24 October 2007, and are as a result of workplace injuries that occurred on or after 30 June 1987.

As a result of the changes the lump sum death benefit increased from \$343,550 to \$425,000 (indexed). The changes also allow the lump sum to be paid to the deceased worker's estate where they leave no financial dependents. Previously, only financial dependents were entitled to the lump sum payment.

In addition, children of a deceased worker will no longer have their weekly payments reduced because they were partially dependent on the deceased worker. Prior to this change, weekly payments could be reduced for partially dependent children, which often resulted in disputes over the degree of dependency. These improvements increased the compensation paid to the families of deceased workers by around \$14 million per year, reduced disputes and provided greater certainty and financial security for deceased worker's families.

Soft tissue injury management

In 2008 WorkCover published *Improving Outcomes: integrated, active management of workers with soft tissue injury*. This publication provides practical advice about important principles and activities that reduce the risk of long-term disability and work loss in workers who sustain a soft tissue injury.

A financially and socially responsible workers compensation system

The publication promotes:

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

Throughout 2008–09 WorkCover delivered training to more than 2,000 treatment and rehabilitation service providers and insurer case managers on implementing the advice to improve outcomes for injured workers. Effects of the publication and training will be evaluated in 2010.

Regulatory framework for psychological and counselling services

In October 2008, WorkCover convened a discussion forum on psychological and counselling services. In December 2008, WorkCover released a consultation paper outlining a proposed framework for psychological and counselling treatment services. The proposed framework aims to:

- improve return to work outcomes for workers with a psychological injury and for workers with a physical injury but for whom psychological issues are also a barrier to return to work
- improve cost effectiveness of psychological and counselling services provided to injured workers.

Feedback from the consultation period was collated and reviewed. An amended proposed framework was released for comment in May 2009. It is anticipated that the framework will be implemented in the next financial year.

Improving claims management in workers compensation

Changes to claims management guidelines

In consultation with worker, employer, Scheme Agent/insurer and medical association representatives, the Workers Compensation Commission and legal service providers, WorkCover revised the following claims management guidelines:

- *WorkCover Guidelines for claiming compensation benefits*
- *WorkCover Guidelines on independent medical examinations and reports.*

The revised guidelines commenced 1 May 2009.

The revisions further improve implementation of 2006 reforms, which were designed to prevent unnecessary disputes through sound decision-making and clear communication between all parties involved in the claim. The revisions carry several key messages:

- increased emphasis on the importance of clear, plain English communication by Scheme Agents/insurers with injured workers
 - a decision by the Scheme Agent/insurer to deny liability for a claim or refuse to pay for medical treatment must be based on all relevant information. The notice advising the worker of the decision must leave the worker in no doubt about the reason(s) for the decision, and must include all the information the insurer has considered in making the decision as well as attaching copies of this information
 - the *Guidelines on Independent Medical Examination* require the Scheme Agent/insurer to direct all requests for medical information to the worker's treating doctor(s) in the first instance. If the Scheme Agent/insurer is unable to obtain the required information it may refer the worker for an independent medical examination. The notice advising the worker of the examination must explain the specific reason for the examination and why the response from the treating doctor was inadequate or unavailable
 - the claims guidelines now make it very clear that if the Scheme Agent/insurer has sufficient information to make a decision about ongoing claim liability, there is no need to ask an injured worker to fill in a claim form.
- requirement that the Scheme Agent/insurer must inform the employer about decisions made on an injured worker's claim.

Revised edition of the Permanent Impairment Guidelines

The third edition of the *WorkCover Guides for the Evaluation of Permanent Impairment* was gazetted during 2008/09, and came into effect for all assessments conducted on and after 1 February 2009. The new edition includes a number of significant changes to the 'Spine' and 'Lower Extremity' chapters, as well as amendments to the 'Introduction' and 'Hearing' chapter.

Return to Work Coordination

The Return to Work Coordination project aligns WorkCover's system for appointing, monitoring and reviewing return to work coordinator trainers with Victoria and Queensland, and ensures training participants receive up to date training about effective management of injuries, recovery and return to work.

The revision of the two day *Introduction to return to work coordination* training material was completed and made available to approved trainers in November 2008. Review of the *Advanced return to work coordination* training material has also commenced.

In 2008, 3,397 people completed the *Introduction to return to work coordination* course.

A renewal process was introduced for the approved trainers of the return to work coordination courses, with trainer numbers and certificates being issued to 111 trainers.

The revised application process for new trainers of the *Introduction to return to work coordination* course was introduced on 1 July 2008. Sixteen new trainers have been approved since July 2008, with 11 approved for the introduction course and five for the advanced.

A total of 25 employers were approved to engage a return to work coordinator.

Fair and equitable dispute resolution

Changes to the workers compensation legislation in 2006 improved the claims dispute resolution process.

The changes provide greater clarity for injured workers in understanding decisions made about their benefits if a workers compensation insurer declines, reduces or stops benefit payments on a claim.

WorkCover's Claims Assistance Service (CAS) provides assistance to injured workers and employers about workers compensation claims (see page 32).

Figure 13: Number of Disputes

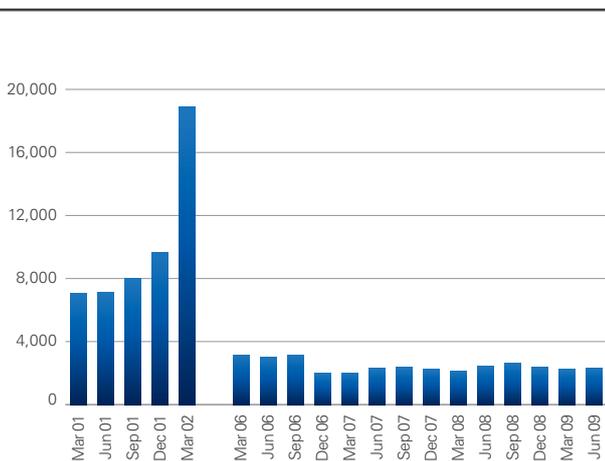


Figure 13 shows the reduction in disputes lodged since the 2001 workers compensation reforms. In 2008/09 there were 9,598 disputes lodged.

Managing performance and ensuring accountability of agents, insurers and service providers

WorkCover manages the contractual obligations between the Nominal Insurer and Scheme Agents. WorkCover is responsible for the administration of the contract, analysis and reporting of Scheme Agent performance, management of the relationship with the Scheme Agents, and the development and implementation of initiatives to improve the overall performance of the Scheme.

Details of Scheme Agent Performance are provided in Appendix 26.

Providers in the workers compensation system

Engaging general practitioners in the NSW workers compensation system

This initiative comes out of research commissioned by WorkCover to assist general practitioners (GPs) to access information to assist them treat injured workers and assist with their return to work.

Rehabilitation and medical services provider Recovre, in partnership with the University of Sydney implemented the initiative. Recovre established an external project reference group consisting of a number of GPs to advise on the education modules and other initiatives designed to improve communication with GPs.

During 2008/09 two education modules were developed and piloted in both face-to-face and online formats to provide GP's with insight into the workers compensation system and management of soft tissue injuries. Following the pilot, the training materials were modified and the program commenced.

A Medical Practitioners Handbook was also developed and is available on the WorkCover website. The year also saw workers compensation case managers in Scheme Agents and Self and Specialised Insurers receive training in how best to work with General Practitioners.

Implementation of revised approval framework for workplace rehabilitation providers

WorkCover commenced a project to implement an approval framework for workplace rehabilitation providers that is consistent with the recently developed national framework. The revised framework:

- ensures delivery of quality workplace rehabilitation services to workers, employers and insurers
- is based on quality principles, is return to work outcome focused, cost effective and not administratively burdensome
- objectively assesses and analyses providers' performance in meeting the conditions of approval, including exiting providers that do not conform with the conditions
- periodically assesses a provider's conformance to the conditions of approval.

A financially and socially responsible workers compensation system

The framework was developed in consultation with professional associations, employers, unions, insurers and rehabilitation providers. A similar process occurred at a national level and all jurisdictions have agreed to a consistent approval framework to commence 1 July 2010.

In July 2008 workplace rehabilitation providers were issued with Certificates of Approval to operate as a workplace rehabilitation provider in the NSW workers compensation system. By agreeing to conform with the conditions of approval the workplace rehabilitation provider must ensure they have:

- appropriately qualified staff
- an organisational philosophy that supports quality service provision
- governance practices and quality systems to support a timely and cost effective service provision, services focused on return to work, evidence based service provision, and effective communication that facilitates engagement of all parties.

Since July 2008 WorkCover has conducted 21 onsite evaluations, with ten providers conforming to the conditions of approval. The eleven non-conforming providers are making improvements to their policies and practices. Preparations are in place for WorkCover to fully implement the nationally consistent approval framework for workplace rehabilitation providers by July 2010.

Tender for wage audit services

As premiums under the WorkCover Scheme are largely based on self-assessed information provided by employers, WorkCover conducts an ongoing wage audit program to help ensure NSW employers are paying the appropriate premium and that premiums are spread equitably across the Scheme.

The Wage Audit Services Panel was established in 2005 and consists of panel members from 22 contracted firms. The current contract expires in January 2010 and a tender for a new panel was advertised through the Department of Commerce. Tender applications closed in March 2009. The new panel consisting of 10 audit firms will commence operation on 1 February 2010.



Applying an appropriate mix of information, assistance, education, advice, incentives and deterrents

Professional Pathways Program

In 2008/09 WorkCover continued implementing initiatives under the Professional Pathways Program. The program is designed to support industry to create educational and professional development resources to be used by the workers compensation industry to attract, train and retain experienced and skilled personnel.

The central initiative of the program during 2008/09 was the Certificate IV Project. Under the project WorkCover, in collaboration with Scheme Agents, Self and Specialised Insurers, Deakin University and WorkSafe Victoria, designed and produced the first nationally recognised Certificate IV course, specifically tailored for NSW workers compensation case managers. The new course is an important contribution to the developing suite of industry specific training courses to provide specialised professional development pathways.

WorkCover continued its Industry Scholarship Program to encourage and support enrolments and promote the availability of the new post-graduate qualifications in personal injury management. Seven scholarships were awarded in 2008/09 to persons working in the workers compensation industry, providing each recipient with up to \$15,000 per year towards their study.

The professional pathways program continues to maintain close relationships with the Personal Injury Education Foundation (PIEF), creating leading educational programs for those working in the accident compensation industry. Through PIEF, WorkCover has contributed to the development and refinement of post-graduate courses, holding conferences and awards, and establishing certified programs in personal injury management.

Retro-paid Loss Premium Calculation Method

A new optional alternative premium method for large employers, introduced from 30 June 2009, has provided the opportunity for WorkCover to work more closely with industry and to achieve improved injury prevention and management outcomes. Applications opened at the beginning of April 2009 and there has been keen interest in the initiative from some of Australia's largest employers.

The approach offers employers with a basic tariff premium of more than \$500,000 or a group with a member with a basic tariff premium of greater than \$500,000 a choice between the conventional premium calculation method and an alternative method, based on commercial retro-paid loss arrangements.

The Retro-Paid Loss Premium Method derives an employer's premium almost entirely from their individual claims experience and success in injury prevention and claims management during the period of the insurance policy.

The introduction of these arrangements follows more than 18 months of consultation with stakeholders. It also fulfills WorkCover's commitment following the 2005 Premium Review, which focused on small and medium sized employers, to further consider the needs of large employers.

Retro-paid loss arrangements are initially available to a limited number of large employers who meet a range of eligibility criteria. These include providing evidence of satisfactory injury prevention and management systems and setting their own targets against key performance indicators that have been specified by WorkCover.

The *Retro-Paid Loss Premium Model Guidelines* can be found on the WorkCover website and describe the final eligibility criteria and application process for large employers wishing to enter into retro paid loss arrangements.

Effective funds management

Workers Compensation Insurance Fund (WCIF)

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

The Board determines the investment policy of the WCIF and reports to the Minister on its investment performance. The Board has a determinative rather than an advisory role. This means that the Nominal Insurer, as manager of the Fund must implement the Board's decisions on investment policy for the Fund through its agent, the WorkCover Authority of NSW.

The functions of the Board are distinct from the functions of the WorkCover Authority of NSW Board. In performing its functions, the Board develops appropriate policies and procedures. The Board makes decisions relating to investment policy. WorkCover Authority of NSW, as agent of the Nominal Insurer, implements decisions.

The Board has entered into a Memorandum of Understanding with the WorkCover Authority of NSW to facilitate the conduct of its policies. The Investment Division of the WorkCover Authority of NSW (the Division) supports the Board and undertakes operational management of the Fund.

The Board members as at 30 June 2009 were: David Spruell (Chairperson), Nicholas Whitlam (Deputy Chairperson), Kerry Aaby, Peter Collins, Terry Downing and the CEO of the WorkCover Authority of NSW, Jon Blackwell.

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 increase the probability that the Fund can meet all future claims. The main developments are summarised below.

Asset consultant review

The asset consultant plays an important supportive role in the overall management of the Fund. The asset consultant undertakes asset/liability analysis, investment manager research and monitoring, and ongoing review of investment markets and performance. WorkCover tendered for an asset consultant in the first half of 2009, with the newly appointed consultant expected to commence in the next financial year.

Accessing unlisted property opportunities

The Fund was underweight its strategic allocation to Australian unlisted property markets during the course of the year. Property market activity (especially transactions) slowed significantly over the year. Although unlisted property markets lagged listed markets in devaluing assets, they started correcting in late 2008. In practice, those wishing to reduce exposure to unlisted property offered units in unlisted trusts at significant discounts to net asset value. The Fund has slowly increased exposure to this asset class opportunistically, with a bias to large, well managed property funds owning quality assets. More recently, accessing the property debt markets has been considered.

Review of international equity managers

WorkCover has undertaken a review of the Fund's international equity managers. A deep value manager and an enhanced passive manager have been terminated and the Board has authorised WorkCover to undertake negotiations with a low volatility manager. This strategy is designed to better align the Fund with its longer-term objectives by reducing excessive equity market volatility while still accessing the equity risk premium. Further equity strategies that should provide better risk-adjusted returns than traditional market cap weighted benchmarks and more directly align the Fund with its objectives are being investigated.

Review of Australian inflation-linked bond managers

A review of Australian inflation-linked bond managers was undertaken, and the Board endorsed the potential appointment of three new managers, with the aim of diversifying manager concentration risk and/or providing alternatives for risk management purposes to the Fund's existing managers.

Change in duration for Australian nominal exposure

The Fund reduced the duration on its exposure to Australian Nominal bonds in May 2009. This change better reflects the duration of the Scheme's nominal liabilities, which had changed as at December 2008. The Fund continued to invest in semi-government bonds to access a relatively low risk yield improvement.

A financially and socially responsible workers compensation system

Cash management

Both the WorkCover Authority Board and the Investment Board have endorsed WorkCover taking a more active role in the management of the Scheme's bank account. Initially, this will mean deciding whether the existing Westpac bank account or NSW Treasury Corp's Hourglass Facility provides a better return and allocating excess funds above what is needed to fund Scheme payments between these two investments. WorkCover is also considering how to improve the Fund's returns on its cash investments while maintaining adequate liquidity.

Commodities

In the first half of the financial year, the Board decided to incrementally allocate a small percentage of the Fund to commodities. An initial commodities allocation of 3 per cent was implemented in September 2008. Strategically, the Board have a long-term allocation of 5 per cent to commodities. As only 3 per cent of that allocation has been invested during the financial year, the Fund is underweight its long-term allocation. WorkCover plans to review its commodities investment during the course of the new financial year with the aim of optimising the nature of its exposure.

Operational reviews

As part of the appointment of new fund managers, WorkCover undertakes reviews of each of the manager's middle and back office operations. This is an assessment of the manager's operational practices including a review of the compliance and operational environments. This assessment is in addition to the assessment of the manager's investment management capability and helps to assess the risks of the fund's investments. WorkCover ensures (where possible) that operational reviews are conducted prior to the appointment of new managers. In 2008 and 2009, eight reviews were undertaken. Some of these reviews were outsourced to Mercer Investment Consulting due to resource limitations.

WorkCover has also undertaken an operational review of the Nominal Insurer's Master custodian, State Street Bank and Trust (SSBT). Morse Consulting Pty Ltd undertook the review. The extensive review involved the review of services provided by SSBT and a benchmarking of services to the general custody market. The review has resulted in a series of recommendations. WorkCover has prioritised the recommendations and is currently working with SSBT to implement these.

Work in progress

WorkCover is continuously looking at ways to reduce risk, improve the efficiency of the Fund and further ensure that the Fund can meet all future claims. A strategic review is currently in its early stages. The following includes examples of some future initiatives currently being considered.

Infrastructure

Infrastructure investments have a number of attributes similar to that of inflation-linked bond securities. 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 has undertaken significant research reviewing infrastructure and infrastructure investment managers to determine the appropriateness of establishing an infrastructure mandate to help the Fund gain access to infrastructure assets, which would meet its investment needs. An allocation to infrastructure may be made subject to market opportunities and access to suitable pricing and governance arrangements.

Management efficiencies

The Fund's total costs are very competitive and good value is obtained for fees paid. WorkCover continues to search for ways to maximise the value for investment management costs. Options include refining the use of performance based fees where fees are kept low unless value is added by external investment managers. Other possible options include greater in-house investment management (subject to suitable resourcing), for example for cash investments. The focus remains on maximising the expected after total costs return for risk taken by the Fund, and targeting the Fund's investments to its objectives, while maintaining strict risk controls.

Asset allocation

Table 1 below details the Fund's strategic asset allocation as at June 2009.

Table 1: The strategic asset allocation of the Fund (June 2009).

Asset class	SAA (%)
Australian equities	11.5
International equities ¹	16.5
International equities emerging markets	2.0
Property	10.0
Australian fixed interest bonds	5.0
Australian inflation-linked bonds	45.0
Global inflation-linked bonds	5.0
Commodities	3.0
Cash	2.0
Total	100.0

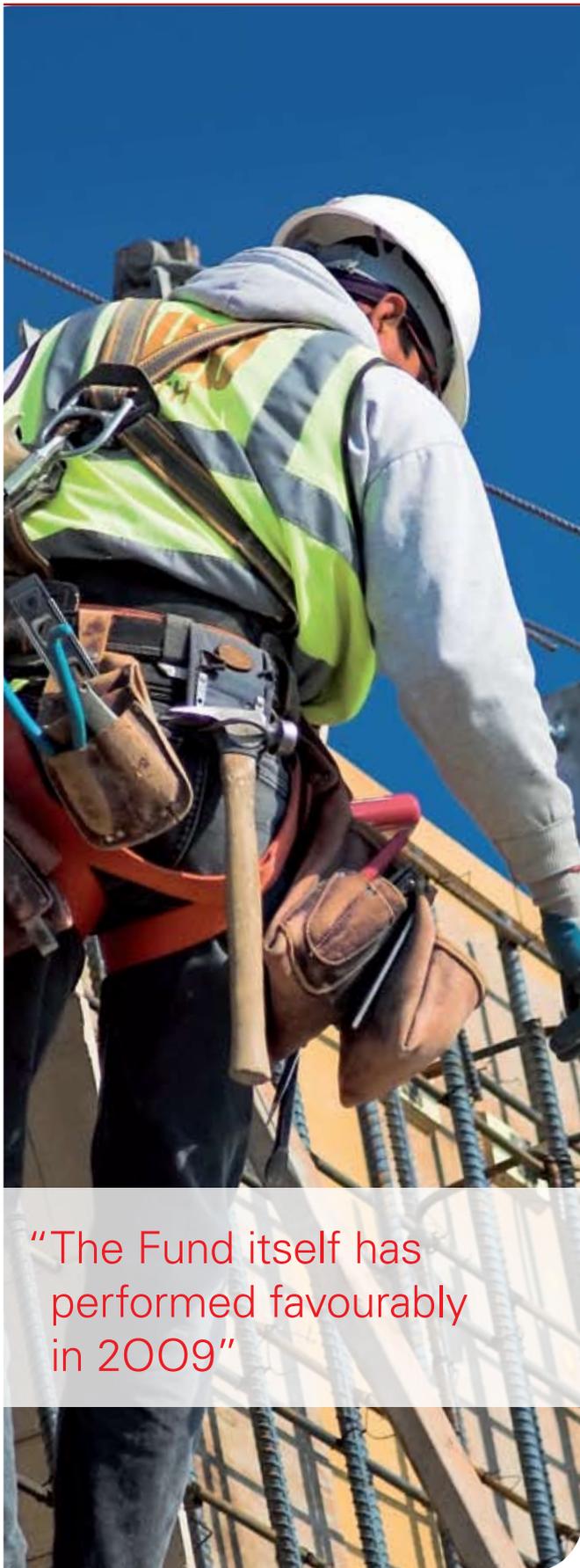
¹ Developed market currency exposure strategic hedge ratio is 75 per cent

Investment managers

Changes to Investment Managers over the year included the termination of State Street Global Advisers within International equities, BNP Paribas Asset Management UK Limited for passive currency hedging and Alliance Bernstein for international equities. The Fund's Australian inflation-linked bond manager, Credit Suisse was acquired by Aberdeen Investment Management. Further Aberdeen was selected to temporarily manage the Fund's passive currency hedge. All investment managers as at June 2009 are listed below.

Australian shares	
	BlackRock Investment Management (Australia) Limited
	Independent Asset Management Pty Limited
	Perennial Investment Partners Limited
	Tyndall Investment Management Limited
Global shares	
	Colonial First State Investments Limited (emerging markets shares)
	GMO Australia Limited
	Lazard Asset Management Pacific Co
	MFS International (UK) Limited
	State Street Global Markets
Property	
Australian listed property	
	Vanguard Investments Australia Ltd
Global listed property	
	Russell Investment Management Ltd
Australian unlisted property	
	AMP Capital Investors Limited
	GPT Group Limited
	Goodman Wholesale Limited
	Lend Lease Real Estate Investments Limited
	Dexus Property Group
Australian fixed interest	
	WorkCover Authority Investment Division (Portfolio Construction) with BlackRock Investment Management (Australia) Limited (Portfolio implementation)
Australian inflation-linked bonds	
	Colonial First State Asset Management (Australia) Limited
	Aberdeen Investment Management Australia Limited
Global inflation-linked bonds	
	Fischer Francis Trees & Watts Inc.
Currency hedging	
	Aberdeen Investment Management Australia Limited
Commodities	
	Barclays Global Investors Australia Limited
Cash	
	New South Wales Treasury Corporation

A financially and socially responsible workers compensation system



“The Fund itself has performed favourably in 2009”

Investment performance and market information

Fund value

The Fund declined 7.9 per cent for the 12-months ending 30 June 2009 based on market values of the Fund’s assets provided by the master custodian. The Fund under performed Scheme liabilities due to a combination of a decline in growth assets and a significant increase in forecast liabilities. Scheme liabilities rose partly due to a marked fall in longer-term interest rates used to discount the future value of the liabilities.

Over this period, the return on the Fund’s liability benchmark was 17.4 per cent. The liability benchmark is a notional long-term bond with duration equal to that of the Scheme liabilities. The return on the liability benchmark gives an indication of the return that would have been earned if the assets had been invested solely in Australian government bonds of a similar duration to the Scheme liabilities and measures the impact of long-term interest rates on the value of claim liabilities.

While the Fund’s strategic asset allocation has performed more poorly than the Fund’s liability benchmark, the Fund itself has performed favourably in 2009 and since inception of the current structure compared to the Fund’s strategic asset allocation. This is due to the performance of the Fund’s medium-term asset allocation decisions taken by WorkCover and the Board as well as added value by the Fund’s investment managers.

At inception the funding ratio was 80 per cent. The funding ratio peaked at 107 per cent in June 2007 and declined to 89 per cent in June 2009. The funding ratio is currently expected to improve in the current financial year due to the improvement in markets.

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 2009 and since inception

	Total Fund performance (% p.a.) ¹	
	1 yr	Inception
Total Fund performance	(7.9)	2.8
Strategic benchmark return	(8.7)	2.0
Relative performance	0.8	0.8
Liability benchmark return ²	17.4	6.9
Relative performance	(25.3)	(4.1)

1 All figures shown are based on market values of the assets provided by the master custodian.

2 The liability benchmark return is an approximation to the effect on the Fund’s claims liabilities of market moves in nominal government bond interest rates.

Table 3: Fund asset class performance for the year ending June 2009 and since inception¹

Asset class	Performance ² (% p.a.)		Benchmark (% p.a.)		Outperformance / (underperformance) (% p.a.)	
	Fin year	Since inception	Fin year	Since inception	Fin year	Since inception
Aust. equities (including overlays)	(18.2)	0.5	(21.1)	(0.3)	2.9	0.8
Aust. equities (ex. overlays)	(18.7)	0.1	(21.1)	(0.3)	2.4	0.4
Int'l equities ³	(23.5)	(3.9)	(21.7)	(4.2)	(1.8)	0.3
Aust. listed property	(40.3)	(17.0)	(42.1)	(17.2)	1.8	0.2
Aust. unlisted property	(12.2)	5.3	8.6	8.6	(20.8)	(3.3)
Int'l listed property	(37.8)	(10.0)	(38.1)	(11.1)	0.3	1.0
Aust. fixed interest	14.0	6.5	14.2	6.2	(0.2)	0.2
Aust. inflation-linked bonds	(0.2)	3.6	(3.3)	2.5	3.1	1.2
Int'l inflation-linked bonds	2.8	5.8	1.3	5.8	1.6	(0.0)
Commodities	(36.1)	(36.1)	(40.7)	(40.7)	4.5	4.5
Cash	4.9	5.8	5.5	6.3	(0.6)	(0.5)

1 Inception date for performance is 30 November 2005, except Unlisted Property 20 December 2005 and Commodities 5 August 2008.

2 All figures shown are based on market values of the assets provided by the master custodian.

3 International developed markets currency exposure hedged 62.5 per cent at June 2009.

Following an extremely difficult six months for equity and property markets in the first half of the financial year with the Global Financial Crisis deepening, world markets continued to decline until early March. The Fund was not exposed directly to loss as a result of collapsed entities. The only area that saw growth in capital values during this period was nominal Government Bonds, which increased in value as sovereign interest rates fell. Since early March, however, there has been a marked recovery in confidence amongst market participants as well as consumers. Nonetheless, the crisis that started in 2007 with rising defaults within the US sub-prime mortgage market will have economic implications that will likely be felt for many years.

Investors are returning to markets as risk aversion recedes and policy actions influence asset pricing. The effects of fiscal and monetary stimulus from most major economies has led to a rebound in industrial production since the end of June and a slowdown in the rate of increase in unemployment both in Australia and the United States. The amount of stimulus coupled with government guarantees of financial institutions has led to a stabilisation and early signs of a rebound in the global economy. High debt levels and global de-leveraging continue to provide significant medium term risks to the economic outlook.

Growing investor optimism has helped equity markets, with the Australian equity market rebounding close to 30 per cent from the lows of March 2009 to the end of the financial year, with a similar story in major global markets. Despite this recovery, the Australian share market lost 21.1 per cent over the financial year as a whole. International share returns measured in Australian Dollars lost a similar figure of 21.7 per cent. The offset was a reversal of the previous strong performance of government bonds which suffered from a sharp rise in longer term interest rates resulting in a gain of 14.1 per cent for the year but a loss of 7.6 per cent in the second half. The trends of the June Quarter have continued thus far in to the new financial year.

While there are now signs of global economic improvements, consensus is for modest global economic growth in the new financial year, starting in the second half. On a positive note, there has been a significant rebound in most leading economic indicators.

Fund costs

The total estimated cost of running the Fund for the financial year ending June 2009 was approximately 0.35 per cent of the average monthly value of the Fund. Costs attributed to the WorkCover Authority represent a small minority of this.

Engage stakeholders to improve OHS and workers compensation outcomes

WorkCover recognises the need to partner with our stakeholders to improve occupational health and safety and workers compensation outcomes for NSW.

The 2008–11 Corporate Plan identified three key strategies to improve our engagement with stakeholders:

- Building strong ongoing relationships to share perspectives and partner with stakeholders
- Actively seeking and responding to stakeholder views
- Developing effective partnerships to provide a harmonised and whole of government approach to workplace safety and workers compensation.

Building strong ongoing relationships to share perspectives and partner with stakeholders

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

Working Together 2005–2008 was a three-year strategy designed to secure improvements in the public sector's workplace safety and injury management performance. All NSW public sector agencies and state-owned corporations participated in the strategy.

The strategy set five public sector workplace safety and injury management targets and a number of associated actions and deliverables. The strategy concluded in early 2009 when all agencies received their final reports on how they had performed against these targets.

The results show that the public sector has made substantial improvements in the prevention of injuries, the management of workplace injuries and in returning injured workers back to work. This contributes directly to a decrease in the cost of workers compensation claims across the NSW public sector.

Improvements in the incidence rate of workers compensation claims translate into an estimated 9,800 workplace injuries prevented since 2001/02.

The strategy set a target for a 15 per cent reduction in the estimated cost of claims by June 2008 from the baseline. Results show that public sector agencies insured through the Treasury Managed Fund achieved a massive 25 per cent reduction. An independent evaluation by actuaries PricewaterhouseCoopers shows that 'Working Together' contributed to savings of \$541 million between 2004/05 and 2007/08.

WorkCover, NSW Self Insurance Corporation and the Department of Premier and Cabinet are developing a new workplace safety and injury management strategy for 2009–2012 in partnership with public sector agencies and unions. The new strategy will build on the success of the previous strategy and support further improvements in efforts to protect public sector employees from injury and illness and will improve outcomes for injured workers.

Customer service

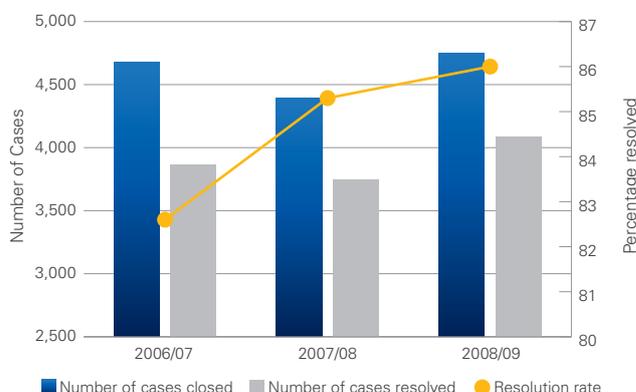
The WorkCover Assistance Service provides information and assistance to workers, industry and the community on workplace health and safety, injury management and the workers compensation system. The WorkCover Assistance Service is comprised of the Information Centre and the Claims Assistance Service.

The Information Centre is the central point of contact in WorkCover for enquiries about OHS, Injury Management and Workers Compensation legislation. The Information Centre has a high rate of customer contact with 221,923 phone calls, 10,723 emails and 3,917 counter enquiries received in 2008/09.

The Claims Assistance Service (CAS) provides assistance to injured workers and employers about workers compensation claims. CAS mediates on disputes between injured workers, employers, Scheme agents and insurers with the aim of reducing the number of cases proceeding to the Workers Compensation Commission.

In 2008/09 the CAS received 4,745 new cases. It resolved 4,087 (86 per cent) of the 4,750 cases closed throughout the year. Figure 14 shows the continual improvement in resolution of cases referred to the CAS.

Figure 14: CAS Resolution Rates



WorkCover a finalist in national contact centre award

WorkCover's Information Centre was recognised nationally for its work as the *Best Government Contact Centre in 2007*, the award acknowledged the achievements of all Information Centre staff in the daily provision of a positive and important customer service.

In 2009, the WorkCover NSW WorkCover Assistance Service (WAS) was one of four finalists in the Best Government Contact Centre (over 30 FTE) Category of the Government Contact Centre Excellence Awards. The awards recognise achievement of the highest level across local, state and federal agencies and departments within the Asia-Pacific region.

WAS has 37 full-time staff and includes the Information Centre, a general hotline for all enquiries on workplace safety and workers compensation matters, and the Claims Assistance Service that is dedicated to helping injured workers with their compensation claims.

The Information Centre's 26 staff handle around 18,000 calls and respond to almost 900 email enquiries each month on a range of issues including OHS licensing, regulatory obligations, workplace safety breaches and workers compensation premium requirements.

The 11 staff in the Claims Assistance Service manage around 900 matters each month, assisting injured workers and employers with claims issues such as benefit payments, injury management and dispute resolution.

Young Workers initiative

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 New South Wales. Inexperience, fear of asking for assistance and lack of training or education, means this group has a disturbingly high injury rate with sixteen young people injured at work each day. The Young Workers program aims to increase awareness of the rights and responsibilities of young workers with parents, educators, employers and young workers themselves.

The 2008 Young Workers Poster Competition was a great success with the highest number of entries received since its launch three years ago. The competition challenged entrants to create a poster that demonstrated their reason for workplace safety. Over 860 entries were received from around the state with 45 finalists invited to participate in an awards ceremony held at Luna Park. Winning entries are available as posters free of charge to workplaces and schools throughout the state.

Paralympian speakers program

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

In 2008, WorkCover launched the *Six Life Stories, One Vital Message* DVD. A powerful and emotive mini-documentary that introduces each athlete and tells the story of their workplace injury, how it affected their life, their rehabilitation program and their success in professional sport. More than 15,000 copies of the DVD have been distributed throughout NSW. The program also delivered 172 visits to workplaces across NSW and a further 24 interstate workplaces to promote workplace safety.

A highlight in the Paralympian Speakers Program was the success of sprinter Heath Frances who won three gold medals at the Beijing Olympics and was named Male Athlete of the Year in 2008.

2008 Safety Show and Conference

Since its inception in 2003, the Safety Show and Conference has established itself as New South Wales' 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 attendance growth from 5,020 visitors in 2003 to over 11,000 in 2008. In 2008, a series of 22 workshops and presentations were also conducted across a range of OHS and workers compensation issues with an average attendance of 150 people per session.

SafeWork Awards 2008

Five hundred and eighty five guests attended the 2008 WorkCover SafeWork Awards ceremony at the Acer Arena Grand Ballroom in Sydney. A record 121 entries were received with 37 finalists recognised for innovation and best practice in workplace safety.

All 2008 SafeWork Award winners were entered into the national safe work awards, with three NSW winners The Dorsal Boutique Hotel, WP Projects and Eraring Energy receiving national awards.

Safety Summit

The NSW Workplace *Health and Safety Strategy 2005–2008* provided a strategic framework for workplace safety improvements in NSW. A tripartite review committee comprising the WorkCover CEO, senior industry representatives, employer associations, unions and senior Government officers, oversaw implementation of the strategy.

A final report provided an overview of achievements and progress made against each of the Industry Action Plans and industry initiatives emerging from the Summit. WorkCover continues to build on the successes of the strategy, by promoting industry partnerships and the integration of safety solutions into industry practice.

WorkCover Assist Program

WorkCover recognises that employer and employee organisations and not for profit group training organisations are uniquely positioned to assess the needs of their members and to develop and implement innovative programs to help employers and workers understand and comply with occupational health and safety and workers compensation legislation.

The WorkCover Assist grants provides funding to support employer associations, trade unions and not for profit group training organisations in NSW to assist their members to better understand and adopt key requirements under OHS, injury management and workers compensation legislation. As at the end of the 2008/09 financial year, the Government has made \$35 million available for this program.

Engage stakeholders to improve OHS and workers compensation outcomes

One of the successful projects funded through this program was undertaken in partnership between the Australian Retailers Association and Youthsafe. Funding was used to develop an educational program for high school students to increase their awareness of OHS in the workplace. "In Working Order – an OHS toolkit for young workers" developed under the program, provides a DVD containing six young worker OHS scenarios, a CD-ROM and website containing educator, employer and parent information and resources. This project recognises the health and safety risks associated with young workers such as their lack of experience, knowledge and skills in safely dealing with potential workplace hazards. Teachers have welcomed the toolkit as a very effective resource for raising students' awareness of OHS, with requests for the toolkit being received from schools both nationally and internationally.

Research directions forum

The WorkCover New South Wales Research Centre of Excellence was established in 2005 to provide research and research training for the prevention of workplace injury and disease.

The Research Centre based at the Ourimbah campus of the University of Newcastle has provided a strategic approach to prioritising WorkCover's research. To date, this has included the successful organisation of three Research Forums in 2004, 2007 and in 2009.

Most recently, the 2009 Forum held in June at the University of Newcastle, saw a nationally representative body of leading academics, industry, senior WorkCover staff and other stakeholders contributing to the development of strategic national research priorities for the next five years. Collaborative links between researchers and research centres, and focus areas for potential partnerships, were also discussed.

457 visa MOU

In September 2008, WorkCover finalised a Memorandum of Understanding with the Commonwealth Department of Immigration and Citizenship to formalise information sharing arrangements regarding the section 457 visa scheme. The 457 visa scheme is designed to allow overseas workers to temporarily fill nominated skilled positions in Australia.

The Memorandum includes information relating to the number of 457 visa workers in NSW, the nature of the work they are undertaking, sponsorship arrangements, as well as provisions to ensure that WorkCover is notified in the event of any workplace fatality, injury or incident involving workers on a 457 visa.

The establishment of cooperative arrangements with the Commonwealth Government will help ensure that all 457 visa workers are aware of their rights, responsibilities and entitlements under NSW workplace safety and workers compensation laws.

Support to family members

The establishment of the WorkCover Interagency Consultative Forum in April 2009 assists in the provision of accurate information and the coordination of support services to family members when a relative has died or been seriously injured in a workplace incident. The quarterly forum is intended to address systemic rather than individual issues relating to the services and information provided to family members.

The forum is chaired by WorkCover's Director, Legal Group and includes representatives from the NSW State Coroner's Court, the NSW Industrial Court, NSW Police, the Dept of Forensic Medicine counselling service, and the Workplace Tragedy Support Group.

Criminal case conferencing and case management in the Industrial Court of New South Wales

WorkCover's Legal Group was invited by the NSW Industrial Court to sit on a working party to discuss and draft a revised practice note for the management of OHS prosecutions in the Court. WorkCover prepared a draft proposal to introduce criminal case conferencing. The proposal provides the parties with an opportunity to confer and possibly reach agreement on appropriate issues at an early stage of the proceedings, ascertain if a plea of guilty is able to be adduced from the defendant and reduce costs. The working party is continuing to consult, with agreement on the final document expected in 2009.

Actively seeking and responding to stakeholder views

"Innovative...modern...and forward thinking"

Each year WorkCover engages an external research agency to conduct an online perception survey of employers and workers in NSW.

The purpose of the research is to measure the awareness levels and people's perception of WorkCover and its activities, the effectiveness of communication campaigns, experiences with WorkCover's services as well as attitudes and behaviours towards workplace safety.

The 2009 research showed that WorkCover's brand presence remains high with 94 per cent general awareness for workers and 93 per cent for NSW employers. Television advertising remained the main medium for creating awareness in 2007, 2008 and 2009.

As in previous years, in 2009 WorkCover's brand strength was seen as being its 'seriousness'. Perceptions of WorkCover being viewed as an 'educator' however are now significantly higher than previous years. There was also an increase in the number of references to WorkCover being 'innovative', 'modern', and 'forward thinking/looking'.

Developing effective partnerships to provide a harmonised and whole of government approach to workplace safety and workers compensation

Harmonisation and development of model OHS legislation

In July 2008 the states, territories and Commonwealth signed an *Inter-Governmental Agreement for Regulatory and Operational Reform in Health and Safety*, committing to implement national uniform model occupational health and safety (OHS) legislation i.e. a model OHS Act, regulations and codes of practice, by the end of 2011. The uniform model legislation will assist in improving business efficiency and provide greater certainty and protection in the workplace.

The Commonwealth National Review into Model OHS Laws (the National Review) advisory panel released two reports on 31 October 2008 and 30 January 2009 making recommendations for a model OHS Act.

The Workplace Relations Ministers Council considered and responded to the recommendations of the National Review and agreed on the optimal structure and content of a model OHS Act at their 18 May 2009 meeting (for further details see www.safeworkaustralia.gov.au). A timetable for public comment was agreed by the Workplace Relations Ministers Council at its 11 June 2009 meeting.

The Safe Work Australia Council, the Australian Safety and Compensation Council replacement body, is overseeing the drafting of the model legislation for the approval of the Workplace Relations Ministers Council. The Safe Work Australia Council includes representation from governments, employer groups and employee groups.

It is expected that the Safe Work Australia Council will release the exposure draft of the model OHS legislation for consultation in September 2009. The draft model OHS legislation will then be submitted to the Workplace Relations Ministers Council for agreement by the end of 2009.

As part of the *Inter-Governmental Agreement*, jurisdictions also agreed to develop a nationally consistent approach to compliance and enforcement. Through the Heads of Workplace Safety Authorities (HWSA), jurisdictions have developed a National Compliance and Enforcement Policy for OHS legislation.

The purpose of the Policy is to assist regulators to adopt a consistent, effective and efficient approach to compliance and enforcement. Further information about the Policy is available on the HWSA website: www.hwsa.org.au

Australian and New Zealand Workers Compensation Strategy

The Heads of Workers' Compensation Authorities continued to work on finalising an Australian and New Zealand Workers Compensation Strategy, designed to deliver a coordinated approach to workers compensation across jurisdictions over the next three years.

The Strategy identifies a common set of goals to improve workers compensation and injury management arrangements, while maintaining fair, affordable and financially viable workers compensation schemes.

Small business – three year plan

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, the provision of workshops and presentations, workplace advisory visits, small business forums and the Safety Solutions Rebate Program. The program promotes Safe Business is Good Business and assists small business to build their capacity to appropriately manage occupational health and safety, workers compensation and injury management.

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. It provides small business free access to personal advice and assistance from large business and to WorkCover's technical and administrative support.

The program is about to enter its third year and WorkCover is expecting over 100 small business participants from across a number of industries. The success of the 2008–2009 program is demonstrated by approximately 80 per cent, equating to 81 small businesses from the construction, manufacturing, consumer services and agricultural industries completing all aspects of the program.

Workshops and presentations

In 2008/09, WorkCover undertook 501 workshops and delivered 142 presentations to small and medium businesses on workplace safety, workers compensation and injury management. The success of the workshops is evident with 91 per cent of participants indicating satisfaction with the information, advice and assistance provided and 88 per cent feeling more capable of implementing occupational health and safety, workers compensation and injury management systems.

“A three year program has been developed to assist small business effectively manage their workplace safety obligations”

Engage stakeholders to improve OHS and workers compensation outcomes

Workplace advisory visits

In 2008/09, WorkCover responded to 669 requests for free workplace advisory visits to small businesses, as well as providing 102 advisory sessions with business operators and representatives at locations other than the workplace.

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

In October 2008, WorkCover conducted its 1,000th workplace advisory visit at the GunnaWannBe Café, a small retail food business in Lismore.

The unique Café provides a variety of indigenous foods and an opportunity to experience Aboriginal culture.

"My partner and I are very safety conscious and our first priority is to ensure everyone's safety, including our customers. WorkCover's visit has helped me identify certain safety issues that I am confident I can now adequately address and I am proud to be the 1,000th business that has received guidance under this service. Having attended a number of WorkCover workshops and events, I would encourage other small businesses to take advantage of WorkCover's range of advisory services," the operator Mr Roberts said.



Small business forums

In 2008/09 WorkCover conducted 32 small business forums across the state to engage local businesses and ensure that the region obtains the advice and services that it needs from WorkCover. Over 500 small businesses attended the forums throughout the year, expanding the ongoing level of forum participation to over 1,500 small businesses.

The forums provide small businesses with a voice in how products and services are developed and delivered to ensure they are practical, helpful, easily accessible and better reflect their needs. The forums enable small business owners to work with WorkCover to identify solutions, provide feedback and be up-to-date about decisions that may affect them and their business community.

Feedback from the forums has informed the planning of new initiatives and indicates a positive increase in the knowledge and confidence of small business about workers compensation and injury management. Feedback is also showing an increase in small businesses' awareness, satisfaction and valuing of WorkCover services, and an increased willingness to positively engage with WorkCover about workplace safety.

Small business forums are generating increased interest and participation in the business community, with interaction levels anticipated to increase in 2009/10.

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.

Employers who qualify for the rebate receive up to \$500 (excluding GST) for adopting an effective solution to a safety problem in their workplace. Safety Solutions Rebate Packs have been distributed to all WorkCover offices.

Attracting and retaining quality staff

WorkCover NSW occupational health and safety and workers compensation performance

WorkCover continues to increase staff and management awareness of occupational health and safety responsibilities and improve organisational safety policies and procedures. Regular reviews of safety policies and procedures are undertaken, with staff being reminded of their responsibilities to report any identified hazards.

Supervisors and managers are trained in applying risk management processes and reminded of their responsibilities to eliminate or minimize risks to the health and safety of staff. OHS risks and performance are standing items on WorkCover's Risk Management Steering Committee agenda.

WorkCover's performance against the key performance indicators of the NSW Government's Public Sector Occupational Health and Safety and Injury Management Strategy, Working Together, is closely monitored.

These initiatives have contributed to the stabilising of WorkCover's annual workers compensation claim numbers to around 50 claims per year over the past five years, despite increases in staff numbers.

The majority of WorkCover claims have not been significant, with 21 of the 47 claims in 2008/09 recording no lost time and eight others with less than five days lost. The average time lost per claim has gradually reduced from 18 days in 2002/03 to just seven in 2008/09.

Supporting this low injury rate, 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.

Improved claims management and proactive return to work activity across the organisation over recent years has positively impacted WorkCover's Treasury Managed Fund deposit premiums and premium hindsight adjustments for workers compensation coverage.

WorkCover has convened a working party with representatives from WorkCover management, the Public Service Association (PSA) and the OHS committee chairs to consider issues relating to bullying. The working party has reviewed issues relating to bullying identified by the WorkCover Corporate Culture survey and the PSA bullying survey. As a result, the working party has developed a one day Working with Respect workshop to be rolled out in 2009/10 to staff and management.

The working party has developed a policy aimed at identifying bullying risk factors and developing control strategies, and has developed a series of procedures providing staff members with several options for support and remedial action if they experience or witness bullying.

A new Bullying Response Service was introduced in January 2009 to provide individual staff members with an opportunity to receive independent advice and support in relation to bullying from a workplace psychologist. The psychologist will provide advice and possible resolution options such as mediation, coaching, team building or investigation.

A survey developed by the working party will be undertaken in August 2009 to provide staff an opportunity to report their experiences of respectful behaviours in their workplaces. The results will be used to benchmark bullying risk factors and behaviours within WorkCover.

Promoting social justice in NSW workplaces

As a corporate citizen and employer, WorkCover is committed to corporate social responsibility and to providing equitable access to all of its services and actively promotes social justice. Important initiatives in 2008/09 included:

- continued implementation of the 2008/11 Social Justice Plan and Policy Statement
- continued implementation of Affirmative Action Strategies including:
 - development and implementation of the 2008/09 Spokeswomen's Strategic Plan
 - relaunch of the re-branded Female Inspector Network that aims to provide our female inspectors with relevant networking and support opportunities in line with the 2008/09 Female Inspector Network Strategic Plan
 - continued implementation of the Indigenous Employment and Development Strategy
 - continued implementation of WATSIN (WorkCover's Aboriginal and Torres Strait Islander Network) Future Directions Strategic Plan to provide a cohesive organisational wide commitment to initiatives that build on our community engagement activities and enhance staff awareness of Aboriginal and Torres Strait Islander culture
 - development and delivery of the Aboriginal Cultural Understanding Program to provide all staff with community engagement responsibilities with an understanding of Aboriginal culture, particularly the Aboriginal people of NSW. The Program introduces management and staff to an Aboriginal perspective of Australian history and provides an appreciation of why so many Aboriginal people and communities experience low socio economic status and are hesitant to access government services
 - continued promotion and participation in key social justice events including International Women's Day, NAIDOC Week, Harmony Day, International Day for People with a DisAbility and Loud Shirt Day

Building organisational capability – our people and our systems

- promotion of social justice considerations into WorkCover planning and project management frameworks including promotion of the social justice tool and the client diversity profile
- incorporation of social justice strategies and consultation processes in workshops, e.g. tailored workshops for women in business and specific cultural groups
- implementation of an Aboriginal information strategy to ensure culturally appropriate engagement with New South Wales Aboriginal communities to increase their understanding 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

The Commission is implementing the major recommendations of a review into how it undertakes its functions. The recommendations include an organisational restructure to improve service delivery to clients, scheduled to commence in late 2009.

Following the review, the Commission has subsequently amended its regional venue policy, improving the quality and standard of the regional locations utilised for hearings. Development of other initiatives will improve the efficiency of services to regional based clients, such as development of a regional co-ordinator function.

The Commission provides specialised services to support clients who do not have English as their first language. Brochures relating to the processes within the Commission and access to Internet information are available in ten languages.

The Commission's Arbitrators are trained on the engagement of interpreters and cultural differences of language and its use. In 2008/09, 28 per cent of all applications to resolve a dispute engaged the use of an interpreter.

New inspector cultural awareness and diversity training

WorkCover's cultural awareness and diversity training session provided to new inspectors is being expanded to include a one-day Aboriginal Cultural Understanding session. The session improves understanding of the impact of equity and access on occupational health and safety, injury management and workers compensation on the diverse communities within NSW, and promotes the skills required to deliver services to people from culturally and linguistically diverse and special needs backgrounds.

Migrant workers

The 457 visa scheme allows overseas workers to temporarily fill nominated skilled positions in Australia. In September 2008, WorkCover finalised a Memorandum of Understanding (MOU) regarding 457 visa workers with the Commonwealth Department of Immigration and Citizenship that facilitates effective inter-agency relationships and information sharing regarding migrant workers.

The Pacific Seasonal Worker Pilot Program (416 visa) provides non-skilled labour opportunities in Australia for workers from the Pacific region. WorkCover is in the process of developing a similar MOU with the Federal Department of Education, Employment and Workplace Relations regarding the 416 visa program.

Traineeships

In 2008/09, WorkCover introduced a traineeship program to assist Equal Employment Opportunity (EEO) groups entering the workforce. Three trainees were recruited including one person with a disability and two of Aboriginal or Torres Strait Islanders background. A full evaluation of the program's success will be conducted in early 2010.

S.A.F.E.R Training Program

WorkCover grants have been provided to the Australian Liquor, Hospitality and Miscellaneous Union and TAFE NSW to deliver quality safety training to people with a disability at their workplace. The S.A.F.E.R Training Program is provided free to 45 disability service sites to participants in familiar surroundings, allowing customisation and flexibility to suit specific workplace issues.

Post training Assessment Tasks are undertaken six to eight weeks after the training to evaluate retention and continued learning.

Young Worker Policy and initiatives

The WorkCover Young Worker Policy was developed in late 2006 to facilitate a coherent and strategic approach to the organisations young workers activities. The policy was developed following analysis of research and workers compensation data highlighting the unique characteristics of young people and the particular risks they face at work.

The policy was reviewed and updated in 2008.

The NSW retail industry employs a high proportion of young permanent and casual workers and has the second highest number of compensation claims for workers less than 25 years of age.

WorkCover has provided grant funding to the Australian Retailers Association for development of online and in print safety tools. This was because the tool provides information for retail employers, supervisors and young workers on effective communication and management strategies with young workers to enable a workplace safety culture.

Awareness of workplace safety for Aboriginal businesses in NSW

WorkCover has called for tenders to deliver a project to improve workplace safety for Aboriginal people in NSW. The project will increase awareness of basic rights and responsibilities with regard to workplace safety in NSW Aboriginal businesses through the delivery of culturally appropriate occupational health and safety and workers compensation training workshops.

Multicultural policies and services program

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

The main initiatives in 2008/9 were:

- WorkCover's "Watching out for you" posters displayed in all workplaces in NSW have been translated into Mandarin, Cantonese, Italian, Arabic, Vietnamese, Greek, Croatian, Macedonian, Spanish, Maltese, Serbian, Turkish, Hindi, Swahili, Dinka and Urdu
- installing a rolling language bar to WorkCover's website to enhance accessibility for people with English as a second language. The language bar provides access to information in 27 languages
- promotion of the Social Justice Tool to assist staff in the implementation of social justice in internal and external communication activities including project planning
- promotion of WorkCover's Client Diversity Profile to assist in tailoring projects and services by providing a general picture of the characteristics and location of culturally and linguistically diverse workers across industries and occupations
- enhancement of the 2009 inspector recruitment campaign with targeted advertising in the ethnic media including Arabic, Chinese, Greek, Italian, Spanish and Vietnamese to attract applicants from equal employment opportunity minority groups and those with bilingual skills
- incorporation of an equity and access curriculum to help new inspectors build understanding of the needs of people from culturally and linguistically diverse backgrounds
- promotion of the Community Language Allowance Scheme with improvements in knowledge management and the collation of data. There are currently 17 officers offering services in 13 languages
- promotion and participation in key social justice events, such as Harmony Day.
- enhancements to WorkCover's website identifying as "Relay Service Friendly" installing the National Relay Service logo and links enhancing accessibility for deaf and hearing impaired customers. Further enhancements during 2009/10 will allow greater accessibility to people utilising Braille, and those with cognitive or physical disabilities
- enhancing amenities and accessibility to WorkCover sites, including the relocation of the Head Office reception and information services to the ground floor and installing a lower counter to assist wheelchair bound customers
- continued enhancement of staff access to emergency information and ongoing training that reflects the needs of people with a disability in emergency planning and training programs
- sponsoring six paralympians injured in the workplace to assist with the promotion of workplace safety
- continued promotion and participation in key social justice events, such as International Day for People with a Disability and Loud Shirt 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 2008/09 included:

- targeted recruitment for our Pilot Traineeship program with placement of a young person with a disability

Equal employment opportunity management

WorkCover collects Equal Employment Opportunity (EEO) data for the Department of Premier and Cabinet Workforce Profile, which measures performance in meeting the Government's employment benchmarks for staff from identified EEO minority groups and informs the planning and development of EEO initiatives.

The 2009 workforce profile indicates the proportion of women remained at 55 per cent with the highest proportion, 37.5 per cent employed at the salary level \$68,148 – \$88,127. Women occupy a total of 43 per cent of management positions.

WorkCover's proportion of Aboriginal and Torres Strait Islander staff is 3.1 per cent, exceeding the public sector benchmark of two per cent. The proportion of staff from racial, ethnic or ethno-religious minority groups was 15 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, 3.8 per cent required workplace adjustment.

WorkCover promoted EEO in 2008/09 by:

- inclusion of the organisation's EEO Management Plan in the 2008/11 Social Justice Plan, and aligning it with WorkCover's Corporate Plan
- enhancing our EEO workforce profile data collection tool to increase participation and enhance reporting
- promoting a policy development template, guidelines and a policy review process that incorporates EEO criteria
- incorporating EEO criteria into development, templates and guidelines for policy review

Building organisational capability – our people and our systems

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

EEO group	Benchmark or target %	Percentage of total staff*					
		2009	2008	2007	2006	2005	2004
Women	50.0	55.0	55.0	54.0	52.0	51.0	49.0
Aboriginal people and Torres Strait Islanders	2.0	3.1	3.2	2.9	1.1	1.1	1.0
People whose first language was not English	20.0	15.0	14.0	15.0	15.0	17.0	16.0
People with a disability	12.0	8.0	7.0	7.0	7.0	7.0	7.0
People with a disability requiring work-related adjustment	7.0	3.8	3.5	3.6	6.8	2.8	2.6

Notes

* Excludes casual staff

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

EEO group	Benchmark or target %	Distribution index ¹					
		2009	2008	2007	2006	2005	2004
Women	100	91	90	89	89	88	89
Aboriginal people and Torres Strait Islanders	100	90	91	94	N/A	N/A	N/A
People whose first language was not English	100	100	101	100	101	97	97
People with a disability	100	99	100	104	N/A	105	103
People with a disability requiring work-related adjustment	100	97	97	105	104	103	101

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 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 2008/09, 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 2008/09, 10 women participated in the program with two of the women successfully gaining short-term placements in positions identified from participation in the workshops as career advancement opportunities
- launch of the re-branded *Female Inspector Network* following extensive consultation with Female Inspectors on what they wanted from the program. The Network provides female inspectors with relevant networking and support opportunities and aims to address the needs and challenges of women working in non-traditional roles such as inspectors
- coordination of International Women's Day celebrations in various locations allowing greater access to activities and participation of over 150 staff. Celebrations included information sessions with Gabi Hollows from The Fred Hollows Foundation and Paula Constant the first female to walk solo through the Sahara
- coordination of Pink Ribbon awareness events with guest speakers invited to share stories of inspiration and education on breast cancer. All offices participated by holding morning teas and purchasing Pink Ribbon merchandise.

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 2008/09 included:

- increasing WorkCover's proportion of Aboriginal and Torres Strait Islander staff to 3.1 per cent, exceeding the public sector benchmark of two per cent
- implementation of the 2008/09 Aboriginal and Torres Strait Islander Employment and Development Strategy
- development and implementation of the Aboriginal Cultural Understanding Program to ensure its occupational health and safety and workers compensation services are accessible to Aboriginal employers and employees. All staff with community engagement responsibilities attended a one day session covering history and barriers faced to accessing government services

- development and implementation of a culturally appropriate education program in the Murdi Paaki region in north western NSW to provide several Community Development Employment Projects with increased awareness of occupational health and safety, workers compensation and injury management rights and responsibilities
- NAIDOC Week celebrations at head office, which attracted over 60 staff members with Aboriginal and Torres Strait Islander staff invited to contribute artefacts and historical records to share their history and culture with non-indigenous staff. The celebrations also included 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
- establishment of an Indigenous Reference Group within the National Heads of Workplace Safety Authorities
- continued participation in the eighth Indigenous Jobs Market held in Sydney. This was WorkCover's fifth attendance at this event.

WATSIN (WorkCover's Aboriginal and Torres Strait Islander Network)

WorkCover's Aboriginal and Torres Strait Islander Network (WATSIN) provides a formal network of support and encouragement to Aboriginal and Torres Strait Islander staff and provides management with advice and assistance on matters involving staff and clients with an Aboriginal and Torres Strait Islander background.

In 2008/09 WATSIN coordinated a number of successful initiatives aimed at raising cultural awareness including:

- NAIDOC week celebrations and information sessions
- Reconciliation week celebrations and information sessions
- development and implementation of WorkCover's Aboriginal and Torres Strait Islander Strategic Plan 2008-11
- development and implementation of WorkCover's Aboriginal and Torres Strait Islander Future Directions Operational Plan 2008-11 focusing on issues relating to Aboriginal and Torres Strait Islander communities in NSW.

Building organisational capability – our people and our systems

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 2008/09, WorkCover introduced flexible work practices in addition to those offered generally across the public sector. The options available to WorkCover employees include flexible working hours, part time leave without pay, working from home agreements (on a regular or an adhoc basis), parental leave, flex-time and purchased leave. In 2008/2009 WorkCover commenced a trial of compressed hours, where full-time staff work their weekly hours over a four-day period. Study leave and financial assistance is also provided to staff members undertaking professional training that will benefit the organisation.

Employer of Choice Award – Finalist

WorkCover is proud to have been a finalist in the 2008 Australian Human Resource Awards – Employer of Choice (Public Sector) category. This is the first time WorkCover nominated for the awards, which recognise excellence within Australia's human resources profession. The nomination is testament to the high calibre of our staff management practices.

Our nomination for this award showcased a range of our innovative HR strategies including WorkCover's:

- *employee value propositions*, focussing on how we are *making a difference*;
- talent program and the corporate leadership development program, significant capability development programs;
- core non-technical capability framework;
- attractive flexible work options; and
- charter of management commitment recently formalised across the organisation.

Staff survey

The second Great Place to Work (GPTW) survey commenced in September 2008. The survey results were provided to the Executive in October. Comparisons were made between the 2008 survey and 2007 survey results on an item-by-item basis across the organisation, across divisions and across teams. In general, the results improved by 3–4 per cent on every survey item. Divisional consultation on the results was completed by December 2008, with action plans aimed at creating a more positive and productive workplace culture being developed.

The Executive agreed to concentrate their attention on the fairness and credibility survey outcomes to better align to leadership behaviours listed in the WorkCover Charter of Management Commitment and improve leadership capability.

One hundred managers attended the two management forums held to improve networking, and build and foster cross-divisional relationships. A number of external speakers presented their area of expertise to the senior management team to ensure they stay up-to-date on current management issues.

A number of initiatives have been developed collaboratively between the Public Service Association and WorkCover to create a more positive working environment. A Respectful Behaviours Guide was launched in May 2009 and a one-day workshop, *Working with Respect*, was piloted in March. New policies have also been developed and are currently being trialed on managing the risk of workplace bullying and managing reports of workplace bullying.

The next GPTW survey will be conducted in early 2010 enabling WorkCover to continue to create a positive and productive workplace culture.

Workforce action plan

A 'Workforce Action Plan' was developed in 2007 to address workforce planning challenges such as an ageing workforce, recruitment for high level and specifically skilled functions and the changing expectations of the workforce. The Plan addresses four critical areas of attraction, retention, leadership and knowledge management, and is reviewed annually.

A public sector recruitment freeze presented the organisation with some challenges in workforce planning. In 2008/09, WorkCover continued to focus on advertising strategies, implementing our employer of choice brand (Making a Difference), assessing priority areas for knowledge transition and capability development and delivering our talent program. The Talent Program entered its second round in 2008/09, building individual and organisational capability through training and development opportunities to high potential and motivated employees.

WorkCover has embraced employment of young people by piloting a new traineeship program. Three trainees from EEO groups were recruited. WorkCover has also committed to employing Cadets over the next four years through the Public Sector Cadetship Program. The first intake is expected to commence in August 2009.

WorkCover's graduate program was reviewed in depth during the year to ensure it remains contemporary and competitive. A number of recommendations will be implemented in 2009/2010. As a succession planning initiative to meet in part our skill shortage challenges, two specialist engineer graduates were recruited in 2009.

WorkCover self-nominated to be a pilot agency for the introduction of a sector-wide e-Recruitment system, expected to be implemented in October 2009. The Department of Premier and Cabinet continues to identify WorkCover as a leading sector agency in developing and implementing workforce planning initiatives.

Human resource statistics

	2008/09					2007/08					2006/07					2005/06								
	OWCA	WCA	WCC	LSPC	SIC	DDB	OWCA	WCA	WCC	LSPC	SIC	DDB	OWCA	WCA	WCC	LSPC	SIC	DDB						
Administration and clerical ¹	974	774	94	61	4	41	933	747	87	63	5	30	915	713	90	64	5	43						
Associates/ministerial	0												1	1										
Departmental professional officers	38	25			13		35	23			12		41	24			17							
Engineers	16	16				13	13						13	13			12							
General division	1	1				1	1						2	2			2							
Graduates ²	19	19																						
Legal officers	33	25	8			32	26	6			6		29	22	6		1	8						
Safety inspectors ³	296	296				284	284						290	290			287							
Senior management (senior executive service)	11	10	1			15	14	1	1	1			14	13	1		53	1						
Senior officers	51	47	3		1	50	46	3					41	37	3		1							
Statutory and other officers	4	4				4	4						3	3			4							
Technical officers	15	15				17	17						15	15			15							
Trainees ²	3	3																						
TOTAL	1,461	1,231	109	62	4	55	1,384	1,172	100	64	5	43	1,364	1,129	103	65	5	62	1,338	1,100	120	66	4	48

Notes:

The HR statistics quoted for 2008/2009 are headcount figures as at 25 June 2009 (census date for the DPC Workforce Profile data collection)

1 Librarians and Library Technicians were previously reported separately and are now included in the Administration and clerical classification

2 Graduates and Trainees were previously reported within the Administration and Clerical classifications

3 There were 18 vacant inspector positions as at 25 June 2009

Building organisational capability – our people and our systems

Value of recreation and long service leave at 30 June

	2009 \$'000	2008 \$'000	2007 \$'000	2006 \$'000	2005 \$'000
CURRENT					
Recreation leave	10,691	9,957	9,102	8,321	7,466
Extended leave	10,404	8,754	7,156	5,727	5,013
	21,095	18,711	16,258	14,048	12,479
NON-CURRENT					
Extended leave	15,901	15,528	14,402	14,239	14,686
Total	36,996	34,239	30,660	28,287	27,165

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

	2008/09					2007/08					2006/07					2005/06				
	OWCA ⁽¹⁾	WCA	WCC	LSPC	SIC	DDB	OWCA	WCA	WCC	LSPC	SIC	DDB	OWCA	WCA	WCC	LSPC	SIC	DDB		
Number of CES/ SES positions	11	10	1	15	14	1	14	13	1	14	13	1	15	14	1	15	14	1		
Number of positions filled by women	4	4		6	6		5	5		5	5		6	6		6	6			
Positions at or above SES level 5	5	5		5	5		5	5		5	5		5	5		5	5			

Notes:

- 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)

Volunteer program

The Corporate Volunteer Program will assist WorkCover in becoming a more socially responsible organisation. The program aims to encourage and assist staff to participate in or contribute to volunteering in the local and broader community. Many of WorkCover's employees are already actively involved in their communities as volunteers, either individually or as part of a team.

A policy has been developed as an important initiative in our drive to be a more socially responsible employer and organisation. The policy enhances the organisation's culture, valuing and recognising employees and the contributions they make to the community.

Developing and recognising management and technical skills

WorkCover recognises the contribution made by its management and staff, and is committed to continually improving skills across the organisation.

SIAC Report

The Staffing and Influences Affecting our Capability (SIAC) Report provides the executive team and staff valuable information on our workforce by comparing 2008 workforce data with comparative data from the previous three years. It showed a favourable attrition rate of 6.12 per cent, a positive result for WorkCover staff engagement and retention.

Factors influencing our staff and our staffing levels have allowed WorkCover to remain relatively stable in its service delivery. WorkCover has been able to continue to maintain or improve in a number of areas including a higher percentage of permanent staff, lower attrition rates and a similar age profile when compared to the public and policy sectors.

An ageing workforce continues to focus our attention on growing our reputation as an employer of choice and provide our staff members with flexible work options and professional development opportunities. The organisation is also providing the resources to capture tacit knowledge held by our senior staff members, particularly those in specialist and technical roles.

The SIAC report will be produced annually and provided to the management and staff to better understand the issues affecting staff and the organisation's capability today and into the future.

Staff Awards

The Employee of the Month Award and the annual Chief Executive Officer Staff Awards continued to be well accepted and widely appreciated by staff, with employees from across the organisation being nominated for their achievements and contributions above and beyond the requirements of their role.

The annual CEO Staff Awards program provided an outstanding employee of the year award, along with awards in 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. A total of 23 nominations were received, recognising teams as well as individual winners in each category.

Jeremy Whyte, a project officer in the Newcastle regional office, received the outstanding employee of the year award for driving safety and change within WorkCover and nationally by facilitating the rollout of video conferencing technology across regional service delivery teams and ensuring its effective implementation.

The outstanding team of the year award was received by the 'Funding Model Cabinet Minute Team', for the preparation of a cabinet minute, and the provision of advice and reporting in relation to the enactment of legislation for a new funding model for WorkCover.

New inspector graduation and authorities ceremonies

At a graduation ceremony held in March 2009, 20 new Inspectors from the November 2006 intake were awarded with a Diploma in Government (Workplace Inspection), which is a nationally recognised qualification. Sixteen new Inspectors and four new District Coordinators from the October 2008 intake received their 'Authorities' empowering them to enter NSW workplaces unaccompanied.

The next ceremony in March 2010 will award diplomas to successful candidates from the October 2007 intake, and Advanced Diplomas in Government (Workplace Inspection) to more experienced inspectors.

Modelling good leadership behaviour

Over the past three years, WorkCover has implemented an integrated approach to building effective leadership and management capability through the:

- introduction of a capabilities framework,
- implementation of a Corporate Leadership Development Program (CLDP), targeting multiple levels of management, and
- launch of a Talent Program targeting staff with high potential to succeed in more senior positions

Just over 250 managers have completed the CLDP and continue to participate in an annual 360-degree feedback process. This ongoing process is integral to our organisational culture and provides leaders with valuable comment on their performance and assists them to develop individualised strategies to lead more effectively.

Executive and management development programs are offered annually for those seeking careers at senior levels within the NSW public sector. Since 2006, 24 WorkCover managers have completed one of these programs.

Building organisational capability – our people and our systems

Ongoing learning and development

Targeted programs are available for our managers via our internal learning calendar with many offered in a blended, flexible learning approach. Twelve senior managers access an online academy to review material in a webinar format, download articles and research from online libraries plus download podcasts all ideal for “just in time” learning and support. Access to structured coaching and mentoring programs contribute to bolstering ongoing development, encouraging individuals to build networks with colleagues and peers to foster a supportive culture plus action learning techniques including case studies, role plays and experiential exercises driven by discussion groups and structured debates all provide a practical application to training and a structured approach to developing critical skills.

Enhancing internal communication and cooperation to deliver holistic OHS and workers compensation outcomes

Internal Communication

Work continued on implementing the Internal Communications Improvement Program during 2008/09 in accordance with the approved plan.

Regularly scheduled presentations by the CEO and other Executive members enhanced the face-to-face delivery of corporate messages including the corporate plan, organisational priorities and achievements.

A range of enhancements were made to the intranet to improve its effectiveness as a business tool. Greater use was made of the home page to link staff to information relating to key priority programs and internal support services. Staff training in ‘Sharepoint’ also was provided during the year to enable intranet pages to be maintained by business units under the devolved model adopted.

Consistent branding was applied across the range of corporate internal communication tools including the intranet, staff magazine and daily intranet bulletin so they could be recognised as part of an integrated strategy.

Planning is underway to further enhance two-way communication with staff and provide them with additional channels for feedback.

“The SIAC Report showed a favourable attrition rate of 6.12 per cent, a positive result for WorkCover staff engagement and retention”

Provide effective governance, risk and issues management and business support systems

Corporate Data Repository

The Corporate Data Repository (CDR) is the production system for the receipt, validation, storage and provision of worker compensation claims and policy information for the NSW workers compensation system. The data and information within this system is supplied as updates on a monthly basis from Scheme agents, self and specialised insurers and SICorp. This information is used by WorkCover to manage the workers compensation Scheme, Scheme Agents and injury and illness prevention initiatives.

The information is also used in assessment of actuarial valuations, quarterly Board reporting, the annual *Statistical Bulletin*, and internal and external reporting.

CDR program of works

Work is currently underway to expand the reporting capability and improve system stability and performance of the CDR.

Reporting capability improvements will allow for:

- the reporting of claims data provided by Self and Specialised Insurers (SSI) directly to the CDR,
- links to be established with the Workers Compensation Commission data set, allowing disputes data, linked to related claims, to be loaded to the CDR, and
- deployment of a business information database, supporting WorkCover’s strategic reporting objectives.

Improving stability and performance will be achieved through an upgrade of the CDR deployment to a new hardware platform including upgrades to the software application set, and a data exchange for automated transfer of data between WorkCover and Agents and insurers.

Project Concordance

The Australian Bureau of Statistics and the Australian Safety and Compensation Council (now Safe Work Australia) have introduced changes to the classification systems used for industry, occupation, injury and incident reporting by WorkCover. The changes to national standards have been updated to reflect contemporary occupational health and safety practice and the evolving workplace.

Project Concordance will guide and assist Scheme Agents and Self and Specialised insurers in managing the change to the provision of policy and claims reporting utilising the new classifications.

Development and implementation of system functionality and business process changes will be completed for implementation in June 2011.

Internet redevelopment

WorkCover will launch a new and improved website in 2009/10.

The redevelopment project will improve WorkCover's primary information interface by redesigning the website to make it more user friendly, more industry relevant and to improve search capability.

A new infrastructure platform and improved search capability have already been delivered. New navigation and look and feel changes to the Internet have been presented to the internal and external stakeholders. A third party was engaged to validate improvements to usability and have shown significant improvement in ease of use of the site.

New information architecture, improved meta data, more intuitive navigation paths and a new look and feel for the web site are currently being developed for deployment.

The economy – informing WorkCover

The 2008/09 fiscal year was challenging for many organisations in NSW with the global financial crisis further adversely impacting a NSW economy already burdened by one of the highest unemployment rates in Australia. Direct and indirect effects of the global crisis were significant, affecting the State's strongest sectors: retail trade, and the financial and construction sectors. At the same time, the crisis further weakened the manufacturing sector.

The human impact of the financial crisis was reflected in increased unemployment: including lost jobs and reduced hours of work for remaining workers. The changing profile of employment – towards greater part-time, casual and contract labour – is expected to continue. The lag between economic recovery and increased employment means that the unemployment rate is expected to continue to rise during the modest economic recovery forecast for the coming fiscal year by the economists at the Reserve Bank and the Treasury.

The flow-on effect of this employment scenario is an expectation that workplace injuries may continue trending lower in the short term (due to the decline in employment) but that the severity of injuries may increase in those industries displaying growth in part-time/casual employment. The Commonwealth's fiscal stimulus package is expected to support employment growth in particular sectors, which in turn is expected to generate an increase in injuries in those sectors (eg. construction sector).

Over the past year, WorkCover strengthened its educational and advisory role to counter the expected decline in employee training and investment in safety often seen during times of economic restraint. It also increased its red-tape reduction activities in an effort to reduce occupational health and safety compliance costs while improving safety. The challenge for WorkCover over the coming year is to stay 'ahead of the curve', monitoring and forecasting economic developments and trends in order to implement appropriate policy responses when needed.

Risk management

WorkCover has in place an enterprise risk management framework, which encompasses both strategic and organisational risks across a full range of risk categories. The framework aims to improve organisational governance and ensure that WorkCover has in place an appropriate framework to identify, assess and mitigate risks in line with their agreed risk appetite.

The framework incorporates a review process to identify a range of business risks with a clear focus on fraud risk. An annual review of WorkCover's strategic risk environment and biennial reviews of inherently high-risk activities are also integrated in the framework. 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 and Risk Management Committee on a quarterly basis.

As part of the annual awards program conducted by the Public Sector Risk Management Association, WorkCover was awarded the NSW Public Sector Award for 2008 in the Enterprise Risk Management category, which recognises organisations that have made significant progress in the development and implementation of effective enterprise risk management. This award represented a culmination of two years of education, development and implementation by WorkCover's management.

Energy performance and waste reduction

WorkCover is committed to achieving savings in energy usage and sustained energy management principles. During 2008/09, WorkCover had 33 owned or leased sites that purchased their electricity using the State Contracts Control Board (SCCB) electricity contracts. The purchase of electricity on these contracts minimise costs and achieve a reduction of greenhouse gas emissions by purchasing 6 per cent green power.

WorkCover's Energy Manager and Energy Co-ordinator has been appointed to improve accountability and responsibility for WorkCover's management. Where deemed cost effective, WorkCover will continue to review and implement strategies to reduce energy consumption.

Building organisational capability – our people and our systems

Fuel	Total energy consumed GJ			Annual cost \$			CO ₂ emissions tonnes			Energy % change in the last year
	2008/09	2007/08	2006/07	2008/09	2007/08	2006/07	2008/09	2007/08	2006/07	
Electricity (black coal)	19,331	19,549	18,813	594,920	545,475	527,350	5,703	5,192	4,997	-1.1%
Electricity (green power)	1,216	1,212	1,079	51,028	46,859	40,946	0	0	0	+0.3%
Natural gas	783	1,219	692	10,994	16,483	9,244	40	63	36	-35.8%
LPG	66	75	59	1,418	1,677	1,133	4	4	4	-12%
Diesel	1,480	1,210	115	52,759	44,548	3,519	103	84	8	+22.3%
Petrol	33,350	37,460	41,141	1,129,487	1,325,845	1,333,007	2,150	2,473	2,716	-11%
TOTAL	56,226	60,725	61,899	1,840,606	1,980,887	1,915,199	8,000	7,816	7,761	

Between 2007/08 and 2008/09, there has been a 3.0 per cent decrease in building energy consumption mainly due to a large decrease in natural gas consumption at WorkCover's Head Office. Over the same period, vehicle fuel consumption decreased by 9.9 per cent. Overall energy consumption decreased by 7.4 per cent and greenhouse gas emissions decreased by 4.7 per cent.

Total energy costs decreased by 7.1 per cent between 2007/08 and 2008/09. This was mainly due to a reduction in vehicle fuel costs of 13.7 per cent, which offset increased electricity costs of 9.1 per cent.

WorkCover regularly consults with the Department of Services, Technology and Administration to access information on the latest innovations in energy management that will enhance our ability to sustain energy saving and deliver positive environmental outcomes.

“Between 2007/08 and 2008/09, there has been a 3.0 per cent decrease in building energy consumption”



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

WORKCOVER AUTHORITY

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FOR THE YEAR ENDED 30 JUNE 2009

WORKCOVER AUTHORITY

ADDITIONAL BACKGROUND INFORMATION WORKCOVER NSW

June 2009 Financial Statements overview of results

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:

	2008/09 Actual	2007/08 Actual
	\$m	\$m
OPERATING RESULTS		
Revenue	288.2	203.6
Expenses	341.3	331.0
Operating (Deficit)/Surplus	(53.1)	(127.4)
FINANCIAL POSITION		
Short Term Solvency	106%	97%
Long Term Solvency	96%	116%
Total Assets	256.0	303.2
Total Liabilities	267.7	261.4
Equity	(11.7)	41.8

Operating Results

The operating results for the year ended 30 June 2009 was a deficit of \$53.1m. The operating deficit has decreased excess accumulated funds of \$22.1m to (\$31.0)m. The result for 2008/09 is featured by:

- Increases of \$52.1m in superannuation liabilities following actuarial review.

Financial Position

Overall, WorkCover's financial position is sound.

Short-term solvency is adequate with current assets representing 106% (97%, June 2008) of current liabilities.

Long-term solvency is also adequate with total assets representing 96% of liabilities (116%, June 2008). Outstanding claims and superannuation are the main liabilities. Outstanding claims have been actuarially assessed at \$110m (\$102m, June 2008). Superannuation has been actuarially assessed at \$55.0m (\$7.7m, June 2008). (Please note that Workcover also had a superannuation prepaid asset of \$4.8m at 30 June 2008 this causes the total movement for superannuation between 2008 and 2009 to be \$52.1m.)

Cash Flow

Overall WorkCover is in a sound position in relation to the level of cash it holds and the amount of cash it generates to meet its operating activities. In 2008/09 WorkCover generated positive cash flows from operating activities of \$12.3m. This cash was used to fund expenditure of \$11.0m on WorkCover's capital program.

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 2008/09 show that overall costs increased by \$1.1m in 2008/09 compared to 2007/08. This increase was attributable to an increase of \$1.5m in the Commission's superannuation liabilities following actuarial review.

3. Office of the WorkCover Authority

The Office of the WorkCover Authority (OWCA) comprises the following entities:

- 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.

Julie Newman

Chief Financial Officer

WORKCOVER AUTHORITY OF NEW SOUTH WALES
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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 2009 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



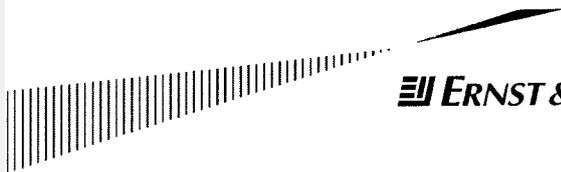
Rob Thomson
A/Chief Executive Officer

11 November 2009

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

WORKCOVER AUTHORITY



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WORKCOVER AUTHORITY of NSW

Actuarial Certificate Outstanding claims liabilities at 30 June 2009

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 2009 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 also 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 WorkCover 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

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 2009 for the Other Fund, net of recoveries is set out in the following Table.

Outstanding Claims Liability at 30 June 2009 - Other	\$m
ERWCF	10.429
BFFCF	14.723
Non-HIH	73.130
HIH	11.910
Total	110.192

It is our understanding that the WorkCover Authority has provided \$110.2 million in the Financial Statements of the above Funds as at 30 June 2009 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 22nd September 2009 for ERWCF and BFFCF and 24th September 2009 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



Fellow of the Institute of Actuaries of Australia
28 September 2009

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

WORKCOVER AUTHORITY



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

WorkCover Authority of New South Wales

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), which comprises the balance sheets as at 30 June 2009, the income statements, statements of recognised income and expense and cash flow statements for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Authority and the consolidated entity. 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 2009, and of their financial performance 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 entity'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 entity'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

13 November 2009
SYDNEY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

WORKCOVER AUTHORITY

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated		Authority	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
REVENUES					
Contributions	3(e) & 4	259,744	173,373	259,744	173,373
Fees and charges	5	17,849	14,034	17,849	14,034
Investment revenue	6	(2,943)	(257)	(2,943)	(257)
Other revenue	7	13,347	15,178	14,182	16,489
Total revenues		287,997	202,328	288,832	203,639
EXPENSES					
Salaries and employee payments	8	668	676	668	676
Personnel services	9	186,480	146,043	174,404	134,654
Office accommodation		13,363	13,429	11,800	11,881
Depreciation and amortisation		11,190	12,903	10,461	12,013
General grants	3(j)(iii)	7,315	4,608	7,315	4,608
Other operating expenses	10	103,544	145,693	85,625	128,869
Specific grants	11	2,126	1,250	35,246	33,212
Net claims incurred	12	8,657	(1,433)	8,657	(1,433)
Finance costs	12	7,757	6,483	7,757	6,483
Total expenses		341,099	329,652	341,933	330,963
(Deficit)/surplus for the year		(53,102)	(127,324)	(53,102)	(127,324)

The accompanying notes form part of these financial statements.

BALANCE SHEET AS AT 30 JUNE 2009

	Note	Consolidated		Authority	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS					
Cash and cash equivalents	24	51,392	44,098	51,391	44,097
Inventory	18	1,482	2,091	1,482	2,091
Trade and other receivables	13	8,476	49,291	11,687	50,007
Total current assets		61,350	95,480	64,560	96,195
NON-CURRENT ASSETS					
Trade and other receivables	13	23,993	21,471	20,554	20,132
Financial assets	14	117,548	129,542	117,548	129,542
Intangible assets	17	17,593	18,642	16,504	17,192
Property, plant and equipment	16	38,157	41,281	37,435	40,165
Total non-current assets		197,291	210,936	192,041	207,031
Total assets		258,641	306,416	256,601	303,226
CURRENT LIABILITIES					
Trade and other payables	19	13,679	17,542	12,605	16,158
Provisions	20	38,805	72,103	36,101	69,933
Outstanding claims	21	12,613	13,572	12,613	13,572
Total current liabilities		65,097	103,217	61,319	99,663
NON-CURRENT LIABILITIES					
Trade and other payables	19	36,100	50,429	39,529	51,366
Provisions	20	71,577	22,911	69,886	22,338
Outstanding claims	21	97,579	88,042	97,579	88,042
Total non-current liabilities		205,256	161,382	206,994	161,746
Total liabilities		270,353	264,599	268,313	261,409
Net assets		(11,712)	41,817	(11,712)	41,817
EQUITY					
Asset revaluation reserve	22	19,294	19,721	19,294	19,721
Retained earnings	22	(31,006)	22,096	(31,006)	22,096
Total equity		(11,712)	41,817	(11,712)	41,817

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated		Authority	
		2009	2008	2009	2008
		\$'000 Inflows (Outflows)	\$'000 Inflows (Outflows)	\$'000 Inflows (Outflows)	\$'000 Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES					
Contributions		276,251	149,920	276,251	149,920
Investments		3,051	7,360	3,051	7,360
Recoveries		–	–	–	–
GST refund from ATO		9,828	10,026	8,143	8,501
Other receipts		35,537	38,616	36,373	38,616
Salaries and employee payments		(668)	(676)	(668)	(676)
Personnel services		(130,113)	(131,565)	(120,123)	(119,667)
Office accommodation		(15,448)	(14,410)	(13,757)	(12,737)
Grants paid		(2,106)	(1,912)	(32,732)	(32,842)
Compensation claims paid		(7,844)	(76,197)	(7,844)	(76,197)
GST Payment to ATO		(477)	(786)	(477)	(786)
Other payments		(155,723)	(150,166)	(135,930)	(131,460)
Net cash provided by/(used in) operating activities	23	12,288	(169,790)	12,287	(169,968)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment and intangibles		(11,016)	(8,869)	(11,015)	(8,691)
Proceeds on sale of property, plant and equipment		22	–	22	–
Purchase of investments		–	–	–	–
Redemption of investments		6,000	202,822	6,000	202,822
Net cash provided by/(used) in investing activities		(4,994)	193,953	(4,993)	194,131
Net increase/(decrease) in cash held		7,294	24,163	7,294	24,163
Cash at the beginning of the financial year		44,098	19,935	44,097	19,934
Cash at the end of the financial year	24	51,392	44,098	51,391	44,097

The accompanying notes form part of these financial statements.

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated		Authority	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Net increase arising from transition to new inventory policy	3(l) & 22	0	657	0	657
Net (decrease)/increase in property, plant and equipment asset revaluation reserve	22	(427)	8,667	(427)	8,667
Total income and expenses recognised directly in equity		(427)	9,324	(427)	9,324
(Deficit)/surplus for the year	3(g) & 22	(53,102)	(127,324)	(53,102)	(127,324)
Total income and expenses recognised for the year		(53,529)	(118,000)	(53,529)	(118,000)

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

WORKCOVER AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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 2009 has been authorised for issue by the A/Chief Executive Officer of the WorkCover Authority on 11/11/2009.

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.

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 or network asset value greater than \$5,000 (\$2,000 – 2008).

(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

Capitalisation Policy

Intangibles are those assets with a useful life of more than one year and with a unit cost in excess of \$100,000 including direct allocation of WorkCover personnel service costs (\$3,000 excluding WorkCover personnel services costs – 2008).

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 3. Summary of significant accounting policies (continued)

(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 and specialised insurers and:

- (i) for the WorkCover Authority Fund, are brought to account on the basis of a levy on special insurers' premium income and self-insurers' deemed premiums relating to each policy renewal year and a fixed contribution received from the nominal insurer 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, \$(53.1m) to \$(31.0m) (2008: \$22.1m).

(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
AASB101	Presentation of Financial Statements	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.

(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.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 3. Summary of significant accounting policies (continued)

(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.

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 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.

(l) Inventory

WorkCover accounts for Inventory in accordance with AASB 102 *Inventories*. WorkCover's publications are held for distribution and are measured at cost using the weighted average cost method.

(m) Trade and other receivables

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.

(n) Investments

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.

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.

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'.

(o) Trade and other payables

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) Cash and cash equivalents

Short-term deposits are stated at net fair value. Interest is recognised in the Income Statement when earned.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 4. Contributions

Contributions to the various funds were:

	Consolidated		Authority	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
WorkCover Authority Fund				
Nominal Insurer, self and specialised insurers	235,195	144,741	235,195	144,741
Workers Compensation Insurance Fund				
Management and administration expenses	521	13,964	521	13,964
	235,716	158,705	235,716	158,705
Insurers' Guarantee Fund	14,325	4,372	14,325	4,372
Bush Fire Fighters Compensation Fund	4,954	4,701	4,954	4,701
Emergency & Rescue Workers Compensation Fund	4,749	5,595	4,749	5,595
	259,744	173,373	259,744	173,373

As reported in Note 29 'Conditions after Reporting Date' in the 2007/08 financial report, from 1 July 2008 a new funding model has been introduced for contributions received by the WorkCover Authority Fund.

Under the new funding model the WorkCover Authority Fund will receive contributions from specialised and self insurers in the same way as previous years. However, contributions received from the 'Nominal Insurer' are now fixed and not based on a levy on the premium income received by the Nominal Insurer in the financial year and reimbursements of costs incurred on the WCIF's behalf.

The contribution rate for the WorkCover Authority Fund in 2009 was 4.0% (2008: 4.0%) of the self-insurers' deemed premium income and the specialised insurers premium income.

Note 5. Fees and charges

	Consolidated		Authority	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
TestSafe Australia testing fees	3,366	3,136	3,366	3,136
Certificates of competency	7,004	3,831	7,004	3,831
Testing and boiler inspection	971	914	971	914
Registration of plant	1,085	897	1,085	897
Biological monitoring	510	488	510	488
Demolition and pest control licences	479	454	479	454
Construction induction training	2,048	2,400	2,048	2,400
Consultancy and training	155	106	155	106
Dangerous goods licensing activities	1,282	718	1,282	718
Asbestos licences and removal permits	264	404	264	404
Accreditation fees	327	284	327	284
Other	358	402	358	402
	17,849	14,034	17,849	14,034

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FOR THE YEAR ENDED 30 JUNE 2009

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 6. Investment revenue

	Consolidated		Authority	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Interest on call and term deposits	3,051	7,359	3,051	7,359
Movement in market values	(5,994)	(7,616)	(5,994)	(7,616)
	(2,943)	(257)	(2,943)	(257)

Note 7. Other revenue

	Consolidated		Authority	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Distribution from liquidator – IGF	795	262	795	262
OHS prosecution fines	2,547	4,118	2,547	4,118
Professional costs recoveries	2,637	2,430	2,637	2,430
Workers compensation s.156 recoveries	2,862	3,908	2,862	3,908
Infringement notices	529	529	529	529
Motor vehicle and overtime recoveries	251	232	251	232
Legal aid and interpreter scheme recoveries	1	3	1	3
Other	3,725	3,696	4,560	5,007
	13,347	15,178	14,182	16,489

Note 8. Salaries and employee payments

	Consolidated		Authority	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Payment to Board members	668	676	668	676
	668	676	668	676

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 9. Personnel services

	Consolidated		Authority	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Salaries and allowances	101,453	97,457	93,511	89,712
Annual leave	8,621	7,958	7,789	7,457
Long service leave	4,037	4,192	3,655	4,100
Payroll tax	6,802	6,715	6,273	6,158
Workers compensation insurance	665	514	612	454
Fringe benefits tax	286	934	280	920
Superannuation	64,616	28,273	62,284	25,852
	186,480	146,043	174,404	134,654

Note 10. Other operating expenses

	Consolidated		Authority	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Consultants	532	687	530	587
Contractors	17,294	17,372	1,308	2,274
Travel and vehicle expenses	7,838	8,178	7,635	8,050
Communication expenses	2,151	2,476	1,844	2,177
Advertising	597	1,146	595	1,137
Fees	10,721	11,287	10,602	11,199
External audit: Audit of the financial report – WorkCover Authority	210	277	210	260
Internal audit	89	7	89	7
Printing	1,872	1,351	1,852	1,302
Repairs and maintenance	4,972	4,537	4,907	4,506
Stores	1,909	1,410	1,746	1,249
Training	1,951	2,134	1,847	2,067
Media expenses	2,541	5,577	2,494	5,570
Legal aid and rehab	337	337	337	337
Interpreter services	412	421	41	54
Voluntary redundancy expenses	8	5	8	–
Inventory	1,338	595	1,338	595
Allowance for doubtful debts	2,701	134	2,701	134
Bad debts	296	3	296	3
Property, plant and equipment written off	2,701	19	2,674	19
Other	43,074	87,740	42,571	87,342
	103,544	145,693	85,625	128,869

Other Expenses includes \$34m that the WorkCover Board resolved were surplus funds and have been transferred back to the WCIF during 2008/09 in accordance with *The Workers Compensation Legislation Amendment (Financial Provisions) Act 2008* (2008: \$84m).

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FOR THE YEAR ENDED 30 JUNE 2009

WORKCOVER AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 11. Grants

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

	Note	Consolidated		Authority	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Workers Compensation Commission	3 (j) (i)	–	–	33,120	31,962
Compensation Court of NSW	3 (j) (ii)	2,126	1,250	2,126	1,250
		2,126	1,250	35,246	33,212

Note 12. Net claims incurred and finance costs

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

	Claims paid	Finance costs	Movement in claims liabilities	Net claims incurred	
	2009	2009	2009	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000
Insurers' Guarantee Fund	2,912	5,512	(519)	7,905	(4,283)
Bush Fire Fighters Compensation Fund	2,345	1,406	777	4,528	4,306
Emergency & Rescue Workers Compensation Fund	2,579	839	563	3,981	5,027
	7,836	7,757	821	16,414	5,050

Finance 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.)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 13. Trade and other receivables

	Consolidated		Authority	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
CURRENT				
Receivables	12,024	54,446	15,235	55,162
Prepayments	261	399	261	399
	12,285	54,845	15,496	55,561
Less allowance for impairment	(3,809)	(5,554)	(3,809)	(5,554)
Total current receivables	8,476	49,291	11,687	50,007
NON-CURRENT				
Receivables	23,993	21,471	20,554	20,132
Total receivables	32,469	70,762	32,241	70,139
MOVEMENT IN THE ALLOWANCE FOR IMPAIRMENT				
Balance at 1 July	(5,554)	(6,854)	(5,554)	(6,854)
Amounts written off during the year	4,598	1,434	4,598	1,434
Amounts recovered during the year	–	–	–	–
Increase/(decrease) in allowance recognised in profit or loss	(2,853)	(134)	(2,853)	(134)
Balance at 30 June	(3,809)	(5,554)	(3,809)	(5,554)

Note 14. Financial assets – investments

Other financial assets comprise deposits with investment funds managers.

	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
TCorp Hour Glass investment facilities	117,548	129,542	117,548	129,542
	117,548	129,542	117,548	129,542
Current	–	–	–	–
Non-current	117,548	129,542	117,548	129,542
Total financial assets	117,548	129,542	117,548	129,542

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.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

WORKCOVER AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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.

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.

(a) Financial instrument categories

	Note	Category	Consolidated		Authority	
			2009	2008	2009	2008
FINANCIAL ASSETS			\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	24	N/A	51,392	44,098	51,391	44,097
Receivables ¹	13	Loans and receivables at amortised cost	6,478	6,533	6,470	6,528
Investments	14	At fair value through profit or loss designated as such upon initial recognition	117,548	129,542	117,548	129,542
FINANCIAL LIABILITIES						
Payables ²	19	Financial liabilities measured at amortised cost	12,588	15,147	11,512	13,764

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

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

(b) Credit risk

Credit risk arises where there is the possibility of WorkCover's debtors defaulting on their contractual obligations, resulting in a financial loss to WorkCover. The maximum exposure to credit risk at balance date is generally represented by the carrying amount of the financial 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.

Cash

Cash comprises cash on hand and bank balances. Interest is earned on daily bank balances in accordance with an agreement with WorkCover's banker. The TCorp Hour glass cash facility is discussed in paragraph (d) below.

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures have been established to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that WorkCover will not be able to collect the amount due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 14 day terms.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 15. Financial instruments (continued)

(b) Credit risk (continued)

Details of WorkCover's trade debtors follows:

2009	Consolidated			Authority		
	Total	Past due but not impaired	Considered impaired	Total	Past due but not impaired	Considered impaired
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<3 months overdue	6,190	6,190	–	6,191	6,191	–
3 months–6 months overdue	45	45	–	45	45	–
>6 months overdue	242	170	72	234	162	72

2008	Consolidated			Authority		
	Total	Past due but not impaired	Considered impaired	Total	Past due but not impaired	Considered impaired
<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

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

There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

(c) Liquidity risk

Liquidity risk is the risk that WorkCover will be unable to meet its payment obligations when they fall due. WorkCover continuously manages its liquidity risk through monitoring future cash flows to ensure adequate holding of high quality liquid assets.

WorkCover does not have any loans payable and no assets have been pledged as collateral. 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.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. WorkCover's exposures to market risk are primarily through other price risks associated with the movement in the unit price of the Hour glass Investment Facilities. WorkCover has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which WorkCover operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2008.

The analysis assumes that all other variables remain constant.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 15. Financial instruments (continued)

(d) Market risk (continued)

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

Financial instruments	Consolidated		Authority	
	Market value 2009	Market value 2008	Market value 2009	Market value 2008
	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS				
TCorp Hour Glass investment facilities	117,548	129,542	117,548	129,542
Cash and cash equivalents	51,392	44,098	51,391	44,097
Total financial assets exposed to market risk	168,940	173,640	168,939	173,639
Trade and other receivables	6,478	6,533	6,470	6,528
Total financial assets not exposed to market risk	6,478	6,533	6,470	6,528
Total financial assets	175,418	180,173	175,409	180,167
FINANCIAL LIABILITIES				
Trade and other creditors	12,588	15,147	11,512	13,764
Total financial liabilities not exposed to market risk	12,588	15,147	11,512	13,764

Interest rate risk

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 2009	Consolidated			Authority		
		Floating interest rate 2009	Non-interest bearing 2009	Total 2009	Floating interest rate 2009	Non-interest bearing 2009	Total 2009
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS							
Cash at bank	5.4	12,019		12,019	12,018		12,018
Trade and other receivables	N/A		6,478	6,478		6,470	6,470
Investment in cash facilities	5.4	39,373		39,373	39,373		39,373
Financial assets	N/A		–	–		–	–
Total financial assets		51,392	6,478	57,870	51,391	6,470	57,861
FINANCIAL LIABILITIES							
Trade and other creditors	N/A	–	12,588	12,588	–	11,512	11,512
Total financial liabilities		–	12,588	12,588	–	11,512	11,512

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 15. Financial instruments (continued)

(d) Market risk (continued)

Interest rate risk exposure – previous year

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

Exposure to interest rate risk is minimal as WorkCover does not have any interest bearing liabilities. The potential impact of WorkCover's exposure to a reasonably possible change in interest rates is set out below.

	Change in interest rate	Impact on profit/loss			
		Consolidated		Authority	
		2009	2008	2009	2008
Cash at bank	+/-1%	120	105	120	105

Other price risk

Exposure to "other price risk" primarily arises through the investment in the TCorp Hour Glass Investment facilities, which are held for strategic rather than trading purposes.

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

Facility	Investment sectors	Investment horizon	Consolidated		Authority	
			2009	2008	2009	2008
			\$'000	\$'000	\$'000	\$'000
Cash facility	Cash, money market instruments	Up to 1.5 years (pre-June 2008 – up to 2 years)	39,373	33,591	39,373	33,591
Medium term growth facility	Cash, money market instruments, Australian and international bonds, listed property, Australian and international shares	3 years to 7 years (pre-June 2008 – 4 years to 7 years)	61,154	66,653	61,154	66,653
Long term growth facility	Cash, money market instruments, Australian and international bonds, listed property, Australian and international shares	7 years and over	56,394	62,889	56,394	62,889

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 15. Financial instruments (continued)

(d) Market risk (continued)

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 Interest rate	Impact on profit/loss			
		Consolidated		Authority	
		2009	2008	2009	2008
Hour Glass Investment – Cash facility	+/-1%	374	328	374	328

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).

(e) Fair Value

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. As discussed, the value of the Hour-Glass Instruments is based on WorkCover's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short-term nature of many of the financial instruments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Note 16. Property, plant and equipment

	Note	Consolidated		Authority	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
LAND AND BUILDINGS					
Freehold land					
At fair value	(a)	15,138	15,138	15,138	15,138
Total freehold land at fair value	(b)	15,138	15,138	15,138	15,138
BUILDINGS					
Gross carrying value		5,166	4,032	5,166	4,032
Accumulated depreciation		(375)	(10)	(375)	(10)
Total buildings at fair value		4,791	4,022	4,791	4,022
Total land and buildings		19,929	19,160	19,929	19,160
LEASEHOLD IMPROVEMENTS					
Gross carrying value		33,592	30,583	30,378	27,369
Accumulated amortisation		(21,841)	(18,614)	(19,321)	(16,405)
Total leasehold improvements at fair value		11,751	11,969	11,057	10,964
OFFICE MACHINES AND EQUIPMENT					
Gross carrying value		977	1,132	977	1,101
Accumulated depreciation		(715)	(859)	(715)	(836)
Total office machines and equipment at fair value		262	273	262	265
FURNITURE AND FITTINGS (INCL LIBRARY)					
Gross carrying value		342	512	54	209
Accumulated depreciation		(304)	(400)	(35)	(129)
Total furniture and fittings at fair value		38	112	19	80
COMPUTER HARDWARE					
Gross carrying value		8,005	10,836	7,956	10,608
Accumulated depreciation		(4,690)	(5,491)	(4,650)	(5,334)
Total computer hardware at fair value		3,315	5,345	3,306	5,274
SCIENTIFIC AND TECHNICAL EQUIPMENT					
Gross carrying value	(a)	2,820	3,585	2,820	3,585
Accumulated depreciation		(106)	(1,312)	(106)	(1,312)
Total scientific and technical equipment at fair value		2,714	2,273	2,714	2,273
MECHANICAL EQUIPMENT					
Gross carrying value		–	540	–	540
Accumulated depreciation		–	(345)	–	(345)
Total mechanical equipment at fair value		–	195	–	195
MOTOR VEHICLES					
Gross carrying value		344	344	344	344
Accumulated depreciation		(196)	(119)	(196)	(119)
Total motor vehicles at fair value		148	225	148	225
CAPITAL WORKS IN PROGRESS					
At fair value		–	1,729	–	1,729
Total capital works in progress at fair value		–	1,729	–	1,729
Total property, plant and equipment		38,157	41,281	37,435	40,165

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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 2009. 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 and buildings

Paul Goldsmith – Land & Property Information Valuation Services

The independent valuations performed during 2008/09 were carried out by:

Scientific and technical equipment

Blythe Robinson & Mason Paynter – Hymans Asset Management

- (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 at 1/7/08	Additions	Disposals	Depn. w/back on disposal	Net revaln. movements	Recoverable amount w/downs	Deprn. expense	Fair value at 30/6/09
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Freehold land	15,138	–	–	–	–	–	–	15,138
Buildings	4,022	1,134	–	–	–	–	(365)	4,791
Leasehold improvements	11,969	3,070	(60)	35	–	–	(3,263)	11,751
Office machines and equipment	273	117	(270)	228	–	–	(86)	262
Furniture and fittings	112	(5)	(152)	116	–	–	(33)	38
Computer hardware	5,345	988	(3,819)	2,099	–	–	(1,298)	3,315
Scientific and technical equipment	2,273	1,599	(363)	238	(426)	–	(607)	2,714
Mechanical equipments	195	(195)	–	–	–	–	–	–
Motor vehicles	225	–	–	–	–	–	(77)	148
Capital WIP	1,729	(1,481)	(248)	–	–	–	–	–
Total property, plant and equipment	41,281	5,227	(4,912)	2,716	(426)	–	(5,729)	38,157

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Note 16. Property, plant and equipment (continued)

Movements during financial year for the Authority:

Class of asset	Fair value at 1/7/08	Additions	Disposals	Depn. w/back on disposal	Net revaln. movements	Recoverable amount w/downs	Depn. expense	Fair value at 30/6/09
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Freehold land	15,138	–	–	–	–	–	–	15,138
Buildings	4,022	1,134	–	–	–	–	(365)	4,791
Leasehold improvements	10,964	3,069	(60)	35	–	–	(2,951)	11,057
Office machines and equipment	265	116	(238)	205	–	–	(86)	262
Furniture and fittings	80	(5)	(137)	85	–	–	(4)	19
Computer hardware	5,274	989	(3,641)	1,956	–	–	(1,272)	3,306
Scientific and technical equipment	2,273	1,599	(363)	238	(426)	–	(607)	2,714
Mechanical equipments	195	(195)	–	–	–	–	–	–
Motor vehicles	225	–	–	–	–	–	(77)	148
Capital WIP	1,729	(1,481)	(248)	–	–	–	–	–
Total property, plant and equipment	40,165	5,226	(4,687)	2,519	(426)	–	(5,362)	37,435

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

WORKCOVER AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 16. Property, plant and equipment (continued)

	Note	Consolidated		Authority	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
LAND AND BUILDINGS					
Freehold land					
At fair value	(a)	15,138	6,600	15,138	6,600
Total freehold land at fair value	(b)	15,138	6,600	15,138	6,600
BUILDINGS					
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
Total land and buildings		19,160	10,504	19,160	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)
Total leasehold improvements at fair value		11,969	14,847	10,964	13,460
OFFICE MACHINES AND EQUIPMENT					
Gross carrying value		1,132	1,343	1,101	1,318
Accumulated depreciation		(859)	(996)	(836)	(975)
Total office machines and equipment at fair value		273	347	265	343
FURNITURE AND FITTINGS (INCL LIBRARY)					
Gross carrying value		512	488	209	186
Accumulated depreciation		(400)	(331)	(129)	(113)
Total furniture and fittings at fair value		112	157	80	73
COMPUTER HARDWARE					
Gross carrying value		10,836	15,420	10,608	15,094
Accumulated depreciation		(5,491)	(9,703)	(5,334)	(9,474)
Total computer hardware at fair value		5,345	5,717	5,274	5,620
SCIENTIFIC AND TECHNICAL EQUIPMENT					
Gross carrying value	(a)	3,585	3,111	3,585	3,111
Accumulated depreciation		(1,312)	(834)	(1,312)	(834)
Total scientific and technical equipment at fair value		2,273	2,277	2,273	2,277
MECHANICAL EQUIPMENT					
Gross carrying value		540	540	540	540
Accumulated depreciation		(345)	(336)	(345)	(336)
Total mechanical equipment at fair value		195	204	195	204
MOTOR VEHICLES					
Gross carrying value		344	303	344	303
Accumulated depreciation		(119)	(47)	(119)	(47)
Total motor vehicles at fair value		225	256	225	256
CAPITAL WORKS IN PROGRESS					
At fair value		1,729	751	1,729	751
Total capital works in progress at fair value		1,729	751	1,729	751
Total property, plant and equipment		41,281	35,060	40,165	33,488

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 16. Property, plant and equipment (continued)

Movements during financial year for the Consolidated reporting entity:

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
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
Total property, plant and equipment	35,060	4,007	(6,627)	6,598	8,667	–	(6,424)	41,281

Movements during financial year for the Authority:

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
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
Total property, plant and equipment	33,488	4,000	(6,529)	6,499	8,667	–	(5,960)	40,165

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

WORKCOVER AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 17. Intangibles

	Consolidated		Authority	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
INTERNALLY GENERATED				
Computer software				
Gross carrying value	35,284	32,297	33,242	30,262
Accumulated amortisation	(23,836)	(20,023)	(22,741)	(19,265)
Total computer software at fair value	11,448	12,274	10,501	10,997
CAPITAL WORKS IN PROGRESS				
Gross carrying value	3,247	4,253	3,115	4,119
Total capital works in progress	3,247	4,253	3,115	4,119
Total internally generated intangibles at fair value	14,695	16,527	13,616	15,116
COMPUTER SOFTWARE PURCHASED				
Gross carrying value	7,047	5,170	6,935	5,051
Accumulated amortisation	(4,149)	(3,055)	(4,047)	(2,975)
Total intangible computer software purchased	2,898	2,115	2,888	2,076
Total intangibles	17,593	18,642	16,504	17,192

Movements during financial year for the Consolidated reporting entity:

Class of asset	Fair value at 1/7/08	Additions	Disposals	Amort. w/back on disposal	Net revaln. movements	Recoverable amount w/downs	Amort. expense	Fair value at 30/6/09
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internally generated	12,274	3,451	(463)	407	–	–	(4,221)	11,448
Capital WIP	4,253	(880)	(126)	–	–	–	–	3,247
Computer software	2,115	2,347	(470)	146	–	–	(1,240)	2,898
Total intangibles	18,642	4,918	(1,059)	553	–	–	(5,461)	17,593

Expenditure during the research and development phase of software development was \$74,000 in 2009 (2008: \$137,000)

Movements during financial year for the Authority:

Class of asset	Fair value at 1/7/08	Additions	Disposals	Amort. w/back on disposal	Net revaln. movements	Recoverable amount w/downs	Amort. expense	Fair value at 30/6/09
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internally generated	10,997	3,443	(463)	407	–	–	(3,883)	10,501
Capital WIP	4,119	(878)	(126)	–	–	–	–	3,115
Computer software	2,076	2,354	(470)	146	–	–	(1,218)	2,888
Total intangibles	17,192	4,919	(1,059)	553	–	–	(5,101)	16,504

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Note 17. Intangibles (continued)

	Consolidated		Authority	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
INTERNALLY GENERATED				
Computer software				
Gross carrying value	32,297	32,170	30,262	30,136
Accumulated amortisation	(20,023)	(14,684)	(19,265)	(14,326)
Total computer software at fair value	12,274	17,486	10,997	15,810
CAPITAL WORKS IN PROGRESS				
Gross carrying value	4,253	936	4,119	868
Total capital works in progress	4,253	936	4,119	868
Total internally generated intangibles at fair value	16,527	18,422	15,116	16,678
COMPUTER SOFTWARE PURCHASED				
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
Total intangibles	18,642	20,807	17,192	19,003

Movements during financial year for the Consolidated reporting entity:

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	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
Total intangibles	20,807	4,315	(137)	136	–	–	(6,479)	18,642

Movements during financial year for the Authority:

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	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
Total intangibles	19,003	4,242	(136)	136	–	–	(6,053)	17,192

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

WORKCOVER AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 18. Inventory

	Consolidated		Authority	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Carrying amount as at 1 July	2,091	–	2,091	–
Purchases	728	2,686	728	2,686
Distributions	(1,332)	(595)	(1,332)	(595)
Writedowns	(5)	–	(5)	–
Reversal of previous writedowns	–	–	–	–
Total inventory	1,482	2,091	1,482	2,091

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 and other payables

	Consolidated		Authority	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
CURRENT				
Creditors	13,679	17,542	12,605	16,158
Total current liabilities	13,679	17,542	12,605	16,158
NON-CURRENT				
Creditors	36,100	50,429	39,529	51,366
Total non-current liabilities	36,100	50,429	39,529	51,366
Total liabilities	49,779	67,971	52,134	67,524

Note 20. Provisions

	Consolidated		Authority	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
CURRENT				
Leave entitlements including oncosts	36,996	34,239	34,292	32,069
Compensation Court Judges pension	1,809	1,824	1,809	1,824
Transfer of Surplus Funds to WCIF	–	36,040	–	36,040
Total current liabilities	38,805	72,103	36,101	69,933
NON-CURRENT				
Superannuation payable to OWCA	56,691	8,259	55,000	7,686
Compensation Court Judges pensions	14,886	14,652	14,886	14,652
Total non-current liabilities	71,577	22,911	69,886	22,338
Total liabilities	110,382	95,014	105,987	92,271

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 20. Provisions (continued)

The key economic assumptions used in the valuation of Judges Pensions are:

	2009	2008
	%	%
Discount rate	5.50	6.50
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	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
CURRENT				
Recreation and extended leave	18,726	16,790	17,325	15,719
On costs on leave	2,369	1,921	2,197	1,799
	21,095	18,711	19,522	17,518
NON-CURRENT				
Extended leave	14,171	13,742	13,162	12,877
On costs on leave	1,730	1,786	1,609	1,674
	15,901	15,528	14,771	14,551
	36,996	34,239	34,292	32,069

	Compensation Court Judges pension	Transfer of surplus funds to WCIF	Total 2009
			\$'000
Carrying amount 01/07/08	16,476	36,040	52,516
Payments made	(1,781)	(36,040)	(37,821)
Finance cost	1,000		1,000
Change in discount rate	1,000		1,000
Amounts provided			-
Carrying amount 30/06/09	16,695	-	16,695

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

WORKCOVER AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 21. Outstanding claims

	Consolidated		Authority	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Expected future claims payments	151,424	143,185	151,424	143,185
Claims handling expenses	41,091	34,663	41,091	34,663
Discount to present value	(82,323)	(76,234)	(82,323)	(76,234)
Liability for outstanding claims	110,192	101,614	110,192	101,614
Current	12,613	13,572	12,613	13,572
Non-current	97,579	88,042	97,579	88,042
	110,192	101,614	110,192	101,614

	Consolidated	Authority
	2009	2009
	\$'000	\$'000
Carrying amount 01/07/08	101,614	101,614
Claims paid	(7,836)	(7,836)
Finance cost	7,757	7,757
Change in discount rate	(47)	(47)
Reduction in amounts provided	8,704	8,704
Carrying amount 30/06/09	110,192	110,192

(a) The weighted average expected term to settlement from the reporting date of the outstanding claims is as follows for each fund:

	2009	2008
Bush Fire Fighters Compensation Fund	7.1 years	6.6 years
Emergency & Rescue Workers Compensation Fund	5.1 years	5.1 years
Insurers' Guarantee Fund	8.7 years	7.3 years

(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:

	2009	2008
	%	%
Inflation rate	3.50–3.95	4.25–4.0
Discount rate	4.70–6.20	6.20–7.10

(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:

	2009	2008
	%	%
Inflation rate	3.50	4.25
Discount rate	3.40	7.10

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 21. Outstanding claims (continued)

(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:

	2009		2008	
	\$'000	\$'000	\$'000	\$'000
Bush Fire Fighters Compensation Fund		14,723		12,540
Emergency & Rescue Workers Compensation Fund		10,429		9,027
Insurer's Guarantee Fund comprising:				
Non HIH	73,130		71,353	
HIH Insurance Co. Ltd	11,910		8,694	
		85,040		80,047
Total outstanding claims		110,192		101,614

(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:

- (i) 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.
- (ii) 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.

(iii) Any erroneous data will similarly have introduced uncertainties into the estimate of those parameters.

(iv) 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.

(v) 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	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	22,096	148,763	19,721	11,054	41,817	159,817
Surplus/(deficit) for the year	(53,102)	(127,324)	–	–	(53,102)	(127,324)
Increment/(decrement) on revaluation of:						
Land				8,538	–	8,538
Buildings				129	–	129
Scientific and technical			(427)		(427)	
Inventory		657			–	657
Balance at the end of the financial year	(31,006)	22,096	19,294	19,721	(11,712)	41,817

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

WORKCOVER AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 23. Reconciliation of (deficiency)/surplus for the year to net cash provided by/(used in) operating activities

	Consolidated		Authority	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
(DEFICIENCY)/SURPLUS FOR THE YEAR	(53,102)	(127,324)	(53,102)	(127,324)
Depreciation/asset writeback	13,890	12,903	13,135	12,013
(Loss)/gain on sale of asset	(22)	(5)	(22)	(5)
Unrealised investment income	5,994	7,616	5,994	7,616
INCREASE/(DECREASE) IN PROVISIONS				
* Outstanding claims	8,578	(71,517)	8,578	(71,517)
* Superannuation	48,432	3,277	47,314	3,003
* Doubtful debts	(1,745)	(1,300)	(1,745)	(1,300)
* Leave	2,757	6,893	2,223	6,748
* Provisions	(35,821)	19,325	(35,821)	19,325
Decrease/(increase) in Inventory	609	(1,434)	609	(1,434)
Decrease/(increase) in debtors and prepayments	37,548	3,381	39,647	4,092
Increase/(decrease) in creditors	(14,830)	(21,605)	(14,523)	(21,185)
Net cash provided by/(used in) operating activities	12,288	(169,790)	12,287	(169,968)

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	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	51,392	44,098	51,391	44,097
	51,392	44,098	51,391	44,097

Note 25. Expenditure commitments

Lease commitments	Consolidated		Authority	
	2009	2008	2009	2008
Payable	\$'000	\$'000	\$'000	\$'000
Not later than one year	11,113	10,562	9,525	9,179
Later than one year but not later than five years	24,553	31,951	20,869	27,355
Later than five years	2,019	1,541	2,019	1,440
	37,686	44,054	32,414	37,974

Expenditure commitments for the consolidated entity include input tax credits of \$3.421m (2008: \$4.002m) which are expected to be recoverable from the Australian Taxation Office. There are no capital expenditure commitments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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 2009, WorkCover held deposits and bank guarantees to the value of \$1,649m (2008: \$1,579m). 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 2009 was \$0.12m (2008: \$7.554m).

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.

(d) Emergency & 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.

End of audited Financial Statements

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

WORKCOVER AUTHORITY

COMPARATIVE INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Funds								Total*	
	WorkCover Authority Fund		Insurers' Guarantee Fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Compensation Fund		2009	2008
	2009	2008	2009	2008	2009	2008	2009	2008		
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	
REVENUES										
Contributions	235.7	158.7	14.3	4.4	5.0	4.7	4.7	5.6	259.7	173.4
Investment revenue	2.9	7.2	(5.9)	(7.5)	0.0	0.0	–	–	(2.9)	(0.3)
Other revenue	31.1	30.2	0.8	0.3	0.0	0.0	–	–	31.9	30.5
Total revenues	269.8	196.1	9.2	(2.9)	5.0	4.7	4.7	5.6	288.8	203.6
EXPENSES										
WorkCover operations	287.7	290.2	1.3	1.4	0.4	0.4	0.8	0.6	290.3	292.7
Grants	35.2	33.2	–	–	–	–	–	–	35.2	33.2
Cost of claims	–	–	7.9	(4.3)	4.5	4.3	4.0	5.0	16.4	5.0
Total expenses	322.9	323.4	9.2	(2.9)	5.0	4.7	4.7	5.6	341.9	330.9
Operating surplus before gains/losses	(53.1)	(127.3)	0.0	0.0	–	0.0	–	(0.0)	(53.1)	(127.3)
Surplus for the year	(53.1)	(127.3)	0.0	0.0	–	0.0	–	(0.0)	(53.1)	(127.3)

* Certain revenues and expenses have been adjusted to eliminate minor transactions between the funds.

COMPARATIVE BALANCE SHEET FOR THE YEAR ENDED 30 JUNE 2009

	Funds								Total*	
	WorkCover Authority Fund		Insurers' Guarantee Fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Compensation Fund		2009	2008
	2009	2008	2009	2008	2009	2008	2009	2008		
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	
ASSETS										
Receivables	11.7	54.7	0.1	0.1	11.6	8.6	9.0	6.7	32.2	70.1
Other financial assets	0.0	0.0	117.5	129.5	0.0	0.0	0.0	0.0	117.5	129.5
Other	98.1	95.6	3.7	1.3	3.3	4.0	1.6	2.6	106.8	103.5
Total assets	109.8	150.3	121.4	130.9	14.8	12.6	10.6	9.3	256.6	303.2
LIABILITIES										
Outstanding claims	0.0	0.0	85.0	80.0	14.8	12.6	10.4	9.0	110.2	101.6
Other	121.5	108.5	36.3	50.9	0.1	0.0	0.2	0.3	158.1	159.8
Total liabilities	121.5	108.5	121.4	130.9	14.8	12.6	10.6	9.3	268.3	261.4
Equity	(11.7)	41.8	0.0	0.0	0.0	0.0	0.0	0.0	(11.7)	41.8

* 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 2009

	Funds								Total*	
	WorkCover Authority Fund		Insurers' Guarantee Fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Compensation Fund		2009	2008
	2009	2008	2009	2008	2009	2008	2009	2008		
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	
OPERATING ACTIVITIES										
Inflows										
Contributions	271.8	146.3	–	0.1	2.0	2.0	2.5	1.5	276.3	149.9
Investment revenue	3.0	7.3	0.1	0.1	–	–	–	–	3.1	7.4
Other	43.5	45.9	1.0	1.2	–	–	–	–	44.5	47.1
(Outflows)										
WorkCover operations	(135.0)	(133.8)	–	(0.1)	–	–	–	–	(135.0)	(133.9)
Grants	(32.7)	(32.8)	–	–	–	–	–	–	(32.7)	(32.8)
Claims	(0.0)	(67.5)	(2.9)	(4.6)	(2.3)	(1.5)	(2.6)	(2.6)	(7.8)	(76.2)
Other	(133.0)	(128.3)	(1.8)	(2.2)	(0.4)	(0.4)	(0.7)	(0.6)	(135.9)	(131.5)
Net cash provided by/ (used in) operating activities	17.4	(162.9)	(3.6)	(5.5)	(0.7)	0.1	(0.8)	(1.6)	12.3	(170.0)
Investing activities	(11.0)	188.6	6.0	5.5	–	–	–	–	(5.0)	194.1
Net (increase)/decrease cash	6.4	25.7	2.4	0.0	(0.7)	0.1	(0.8)	(1.6)	7.3	24.1
Cash at beginning of financial year	36.2	10.5	1.3	1.3	4.0	3.9	2.6	4.2	44.1	19.9
Cash at end of financial year	42.6	36.2	3.7	1.3	3.3	4.0	1.8	2.6	51.4	44.0

* Certain cash inflows and outflows have been adjusted to eliminate minor transactions between the funds.

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FOR THE YEAR ENDED 30 JUNE 2009

WORKERS COMPENSATION COMMISSION

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WORKERS COMPENSATION COMMISSION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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 2009 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.



Rob Thomson
A/Chief Executive Officer
WorkCover Authority of New South Wales

11 November 2009



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 2009, 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 2009, and of its financial performance 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 entity'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

13 November 2009
SYDNEY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

WORKERS COMPENSATION COMMISSION

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008
		\$'000	\$'000
REVENUES			
Contributions	3	33,120	31,962
Other revenue	4	18	–
Total revenues		33,138	31,962
EXPENSES			
Personnel services and employee related costs	5	12,076	10,460
Office accommodation		1,563	1,548
Depreciation and amortisation	8 & 9	728	890
Other operating expenses	6	18,771	19,064
Total expenses		33,138	31,962
Surplus/(deficit) for the year		–	–

The accompanying notes form part of these financial statements.

BALANCE SHEET AS AT 30 JUNE 2009

	Note	2009	2008
		\$'000	\$'000
CURRENT ASSETS			
Cash and cash equivalents	14	1	1
Trade and other receivables	7	219	220
Total current assets		220	221
NON-CURRENT ASSETS			
Trade and other receivables	7	3,439	1,522
Intangible assets	9	1,090	1,450
Property, plant and equipment	8	722	1,116
Total non-current assets		5,251	4,088
Total assets		5,471	4,309
CURRENT LIABILITIES			
Trade and other payables	10	1,076	1,383
Provisions	11	2,704	2,353
Total current liabilities		3,780	3,736
NON-CURRENT LIABILITIES			
Trade and other payables	10	–	–
Provisions	11	1,691	573
Total non-current liabilities		1,691	573
Total liabilities		5,471	4,309
Net assets		–	–
EQUITY			
Retained earnings	2(f) & 12	–	–
Total equity		–	–

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions		30,626	30,930
Other receipts		16	–
Refunds from ATO		1,685	1,525
Personnel services		(9,990)	(11,898)
Office accommodation		(1,691)	(1,673)
Other payments		(20,645)	(18,706)
Net cash provided by operating activities	13	1	178
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangibles		(1)	(178)
Net cash (used) in investing activities		(1)	(178)
Net increase/(decrease) in cash held		–	–
Cash at the beginning of the financial year		1	1
Cash at the end of the financial year	14	1	1

The accompanying notes form part of these financial statements.

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2009

		2009	2008
		\$'000	\$'000
Net increase/(decrease) in property, plant and equipment asset revaluation reserve		–	–
Net increase/(decrease) in financial asset revaluation reserve		–	–
Total income and expenses recognised directly in equity		–	–
Surplus/(deficit) for the year	2(f) & 12	–	–
Total income and expenses recognised for the year		–	–

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

WORKERS COMPENSATION COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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 2009 has been authorised for issue by the A/Chief Executive Officer of the WorkCover Authority on 11/11/2009.

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

- (i) 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.
- (ii) The financial report is a general purpose financial report and has been prepared on an accrual basis.
- (iii) The financial report complies with Australian Accounting Standards, Australian Accounting Interpretations and the *Public Finance and Audit Act 1983*.
- (iv) Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.
- (v) 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	20.0–33.0

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 \$5,000 (\$2,000 – 2008).

(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 \$100,000 including direct allocation of WorkCover personnel service costs (\$3,000 excluding WorkCover personnel services costs – 2008).

(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.

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 2. Summary of significant accounting policies (continued)

(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
AASB101	Presentation of Financial Statements	1 January 2009

These new standards will have no direct impact on the Commission's financial results as they are concerned with presentation.

(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 and employee related costs

The Commission's staff are mainly supplied by the Office of the WorkCover Authority. The President, Deputy President and Registrar are appointed by the Minister and can be considered to be employees of the Commission. 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.

Note 3. Contributions

Contributions received by the Commission from WorkCover were:

	2009	2008
	\$'000	\$'000
WorkCover Authority Fund	33,120	31,962
	33,120	31,962

Note 4. Other revenue

	2009	2008
	\$'000	\$'000
Other	18	–
	18	–

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

WORKERS COMPENSATION COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 5. Personnel Services and Employee Related Costs

	2009	2008
	\$'000	\$'000
(A) PERSONNEL SERVICES RECEIVED FROM OWCA		
Salaries and allowances	6,773	6,652
Annual leave	635	467
Long service leave	290	92
Payroll tax	426	438
Workers compensation insurance	53	60
Fringe benefits tax	5	13
Superannuation	2,229	1,214
	10,411	8,936
(B) EMPLOYEE RELATED COSTS FOR MINISTERIAL APPOINTEES		
Salaries and allowances	1,171	1,093
Annual leave	197	34
Long service leave	92	–
Payroll tax	102	119
Workers compensation insurance	–	–
Fringe benefits tax	–	–
Superannuation	103	278
	1,665	1,524

Ministerial appointees include the President, Deputy Presidents and the Registrar.

	2009	2008
	\$'000	\$'000
TOTAL PERSONNEL SERVICES AND EMPLOYEE RELATED COSTS		
Salaries and allowances	7,944	7,745
Annual leave	832	501
Long service leave	382	92
Payroll tax	528	557
Workers compensation insurance	53	60
Fringe benefits tax	5	13
Superannuation	2,332	1,492
	12,076	10,460

Superannuation payments to Arbitrators and Approved Medical Specialists (AMS's) of \$929,000 were shown in Personnel Services in 2007/08 but have been moved to Other Operating Expenses in 2008/09.

This change better discloses the costs associated with Arbitrators and AMS's as all of their costs are now shown in the one area.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 6. Other operating expenses

	2009	2008
	\$'000	\$'000
Consultancy fees	2	100
External audit fees	–	17
Internal audit Fees	–	–
Provision for doubtful debts	–	–
Bad debts	–	–
Property, plant and equipment written off	27	–
Travel	203	128
Advertising	2	9
Payments to arbitrators	7,223	7,833
Payments to approved medical specialists	5,527	6,019
Payments for medical appeals panels	1,627	812
Payments for mediators	475	328
ARB and AMS superannuation payments	1,131	929
General contractors	3	105
Fees for services provided by WorkCover	852	1,312
Postage	166	150
Stores	163	161
Interpreters fee	372	366
Other	998	795
	18,771	19,064

Note 7. Trade and other receivables

	2009	2008
	\$'000	\$'000
CURRENT		
Receivable from ATO for GST	219	220
	219	220
NON-CURRENT		
Receivable from office of WorkCover Authority – prepaid super	9	403
Receivable from WorkCover	3,430	1,119
	3,439	1,522
	3,658	1,742

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 2009

WORKERS COMPENSATION COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 8. Property, plant and equipment

	2009	2008
	\$'000	\$'000
LEASEHOLD IMPROVEMENTS		
At gross carrying value	3,214	3,214
Accumulated depreciation	(2,521)	(2,208)
Total leasehold improvements at fair value	693	1,006
OFFICE MACHINES AND EQUIPMENT		
At gross carrying value	–	31
Accumulated depreciation	–	(23)
Total office machines and equipment at fair value	–	8
FURNITURE AND FITTINGS (INCL LIBRARY)		
At gross carrying value	288	301
Accumulated depreciation	(269)	(271)
Total furniture and fittings at fair value	19	30
COMPUTER HARDWARE		
At gross carrying value	50	229
Accumulated depreciation	(40)	(157)
Total computer hardware at fair value	10	72
Total property, plant and equipment	722	1,116

Movements during financial year:

Class of asset	Fair value at 1/7/08	Additions	Disposals	Depn. w/ back on disposal	Net revaln. movements	Recoverable amount w/downs	Deprn. expense	Fair value at 30/6/09
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Leasehold improvements	1,006	–	–	–	–	–	(313)	693
Office machines and equipment	8	–	(32)	24	–	–	–	–
Furniture and fittings	30	–	(13)	31	–	–	(29)	19
Computer hardware	72	–	(178)	142	–	–	(26)	10
Total property, plant and equipment	1,116	–	(223)	197	–	–	(368)	722

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

Note 8. Property, plant and equipment (continued)

	2008	2007
	\$'000	\$'000
LEASEHOLD IMPROVEMENTS		
At gross carrying value	3,214	3,214
Accumulated depreciation	(2,208)	(1,827)
Total leasehold improvements at fair value	1,006	1,387
OFFICE MACHINES AND EQUIPMENT		
At gross carrying value	31	26
Accumulated depreciation	(23)	(21)
Total office machines and equipment at fair value	8	5
FURNITURE AND FITTINGS (INCL LIBRARY)		
At gross carrying value	301	302
Accumulated depreciation	(271)	(219)
Total furniture and fittings at fair value	30	83
COMPUTER HARDWARE		
At gross carrying value	229	326
Accumulated depreciation	(157)	(229)
Total computer hardware at fair value	72	97
Total property, plant and equipment	1,116	1,572

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
Total property, plant and equipment	1,572	8	(99)	99	-	-	(464)	1,116

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

WORKERS COMPENSATION COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 9. Intangibles

	2009	2008
	\$'000	\$'000
INTERNALLY GENERATED		
Computer software		
At gross carrying value	2,042	2,034
Accumulated amortisation	(1,096)	(758)
Total computer software at fair value	946	1,276
CAPITAL WORKS IN PROGRESS		
At gross carrying value	134	135
Total capital works in progress	134	135
Total internally generated intangibles	1,080	1,411
COMPUTER SOFTWARE PURCHASED		
At gross carrying value	112	119
Accumulated amortisation	(102)	(80)
Total intangible computer software purchased at fair value	10	39
Total intangibles	1,090	1,450

Movements in intangibles:

Class of asset	Fair value at 1/7/08	Additions	Disposals	Amort. w/ back on disposal	Net revaln. movements	Recoverable amount w/ downs	Amort. expense	Fair value at 30/6/09
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internally generated	1,276	8	-	-	-	-	(338)	946
Capital WIP	135	(1)	-	-	-	-	-	134
Computer software	39	(7)	-	-	-	-	(22)	10
Total Intangibles	1,450	-	-	-	-	-	(360)	1,090

Expenditure during the research and development phase of software development was Nil in 2009 (Nil – 2008)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 9. Intangibles (continued)

	2008	2007
	\$'000	\$'000
INTERNALLY GENERATED		
Computer software		
At gross carrying value	2,034	2,034
Accumulated amortisation	(758)	(359)
Total computer software at fair value	1,276	1,675
CAPITAL WORKS IN PROGRESS		
At gross carrying value	135	69
Total capital works in progress	135	69
Total internally generated intangibles	1,411	1,744
COMPUTER SOFTWARE PURCHASED		
At gross carrying value	119	112
Accumulated amortisation	(80)	(52)
Total intangible computer software purchased at fair value	39	60
Total intangibles	1,450	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
Total Intangibles	1,804	73	(1)	–	–	–	(426)	1,450

Note 10. Trade and other payables

	2009	2008
	\$'000	\$'000
CURRENT		
Creditors	1,076	1,383
	1,076	1,383
NON-CURRENT		
	–	–
	–	–
	1,076	1,383

Details regarding liquidity risk and credit risk are disclosed in Note 17.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

WORKERS COMPENSATION COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 11. Provisions

	2009	2008
	\$'000	\$'000
CURRENT		
Recreation and extended leave provided by OWCA employees	2,536	2,170
Recreation and extended leave provided by Ministerial appointees	168	183
	2,704	2,353
NON-CURRENT		
Superannuation	1,691	573
	1,691	573
	4,395	2,926

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:

	2009	2008
	\$'000	\$'000
EXPECTED TO BE SETTLED WITHIN TWELVE MONTHS		
Recreation and extended leave	1,401	1,227
Oncosts on leave	173	139
	1,574	1,366
EXPECTED TO BE SETTLED AFTER TWELVE MONTHS		
Extended leave	1,009	873
Oncosts on leave	121	114
	1,130	987
	2,704	2,353

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 12. Changes in equity

	2009	2008
	\$'000	\$'000
Balance at the beginning of the financial year	–	–
Changes in equity	–	–
Total changes in equity	–	–
Surplus/(deficit) for the year	–	–
Balance at the end of the financial year	–	–

Note 13. Reconciliation of surplus/(deficit) to net cash provided by operating activities

	2009	2008
	\$'000	\$'000
Surplus/(deficit)	–	–
Depreciation and amortisation	755	890
Decrease/(increase) in receivables	(2,099)	(711)
Increase/(decrease) in payables	(307)	(420)
Increase/(decrease) in provisions	1,652	419
Net cash provided by operating activities	1	178

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.

	2009	2008
	\$'000	\$'000
Cash and cash equivalents	1	1
	1	1

The Commission does not have its own bank account and all cash flows occur through a WorkCover Authority bank account. Details regarding liquidity risk and credit risk are disclosed in Note 17.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 17. Financial instruments (continued)

Trade and 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. The Commission does not have any financial assets that are past due or impaired.

Trade and other payables accounting policy

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 2009 (2008: Nil).

(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.

(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.

End of Audited Financial Statements

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

OFFICE OF THE WORKCOVER AUTHORITY

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OFFICE OF THE WORKCOVER AUTHORITY
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

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 2009 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.



Rob Thomson
A/Chief Executive Officer
Compensation Authorities Staffing Division

11 November 2009

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

OFFICE OF THE WORKCOVER AUTHORITY



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 2009, 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 2009, and its financial performance 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 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 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

13 November 2009
SYDNEY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

OFFICE OF THE WORKCOVER AUTHORITY

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008
		\$'000	\$'000
REVENUES			
Personnel services income	1(c)	193,428	146,304
Investment revenue		111	102
Total revenues		193,539	146,406
EXPENSES			
Employee related	2	132,071	123,592
Other expenses		8	3
Total expenses		132,079	123,595
Profit for the year	8	61,460	22,811

The accompanying notes form part of these financial statements.

BALANCE SHEET AS AT 30 JUNE 2009

	Note	2009	2008
		\$'000	\$'000
CURRENT ASSETS			
Cash and cash equivalents	7	5,167	3,562
Trade and other receivables	3	41,952	39,958
Total current assets		47,119	43,520
NON-CURRENT ASSETS			
Trade and other receivables	3	59,508	11,801
Total non-current assets		59,508	11,801
Total assets		106,627	55,321
CURRENT LIABILITIES			
Trade and other payables	4	7,285	6,336
Provisions	5	39,834	37,184
Total current liabilities		47,119	43,520
NON-CURRENT LIABILITIES			
Provisions	5	59,508	11,801
Total non-current liabilities		59,508	11,801
Total liabilities		106,627	55,321
Net assets		-	-
EQUITY			
Retained earnings	8	-	-
Total equity		-	-

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008
		\$'000 Inflows (Outflows)	\$'000 Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Personnel services		130,367	146,000
Investment receipts		111	102
Employee related payments		(128,473)	(142,690)
Other payments		(8)	(3)
Payments to the ATO		(392)	–
Net cash provided by operating activities	6	1,605	3,409
Net increase in cash held		1,605	3,409
Cash at the beginning of the financial year		3,562	153
Cash at the end of the financial year	7	5,167	3,562

The accompanying notes form part of these financial statements.

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000
PROFIT FOR THE YEAR		
Superannuation actuarial gains/(losses)	61,460	22,811
Income and expenses recognised directly in equity	(61,460)	(22,811)
Total income and expenses recognised for the year	–	–
EFFECT OF CHANGE IN ACCOUNTING POLICY		
Profit for the year as reported in 2008		–
Change of policy-actuarial losses		(22,811)
Restated profit for the period		(22,811)

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

OFFICE OF THE WORKCOVER AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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 2009 has been authorised for issue by the A/Chief Executive Officer of the Compensation Authorities Staffing Division on 11/11/09.

(b) Basis of Financial Statements

- This financial report has been prepared on the basis of historical cost except for certain provisions that are measured at fair value.
- This financial report is a general purpose financial report and has been prepared on an accrual basis.
- 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 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 and 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 income statement.

(e) Trade and 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.

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 1. Summary of significant accounting policies (continued)

Superannuation relating to defined benefit schemes are 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.

Superannuation in relation to accumulation schemes being the First State Superannuation (FSS) is recognised as the obligation arises, which is usually through the rendering of services.

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 for defined benefit schemes and the level of expense paid for accumulation schemes. Actuarial gains or losses are recognised in the Statement of Recognised Income and Expense in the year they occur. (Refer Note 1(ii)).

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
AASB101	Presentation of Financial Statements	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 presentation.

(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.

(i) Change in accounting policy

According with NSW Treasury policy, OWCA has changed its policy on the recognition of superannuation actuarial gains and losses. Such actuarial gains and losses are now recognised outside of profit or loss in the 'statement of recognised income and expense'. Previously, actuarial gains and losses were recognised through profit or loss. Both options are permissible under AASB 119 *Employee Benefits*.

The change in policy has been adopted on the basis that recognition outside profit or loss provides reliable and more relevant information as it better reflects the nature of actuarial gains and losses. This is because actuarial gains/losses are re-measurements, based on assumptions that do not necessarily reflect the ultimate cost of providing superannuation.

Recognition outside of profit or loss also harmonises better with Government Finance Statistics/GAAP comprehensive income presentation for the whole of Government and General Government sector, required under AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. A comprehensive income presentation will also be available at the entity level from 2009/10 under AASB 101 *Presentation of Financial Statements*.

The change in accounting policy increases 2009 'Profit for the year' from nil to \$61.5m (2008: from nil to \$22.8m), by excluding from profit the superannuation actuarial loss line item (2009: \$61.5m, 2008: \$22.8m). This item is now recognised in the 'statement of recognised income and expense' rather than the 'income statement'.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

OFFICE OF THE WORKCOVER AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 2. Employee related expenses

	2009	2008
	\$'000	\$'000
Salaries and allowances	102,990	96,777
Annual leave	9,072	8,523
Long service leave	4,298	4,357
Superannuation*	7,531	5,400
Payroll tax	7,197	7,023
Workers compensation insurance	705	551
Fringe benefits tax	278	961
	132,071	123,592

* Refer Note 5. Superannuation actuarial losses of \$61.5m (2008: \$22.8m) are recognised in the 'statement of recognised income and expense'. Total superannuation expense, including actuarial losses recognised in the 'statement of recognised income and expense' is \$69.0m (2008: \$28.2m).

Note 3. Trade and other receivables

	2009	2008
	\$'000	\$'000
CURRENT		
Receivable from agencies using employee services for employee provisions	39,667	37,772
Receivable from agencies using employee services for accrued salaries and oncosts	2,285	2,186
	41,952	39,958
NON-CURRENT		
Prepaid superannuation	0	4,867
Receivable from agencies using employee services for employee provisions	59,508	6,934
	59,508	11,801
Total receivable	101,460	51,759

Note 4. Trade and other payables

	2009	2008
	\$'000	\$'000
CURRENT		
Accrued salaries and oncosts	2,285	2,186
OWCA – payable to WorkCover	5,000	4,150
	7,285	6,336
NON-CURRENT		
Accrued salaries and oncosts	0	0
	0	0
	7,285	6,336

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 5. Provisions

	2009	2008
	\$'000	\$'000
CURRENT		
Leave provisions and oncosts	39,834	37,184
	39,834	37,184
NON-CURRENT		
Leave provisions	0	0
Superannuation	59,508	11,801
	59,508	11,801
	99,342	48,985

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:

	2009	2008
	\$'000	\$'000
EXPECTED TO BE SETTLED WITHIN TWELVE MONTHS		
Recreation and extended leave	20,144	18,744
Oncosts on leave	2,584	2,091
	22,728	20,835
EXPECTED TO BE SETTLED AFTER TWELVE MONTHS		
Extended leave	15,217	14,471
Oncosts on leave	1,889	1,878
	17,106	16,349
	39,834	37,184

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 2009

OFFICE OF THE WORKCOVER AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 5. Provisions (continued)

(b) Reconciliation of the present value of the defined benefit obligation

	SASS		SANCS		SSS		Total	
	Financial year to 2009	Financial year to 2008	Financial year to 2009	Financial year to 2008	Financial year to 2009	Financial year to 2008	Financial year to 2009	Financial year to 2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligations at the beginning of the year	41,488	42,763	9,532	9,151	141,927	141,315	192,947	193,229
Current service cost	1,723	1,688	487	492	801	1,047	3,011	3,227
Interest cost	2,628	2,639	594	556	9,085	8,832	12,307	12,027
Contributions by fund participants	934	904	–	–	1,107	1,075	2,041	1,979
Actuarial (gains)/losses	394	(2,535)	680	178	29,692	(2,349)	30,766	(4,706)
Benefits paid	(3,863)	(3,971)	(849)	(845)	(11,058)	(7,993)	(15,770)	(12,809)
Past service cost	–	–	–	–	–	–	–	–
Curtailments	–	–	–	–	–	–	–	–
Settlements	–	–	–	–	–	–	–	–
Business combinations	–	–	–	–	–	–	–	–
Exchange rate changes	–	–	–	–	–	–	–	–
Present value of partly funded defined benefit obligations at the end of the year	43,304	41,488	10,444	9,532	171,554	141,927	225,302	192,947

(c) Reconciliation of the fair value of fund assets

	SASS		SANCS		SSS		Total	
	Financial year to 2009	Financial year to 2008	Financial year to 2009	Financial year to 2008	Financial year to 2009	Financial year to 2008	Financial year to 2009	Financial year to 2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fair value of fund assets at the beginning of the year	36,565	40,615	7,828	8,577	147,373	160,989	191,766	210,181
Expected return on fund assets	2,930	3,059	620	667	11,784	12,467	15,334	16,193
Actuarial gains/(losses)	(6,041)	(5,895)	(1,384)	(1,208)	(24,156)	(21,109)	(31,581)	(28,212)
Employer contributions	1,808	1,853	564	637	1,895	1,944	4,267	4,434
Contributions by fund participants	934	904	–	–	1,106	1,075	2,040	1,979
Benefits paid	(3,863)	(3,971)	(849)	(845)	(11,058)	(7,993)	(15,770)	(12,809)
Settlements	–	–	–	–	–	–	–	–
Business combinations	–	–	–	–	–	–	–	–
Exchange rate changes	–	–	–	–	–	–	–	–
Fair value of Fund assets at the end of the year	32,333	36,565	6,779	7,828	126,944	147,373	166,056	191,766

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 5. Provisions (continued)

(d) Reconciliation of the assets and liabilities recognised in balance sheet

	SASS		SANCS		SSS		Total	
	Financial year to 2009	Financial year to 2008	Financial year to 2009	Financial year to 2008	Financial year to 2009	Financial year to 2008	Financial year to 2009	Financial year to 2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligation at end of year	43,304	41,488	10,444	9,532	171,554	141,927	225,302	192,947
Fair value of fund assets at end of year	(32,333)	(36,565)	(6,779)	(7,828)	(126,944)	(147,373)	(166,056)	(191,766)
	10,971	4,923	3,665	1,704	44,610	(5,446)	59,246	1,181
Adjustment for limitation on net assets	–	237	–	70	–	579	–	886
Unrecognised past service cost	–	–	–	–	–	–	–	–
Net(asset)/liability to be recognised in balance sheet	10,971	5,160	3,665	1,774	44,610	(4,867)	59,246	2,067

(e) Expense recognised in the income statement

	SASS		SANCS		SSS		Total	
	Financial year to 2009	Financial year to 2008	Financial year to 2009	Financial year to 2008	Financial year to 2009	Financial year to 2008	Financial year to 2009	Financial year to 2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current service cost	1,723	1,688	487	492	801	1,047	3,011	3,227
Interest on obligation	2,628	2,638	594	556	9,085	8,832	12,307	12,026
Expected return on plan assets	(2,930)	(3,058)	(620)	(667)	(11,784)	(12,467)	(15,334)	(16,192)
Past service cost	–	–	–	–	–	–	–	–
Losses/(gains) on curtailments and settlements	–	–	–	–	–	–	–	–
Total included in employee related payments	1,421	1,268	461	381	(1,898)	(2,588)	(16)	(939)

The superannuation expense recognised in the Income Statement is included in the line item "Employee Related". Superannuation actuarial gains/(losses) of \$(61.5m) (2008: \$(22.8m)) are separately identified in the 'statement of recognised income and expense'.

The cumulative amount of actuarial gains/(losses) recognised in the 'statement of recognised income and expense' from 17 March 2006 is \$2.7m to 30 June 2008.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

OFFICE OF THE WORKCOVER AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 5. Provisions (continued)

(f) Amounts recognised in the statement of recognised income and expense

	SASS		SANCS		SSS		Total	
	Financial year to 2009	Financial year to 2008	Financial year to 2009	Financial year to 2008	Financial year to 2009	Financial year to 2008	Financial year to 2009	Financial year to 2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Actuarial (gains)/losses	6,434	3,360	2,064	1,387	53,848	18,760	62,346	23,507
Adjustment for limit on net assets	(237)	(159)	(70)	(103)	(579)	(434)	(886)	(696)
Expense/(income) recognised in the statement of recognised income and expense	6,197	3,201	1,994	1,284	53,269	18,326	61,460	22,811

(g) Actual return on fund assets

	SASS		SANCS		SSS		Total	
	Financial year to 2009	Financial year to 2008	Financial year to 2009	Financial year to 2008	Financial year to 2009	Financial year to 2008	Financial year to 2009	Financial year to 2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Actual return on Fund assets	(3,572)	(2,545)	(763)	(542)	(14,281)	(10,309)	(18,616)	(13,396)

(h) Percentage of super fund assets in each class

The percentage invested in each class at the balance sheet date was:

	30 June 2009
Australian equities	32.1%
Overseas equities	26.0%
Australian fixed interest securities	6.2%
Overseas fixed interest securities	4.7%
Property	10.0%
Cash	8.0%
Other	13.0%

(i) Fair value of fund assets

All Fund assets are invested by STC at arm's length through independent fund managers.

(j) Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

(k) Valuation method and principal actuarial assumptions at the reporting date

The Projected Unit Credit (PUC) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 5. Provisions (continued)

(l) Economic assumptions

	2009	2008
Salary increase rate (excluding promotional increases)	3.5%	3.5%
Rate of CPI increase	2.5%	2.5%
Expected rate of return on fund assets backing current pension liabilities	8.1%	8.3%
Discount rate	5.59%	6.6%

(m) Historical information

	SASS			
	Financial year to 2009	Financial year to 2008	Financial year to 2007	Financial year to 2006
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	43,304	41,488	42,763	39,400
Fair value of Fund assets	(32,333)	(36,565)	(40,615)	(35,376)
(Surplus)/deficit in Fund	10,971	4,923	2,148	4,024
Experience adjustments – Fund liabilities	394	(2,536)	1,002	N/A
Experience adjustments – Fund assets	6,041	5,895	(2,474)	N/A

	SANCS			
	Financial year to 2009	Financial year to 2008	Financial year to 2007	Financial year to 2006
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	10,444	9,532	9,150	9,001
Fair value of Fund assets	(6,779)	(7,828)	(8,577)	(7,424)
(Surplus)/deficit in Fund	3,665	1,704	573	1,577
Experience adjustments – Fund liabilities	680	178	(427)	N/A
Experience adjustments – Fund assets	1,384	1,208	(500)	N/A

	SSS			
	Financial year to 2009	Financial year to 2008	Financial year to 2007	Financial year to 2006
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	171,554	141,927	141,315	143,096
Fair value of fund assets	(126,944)	(147,373)	(160,989)	(144,450)
(Surplus)/deficit in fund	44,610	(5,446)	(19,674)	(1,354)
Experience adjustments – fund liabilities	29,692	(2,349)	(5,351)	N/A
Experience adjustments – fund assets	24,156	21,108	(9,829)	N/A

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

OFFICE OF THE WORKCOVER AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 5. Provisions (continued)

(n) Expected contributions

	SASS Financial year to 2009	SANCS Financial year to 2009	SSS Financial year to 2009
	\$'000	\$'000	\$'000
Expected employer contributions to be paid in the next reporting period	1,730	543	1,653

(o) Funding arrangements for employer contributions

The following is a summary of the 30 June 2009 financial position of the fund calculated in accordance with AAS 25 'Financial Reporting by Superannuation Plans'.

	SASS		SANCS		SSS		Total	
	Financial year to 2009	Financial year to 2008						
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accrued benefits	40,723	41,456	9,589	9,579	127,145	130,270	177,457	181,305
Net market value of fund assets	(32,333)	(36,564)	(6,779)	(7,828)	(126,944)	(147,373)	(166,056)	(191,765)
Net (surplus)/ deficit	8,390	4,892	2,810	1,751	201	(17,103)	11,401	(10,460)

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 in the 2006 triennial 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 2009 actuarial review of the Fund are:

Weighted – Average assumptions	2009	2008
	%	%
Expected rate of return on fund assets backing current pension liabilities	8.3	7.7
Expected rate of return on fund assets backing other liabilities	7.3	7.0
Expected salary increase rate	4.0	4.0
Expected rate of CPI increase	2.5	2.5

(p) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 5. Provisions (continued)

(q) 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 (2008: 9.0%). 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 Income Statement

	2009	2008
	\$'000	\$'000
Profit for the year	61,460	22,811
(Increase)/decrease in trade and other receivables	(49,701)	9,848
Increase/(decrease) in trade and other payables	948	314
Superannuation actuarial gain/(loss)	(61,460)	(22,811)
Increase/(decrease) in provisions	50,358	(6,753)
Net cash provided by operating activities	1,605	3,409

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.

	2009	2008
	\$'000	\$'000
Cash assets	5,167	3,562
	5,167	3,562

Note 8 Changes in Equity

	Retained surplus		Total equity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	-	-	-	-
Profit for the year	61,460	22,811	61,460	22,811
Superannuation actuarial (losses)	(61,460)	(22,811)	(61,460)	(22,811)
Balance at the end of the financial year	-	-	-	-

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

OFFICE OF THE WORKCOVER AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 9. 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

	Note	Category	Carrying Amount 2009	Carrying Amount 2008
Financial assets				
CLASS			\$'000	\$'000
Cash and cash equivalents	7	N/A	5,167	3,562
Trade and other receivables ¹	3	Loans and receivables (at amortised cost)	101,460	46,892
Financial liabilities				
CLASS			\$'000	\$'000
Trade and other payables ²	4	Financial liabilities measured at amortised cost	7,282	6,336

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).
3. Excludes employer's rights and obligations arising from employee benefit plans, to which AASB 119 'Employee Benefits' applies.

Trade and 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 and other payables accounting policy

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 2009 (2008: Nil).

(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.

(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 materially exposed to market risk.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 10. Expenditure commitments

There were no expenditure commitments.

Note 11. Insurances

OWCA is insured with the Treasury Managed Fund for the following risks:

Risk covered: Workers compensation insurance.

Note 12. Events subsequent to balance date

Under Division 10 of the *Public Sector Employment and Management (Departmental Amalgamations) Order 2009 (No. 352)* OWCA has been abolished. A new Division of the Government Service called the Compensation Authorities Staff Division has been created effective from 28 July 2009. The Compensation Authorities Staff Division combines the former OWCA and Office of the Motor Accidents Authority.

End of audited Financial Statements

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

OFFICE OF THE WORKCOVER AUTHORITY

COMPARATIVE INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	WorkCover Authority		Workers Compensation Commission		Sporting Injuries Commission		Long Service Payments Corporation		Dust Diseases Board		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
REVENUES												
Personnel services income	170.0	128.9	10.2	8.4	0.4	0.3	8.4	5.1	4.4	3.6	193.4	146.3
Investment revenue	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Total revenues	170.1	129.0	10.2	8.4	0.4	0.3	8.4	5.1	4.4	3.6	193.5	146.4
EXPENSES												
Employee related	114.4	107.7	8.6	7.7	0.4	0.3	4.8	4.3	3.8	3.6	132.0	123.6
Total expenses	114.4	107.7	8.6	7.7	0.4	0.3	4.8	4.3	3.8	3.6	132.0	123.6
Profit	55.7	21.3	1.6	0.7	0.0	0.0	3.6	0.8	0.6	0.0	61.5	22.8
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
Profit for the year	55.7	21.3	1.6	0.7	0.0	0.0	3.6	0.8	0.6	0.0	61.5	22.8

COMPARATIVE BALANCE SHEET FOR THE YEAR ENDED 30 JUNE 2009

	WorkCover Authority		Workers Compensation Commission		Sporting Injuries Commission		Long Service Payments Corporation		Dust Diseases Board		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
ASSETS												
Trade and other receivable	91.0	46.9	4.3	1.3	0.0	0.0	4.6	2.6	1.5	0.9	101.4	51.7
Cash	5.2	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.2	3.6
Total assets	96.2	50.5	4.3	1.3	0.0	0.0	4.6	2.6	1.5	0.9	106.6	55.3
LIABILITIES												
Trade and other payables	6.9	6.0	0.1	0.2	0.0	0.0	0.3	0.1	0.0	0.0	7.3	6.3
Provisions	89.3	44.5	4.2	1.1	0.0	0.0	4.3	2.5	1.5	0.9	99.3	49.0
Total liabilities	96.2	50.5	4.3	1.3	0.0	0.0	4.6	2.6	1.5	0.9	106.6	55.3
Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

COMPARATIVE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2009

	WorkCover Authority		Workers Compensation Commission		Sporting Injuries Commission		Long Service Payments Corporation		Dust Diseases Board		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
OPERATING ACTIVITIES												
Inflows												
Personnel services income	113.2	128.0	8.2	8.9	0.4	0.4	4.7	5.1	3.9	3.6	130.4	146.0
Investment receipts	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
(Outflows)												
Employee related payments	(111.4)	(124.7)	(8.2)	(8.9)	(0.4)	(0.4)	(4.7)	(5.1)	(3.8)	(3.6)	(128.5)	(142.7)
Payments to ATO	(0.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.4)	0.0
Net cash provided by/(used in) operating activities	1.5	3.4	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	1.6	3.4
INVESTING ACTIVITIES												
Net (increase)/decrease cash	1.5	3.4	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	1.6	3.4
Cash at beginning of financial year	3.6	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.6	0.2
Cash at end of financial year	5.1	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	5.2	3.6

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NSW WORKCOVER SCHEME

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OVERVIEW OF THE NSW WORKCOVER SCHEME FINANCIAL PERFORMANCE

The Workers Compensation Nominal Insurer is a not for profit entity that operates as a licensed workers compensation insurer who trades as "The NSW WorkCover Scheme". These accounts include the Workers Compensation Insurance Fund (Insurance Fund) into which the Nominal Insurer deposits all premiums and from which it meets Scheme costs.

The WorkCover Authority acts for the Nominal Insurer. 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 results of the Scheme's underwriting operations and the Scheme's financial position are shown in the following table:

	2008/09 Actual	2007/08 Actual
	\$m	\$m
OPERATING RESULT		
Net earned premiums	2,571	2,439
Expected investment credit	638	774
Other income	102	148
Claims incurred (excluding external factors)	(2,982)	(2,274)
Operating expenses	(699)	(627)
Premium deficiency reserve	(26)	...
Surplus/(deficit) from underwriting operations	(396)	460
Impact on result from external factors		
Difference between actual and expected long term investment returns	(1,458)	(833)
Change in inflation assumptions and discount rates	(436)	83
Change in claims handling expense	80	103
Risk margin	103	...
Surplus from ordinary activities	(2,107)	(187)
FINANCIAL POSITION		
Total assets	11,595	14,612
Total liabilities	(13,077)	(13,987)
Accumulated deficit	(1,482)	625

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 21 October 2009.

Surplus from ordinary activities

The deficit from ordinary activities of the NSW WorkCover Scheme for the year ended 30 June 2009 was \$2,107 million. The result can be attributed to the fall in investment returns causing actuarially assessed claim liabilities to increase and returns in the current year to be less than the amount assumed in actuarial valuations.

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 2009 based on a probability of adequacy of 75 per cent equating to a risk margin for claim liabilities of 12 per cent.

Accumulated deficit

The Scheme has an accumulated deficit of \$1,482 million or a funding ratio of 89 per cent. As investment markets continue to improve over 2009/10, funding levels will increase.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

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 2009 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



Robert Thomson
Acting Chief Executive Officer
WorkCover Authority of NSW
Acting for the Nominal Insurer

23 November 2009

**NSW WORKERS COMPENSATION
NOMINAL INSURER**

**Actuarial Certificate
Outstanding claims liabilities at 30 June 2009**

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 2009 of the WorkCover NSW 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 12% 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 \$881 million to meet the cost of management of claims outstanding (including claims incurred but yet to be reported) as at 30 June 2009.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NSW WORKCOVER SCHEME



The allowance for claim handling expenses included in the WorkCover NSW Scheme liability equates to 9.0% of the gross outstanding claims liability.

Valuation Results

The PwC estimated liability for the WorkCover NSW Scheme as at 30 June 2009, net of recoveries, is \$11,508 million. This amount is made up as follows:

Outstanding Claims Liability at 30 June 2009	\$m
Gross Outstanding Claims	12,002
Less Anticipated Recoveries	-494
Net Outstanding Claims	11,508

It is a decision for the 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 21 October 2009.



Relevant Standards

Our estimates and reports for the WorkCover NSW 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.

A handwritten signature in black ink, appearing to read 'Michael Playford'.

Michael Playford
Fellow of the Institute of Actuaries of Australia
21 October 2009

A handwritten signature in black ink, appearing to read 'David Wright'.

David Wright
Fellow of the Institute of Actuaries of Australia
21 October 2009

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NSW WORKCOVER SCHEME



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 2009, 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 at 30 June 2009, and its financial performance 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 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

25 November 2009
SYDNEY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NSW WORKCOVER SCHEME

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008
		\$'000	\$'000
REVENUES			
Earned premiums	4	2,571,998	2,440,231
Recoveries	4	95,965	155,918
Investment income	5	(798,183)	(59,780)
Other income		80,446	148,189
		1,950,226	2,684,558
EXPENSES			
Actuarial fees		6,969	6,889
Auditor remuneration	7	1,973	2,044
Bad debts written-off		55,743	46,401
Claims incurred	4	3,332,537	2,244,322
Debt collection fees		15,516	16,197
Fund manager remuneration		25,466	15,958
Impairment of trade receivables	10	13,058	16,862
Scheme agent remuneration		283,357	303,697
Statutory levies	4	266,743	183,418
Increase in unexpired risk provision		25,975	–
Wage audit fees		12,229	11,175
Other operating expenses		18,077	24,838
		4,057,643	2,871,801
(Deficit)/surplus		(2,107,417)	(187,243)

The accompanying notes form part of these financial statements.

BALANCE SHEET AS AT 30 JUNE 2009

	Note	2009	2008
		\$'000	\$'000
CURRENT ASSETS			
Cash and cash equivalents	8	841,474	302,435
Recoveries receivable	9	119,699	120,535
Trade and other receivables	10	728,454	649,121
Prepayments		49,659	48,488
Financial assets	11	9,480,469	13,114,088
Total current assets		11,219,755	14,234,667
NON-CURRENT ASSETS			
Recoveries receivable	9	374,034	371,540
Trade and other receivables	10	1,380	5,625
Property, plant and equipment	13	385	390
Total non-current assets		375,799	377,555
Total assets		11,595,554	14,612,222
CURRENT LIABILITIES			
Trade and other payables	14	559,043	1,078,827
Borrowings	15	11,236	10,799
Unearned premiums	16	353,858	448,248
Outstanding claims	17	1,879,320	1,723,378
Unexpired risk premium	19	25,975	–
Security deposits		21,862	–
Financial liabilities	11	103,548	1,963,169
Total current liabilities		2,954,842	5,224,421
NON-CURRENT LIABILITIES			
Outstanding claims	17	10,122,891	8,762,563
Total non-current liabilities		10,122,891	8,762,563
Total liabilities		13,077,733	13,986,984
Net assets		(1,482,179)	625,238
EQUITY			
Accumulated (deficiency)/surplus		(1,482,179)	625,238

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NSW WORKCOVER SCHEME

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008
		\$'000	\$'000
Accumulated surplus at the beginning of financial year		625,238	812,481
(Deficit) for the year		(2,107,417)	(187,243)
Accumulated (deficiency)/surplus at the end of the financial year		(1,482,179)	625,238

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008
		\$'000 Inflows (Outflows)	\$'000 Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Premiums received		2,642,030	2,643,468
Claims paid		(1,836,039)	(1,632,507)
		805,991	1,010,961
Scheme Agent management fees paid		(376,229)	(649,538)
Dividends received		64,258	302,178
Fund manager fees paid		(24,474)	(21,239)
Funding from WorkCover to offset the transfer of net liabilities of Uninsured Liabilities Scheme to the NSW WorkCover Scheme		–	83,700
GST paid		(193,462)	(132,981)
Interest received		255,289	224,987
Payments for financial assets		(21,142,336)	(34,751,138)
Proceeds from sale of financial assets		21,309,438	33,935,432
Recoveries received		93,589	103,088
Security deposits received		21,860	–
Statutory levies paid		(291,617)	(199,819)
Transfer of surplus cash from WorkCover		70,275	48,000
Other payments		(68,934)	(78,809)
Other receipts		14,954	30,669
Net cash provided by operating activities	18	538,602	(94,509)
Cash and Cash Equivalents at the beginning of the financial year		291,636	386,145
Cash and Cash Equivalents at the end of the financial year	8	830,238	291,636

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 1. Constitution and functions

The Nominal Insurer is established under the *Workers Compensation Act 1987*. 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 or the WorkCover Authority.

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 2009 has been authorised for issue by the acting Chief Executive Officer of the WorkCover Authority acting for the Nominal Insurer on 23 November 2009.

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.

The financial statements have been prepared on a going concern basis as the Scheme's consulting Actuaries have determined that the Scheme will return to full funding by 30 June 2014 without any changes to benefits or levy rates.

(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 2009. These are outlined in the table below.

AASB Amendment	Affected standards	Operative date
AASB 3	Business Combinations (revised)	1 July 2009
AASB 8	Operating Segments	1 January 2009
AASB 101	Presentation of Financial Statements (revised September 07)	1 January 2009
AASB 123	Borrowing Costs (revised)	1 January 2009
AASB 127	Consolidated and Separate Financial Statements (revised)	1 July 2009
AASB 1039	Concise Financial Reports (revised)	1 July 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 2007-10	Further 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 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	1 July 2009
AASB 2009-2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments	1 January 2009

These Standards are concerned with disclosures and will have no direct impact on the Scheme's financial results.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NSW WORKCOVER SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 2. Summary of significant accounting policies (continued)

(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 judgements

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 12 – Financial Instruments
- Note 17 – 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 10).

(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 17) and recoveries receivable (Note 9) 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 2009 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 17.

- (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.
- (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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 2. Summary of significant accounting policies (continued)

(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 Private Rulings 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 2014.

(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 12.

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.

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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 2. Summary of significant accounting policies (continued)

(k) Fair value estimation (continued)

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.

(iv) Investments in unlisted property trusts

The market conditions for many unlisted property trusts have been severely affected by the recent volatility in global financial markets. This has translated into a challenging operating environment and the number of real estate transactions has significantly reduced.

The fair value of units in unlisted property trusts is the price at which the unit could be exchanged between knowledgeable, willing parties in an arms length transaction. A "willing seller" is not a forced seller prepared to sell at any price. The best evidence of fair value is given by current prices in an active market.

The fair values of investments in unlisted property trusts are based on valuations of the underlying properties in each Trust. The properties are valued in accordance with the valuation policies of the relevant managers.

These financial statements set out the fair value as at the reporting date.

(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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 2. Summary of significant accounting policies (continued)

(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.

Where a legally enforceable debt exists, claims costs recoverable from uninsured employers are classified as Trade and Other Receivables.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off directly to 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 it becoming probable that the employer will be 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 workers 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.

- Where a legally enforceable debt exists claims costs recoverable from uninsured employers are treated as Trade and Other Receivables, as this better reflects the nature of the amounts that can be recovered and the manner that these debts are managed. In the 2008 accounts these amounts were treated as recoveries receivable.

This has resulted in a reduction in Current Recoveries Receivable of \$1,017 thousand with an increase to Current Trade and Other Receivables of an equivalent amount and a reduction in Non-Current Recoveries Receivable of \$9,738 thousand with an increase to Non-Current Trade and Other Receivables of an equivalent amount. An additional consequence of this reclassification is that Impairment of Recoverables has been reduced by \$4,113 thousand with an increase in Impairment of Trade Receivables of an equivalent amount.

A further consequence of this change is that in the 2008 comparatives impairment of trade receivables have increased by \$23,051 thousand with a reduction in impairment of recoverables of \$22,060 thousand and a reduction in operating expenses of \$991 thousand.

Note 3. Financial risk management objectives and policies

The principal financial instruments are detailed in Note 11.

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 also has various other financial assets and liabilities such as trade receivables and trade payables, which arise direct from its operations.

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FOR THE YEAR ENDED 30 JUNE 2009

NSW WORKCOVER SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 4. Underwriting result

	2009	2008
	\$'000	\$'000
Earned premiums	2,571,998	2,440,231
Less:		
Claims incurred	(3,332,537)	(2,244,322)
Recoveries revenue	95,965	155,918
Net claims incurred (Note 6)	(3,236,572)	(2,088,404)
Underwriting result	(664,574)	351,827
Less:		
WorkCover Authority levy	(194,854)	(104,594)
Dust Diseases levy	(66,787)	(72,774)
Mine Safety levy	(5,102)	(6,050)
Total statutory levies	(266,743)	(183,418)
Underwriting result excluding statutory levies	(931,317)	168,409

Note 5. Investment income

	2009	2008
	\$'000	\$'000
Dividends	132,826	331,122
Interest	336,351	221,622
Other income/(expense)	5,074	(73)
Realised gain/(loss) on sale of investments	(823,807)	327,866
Unrealised gain/(loss)	(448,627)	(940,317)
Investment income	(798,183)	(59,780)

Note 6. Net claims incurred

	Current year	Prior year	2009 Total	2008 Total
Direct business				
	\$m	\$m	\$m	\$m
Gross claims incurred and related expenses – undiscounted	3,908	329	4,237	3,919
Reinsurance and other recoveries – undiscounted	(136)	66	(69)	(170)
Net claims incurred – undiscounted	3,772	395	4,168	3,749
Discount and discount movement – gross claims incurred	(1,591)	687	(904)	(1,675)
Discount and discount movement – reinsurance and other recoveries	24	(52)	(28)	14
Net discount movement	(1,567)	635	(932)	(1,661)
Net claims incurred (Note 4)	2,205	1,030	3,236	2,088

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 6. Net claims incurred (continued)

Explanation of material variances – prior years

Undiscounted gross claims incurred is higher as a result of strengthening weekly, medical and common law. The increase is based on experience and the increase in the pension age announced by the Commonwealth Government. This has been partially offset by reductions in permanent impairment, pain and suffering, related legal costs and claims handling expenses.

Undiscounted recoveries are expected to be lower due to smaller than expected actual recovery payments.

The net increase in discount and discount movement is due to a decrease in the yield curve which reduces the discount applied to outstanding claims.

Note 7. Remuneration of auditors

	2009	2008
	\$'000	\$'000
THE AUDITOR GENERAL OF NSW		
Audit of the financial report	132	139
EXTERNAL AUDIT OF SCHEME AGENTS AND MASTER CUSTODIAN		
Audit or review of Scheme Agent's reports	1,690	1,794
Other non-audit services	151	111
Total	1,841	1,905
Total as per income statement	1,973	2,044

The auditor for the NSW WorkCover Scheme is the Auditor General of NSW.

Note 8. Cash and cash equivalents

	2009	2008
	\$'000	\$'000
Cash at bank	841,474	302,435

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	2009	2008
	\$'000	\$'000
Cash asset	501,900	121,245
Money market deposits	339,574	181,190
Total cash at bank	841,474	302,435
Bank overdraft	(11,236)	(10,799)
Balances as per cash flow statement	830,238	291,636

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NSW WORKCOVER SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 9. Recoveries receivable

	2009	2008
	\$'000	\$'000
CURRENT		
Actuarially assessed recoveries	119,699	120,535
NON-CURRENT		
Actuarially assessed recoveries	374,034	371,540
Total recoveries receivable	493,733	492,075

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 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.

Note 10. Trade and other receivables

	2009	2008
	\$'000	\$'000
CURRENT		
Premiums receivable	475,399	470,327
Interest, dividends and other investment income receivable	139,673	104,554
Deposits held with brokers for margin calls	158,937	109,629
Amounts legally recoverable from uninsured employers	695	1,017
Other receivables	17,187	15,017
	791,891	700,544
Less: Allowance for impairment loss	(63,437)	(51,423)
Total trade and other receivables	728,454	649,121
NON-CURRENT		
Amounts legally recoverable from uninsured employers	6,539	9,738
Less: Allowance for impairment loss	(5,159)	(4,113)
Total trade and other receivables	1,380	5,625

(a) Status of trade receivables

	2009	2008
	\$'000	\$'000
CLASS OF FINANCIAL ASSET		
Maximum exposure within normal terms	579,822	455,884
Past due	150,012	198,862
Impaired	68,596	55,536
Renegotiated terms	-	-
	798,430	710,282

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 10. Trade and other receivables (continued)

(a) Status of trade receivables (continued)

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

	2009	2008
	\$'000	\$'000
CLASS OF FINANCIAL ASSET		
Opening impairment account balance	55,536	38,674
Current period impairment charge (income)	13,058	16,862
Closing impairment account balance	68,596	55,536

Ageing of receivables

2009	Total	Past due but not impaired	Considered impaired
	\$'000	\$'000	\$'000
Within normal terms	579,822	–	–
Less than 3 months overdue	93,276	85,400	7,876
3 months–6 months overdue	30,634	25,770	4,864
More than 6 months overdue	94,698	38,842	55,856
	798,430	150,012	68,596
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–6 months overdue	38,762	33,693	5,069
More than 6 months overdue	104,709	57,554	47,155
	710,282	198,862	55,536

FINANCIAL STATEMENTS

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NSW WORKCOVER SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 11. Financial assets and liabilities

	2009	2008
	\$'000	\$'000
FINANCIAL ASSETS – CURRENT		
Indexed and interest bearing securities	5,833,616	7,013,123
Australian equities	398,459	536,033
International equities	1,144,906	628,482
Unit trusts	2,007,264	2,988,009
Derivatives	96,224	1,948,441
	9,480,469	13,114,088
FINANCIAL LIABILITIES – CURRENT		
Derivatives	103,548	1,963,169
Net financial assets	9,376,921	11,150,919

Note 12. 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.

(a) Market price risk

Market price risk is the risk that the fair value of 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. Statistically, the 2008/09 financial year falls into the 1 in 20 category of VaR analysis.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 12. Financial instruments (continued)

(a) Market price risk (continued)

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.

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 Mercer Consulting was conducted in October 2009 based on the June 2009 Scheme valuation and showed expected VaR of \$1,219 million based on a confidence interval of 95%. The VaR analysis performed by the former asset consultants (Watson Wyatt) in October 2008 based on the June 2008 Scheme valuation showed an expected VaR of \$1,110 million based on a confidence interval of 95%.

(b) 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 2009 had a 55% allocation to inflation linked and fixed interest 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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 12. Financial instruments (continued)

(b) Interest rate risk (continued)

2009	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
CLASS						
Money market deposits	339,574	–	–	–	–	339,574
Interest bearing securities	–	103,648	23,064	839,109	4,026,757	4,992,578
Indexed securities	–	765,461	75,577	–	–	841,038
Assets	339,574	869,109	98,641	839,109	4,026,757	6,173,190
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
CLASS						
Money market deposits	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
Assets	181,190	1,514,695	608,994	623,200	4,266,233	7,194,312

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.

(c) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 12. Financial instruments (continued)

(c) 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:

	US Dollars	Euro	British Pounds	Other currencies	Total
2009	AUD	AUD	AUD	AUD	AUD
	\$'000	\$'000	\$'000	\$'000	\$'000
International equities	507,464	210,543	117,769	286,156	1,121,932
International listed property equities	–	1,477	173	21,323	22,973
International trusts	65,016	–	–	–	65,016
International listed property trusts	4,458	–	23	1,037	5,518
International discounted securities	–	–	–	–	–
International floating rate securities	–	–	–	–	–
International bonds	180,694	98,828	107,308	46,890	433,720
Gross foreign exchange exposure position	757,632	310,848	225,273	355,406	1,649,159
Notional value of foreign currency derivatives	(669,981)	(253,758)	(203,429)	(222,336)	(1,349,504)
Net foreign exchange exposure position	87,651	57,090	21,844	133,070	299,655
	US Dollars	Euro	British Pounds	Other currencies	Total
2008	AUD	AUD	AUD	AUD	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)
Net foreign exchange exposure position	(235,162)	(24,322)	(42,550)	12,669	(289,365)

Twenty 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.

(d) 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 10) and investments in over-the-counter or thinly traded investments.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NSW WORKCOVER SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 12. Financial instruments (continued)

(d) Liquidity risk (continued)

(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 types of financial liabilities of the Scheme were similar at 30 June 2008.

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.

(e) 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 10.

(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 manager's 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 managers' 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.

(f) 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:

	2009	2008
	%	%
RATING		
AAA/aaa	64	82
AA/Aa	13	13
A/A	20	5
BBB	3	–
Total	100	100

(g) 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 2009

Note 12. Financial instruments (continued)

(g) Fair value estimation (continued)

2009	Quoted market price	Valuation techniques – market observable inputs	Valuation techniques – non-market observable inputs	Total
	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS				
Derivative financial instruments	–	48,646	47,578	96,224
Financial assets designated at fair value through profit and loss	2,380,136	5,835,269	1,168,840	9,384,245
	2,380,136	5,883,915	1,216,418	9,480,469
FINANCIAL LIABILITIES				
Derivative financial instruments	–	47,759	55,789	103,548
2008	Quoted market price	Valuation techniques – market observable inputs	Valuation techniques – non-market observable inputs	Total
	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS				
Derivative financial instruments	–	40,265	1,908,176	1,948,441
Financial assets designated at fair value through profit and loss	3,752,002	7,013,173	400,471	11,165,646
	3,752,002	7,053,438	2,308,647	13,114,087
FINANCIAL LIABILITIES				
Derivative financial instruments	–	70,032	1,893,137	1,963,169

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 following table 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 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.

A notional amount is not shown for the option on equity futures due to the nature of this derivative which involves "Over the Counter" call options that in return for a fee paid to the Scheme, caps the potential gain on \$250 million worth of Australian equity exposure above a pre-determined level in the market. That market level is agreed at the date of execution of the option.

The fair value amounts reported in the balance sheet, and the amounts reported in the following tables are the nett value of individual swap positions where there is the ability to settle the swaps on a nett basis and the Nominal Insurer intends to settle on this basis.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NSW WORKCOVER SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 12. Financial instruments (continued)

(g) Fair value estimation (continued)

2009	Assets	Liabilities	Notional amount
	\$'000	\$'000	\$'000
FUTURES			
Share price index futures	–	10,609	737,959
Commodity futures	5,767	12,898	287,239
Interest rate futures	1,247	2,528	426,906
OPTIONS			
Options on equity futures	–	7,667	–
FORWARDS			
Forward foreign exchange contracts	41,632	14,057	3,527,626
SWAPS			
Interest rate swaps	4,206	2,051	77,750
Inflation swaps	43,372	53,738	1,476,790
	96,224	103,548	
2008	Assets	Liabilities	Notional amount
	\$'000	\$'000	\$'000
FUTURES:			
Share price index futures	–	38,813	1,063,248
Interest rate futures	13,349	10,984	1,832,846
OPTIONS:			
Options on equity futures	–	6,118	–
FORWARDS:			
Forward foreign exchange contracts	26,916	14,117	928,122
SWAPS:			
Interest rate swaps	427,881	434,578	429,930
Inflation swaps	1,480,295	1,458,559	1,941,050
	1,948,441	1,963,169	

Liability maturity

All of the Scheme's financial liabilities relate to derivatives whose maturity is listed below:

2009	Less than 1 month	2 to 12 months	Greater than 12 months	Total
	\$'000	\$'000	\$'000	\$'000
Derivatives	10,876	29,017	63,655	103,548
2008	Less than 1 month	2 to 12 months	Greater than 12 months	Total
	\$'000	\$'000	\$'000	\$'000
Derivatives	4,338	59,243	1,899,588	1,963,169

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 12. Financial instruments (continued)

(g) Fair value estimation (continued)

At 30 June 2009 the Scheme had no hedges whereas at 30 June 2008 the Scheme has designated a share price index future as a fair value hedge against investments in Australian equities. That hedge represented approximately \$250 million of the Schemes investments in Australian equity securities to mitigate a fall in the value of these investments. The fair value of that hedge was included in Note 12 of the Financial Statements. A net gain on the hedge of \$9.4 million was recognised through the profit and loss in 2007/08.

Financial assets pledged as collateral

Scheme's financial assets pledged as collateral are \$nil (2008: nil), apart from cash held in margin accounts with the clearing houses across various markets for exchange traded derivatives (refer Note 10). 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 or settles positions in cash rather than physical delivery.

Note 13. Property, plant and equipment

	2009	2008
	\$'000	\$'000
FREEHOLD BUILDINGS GROSS CARRYING AMOUNT		
Balance as at 1 July	405	405
Additions	–	–
Disposals	–	–
Balance as at 30 June	405	405
ACCUMULATED DEPRECIATION AND IMPAIRMENT		
Balance as at 1 July	15	10
Disposals	–	–
Depreciation expense	5	5
Balance as at 30 June	20	15
NET CARRYING AMOUNT		
As at 1 July	390	395
As at 30 June	385	390

Aggregate depreciation allocated during the financial year is recognised as an expense.

Note 14. Trade and other payables

	2009	2008
	\$'000	\$'000
Trade payables	559,043	1,042,787
Statutory levies payable	–	36,040
Total payables	559,043	1,078,827

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NSW WORKCOVER SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 15. Interest-bearing loans and borrowings

	2009	2008
	\$'000	\$'000
CURRENT		
Bank overdrafts (unsecured)	11,236	10,799

(a) Interest rate risk exposure

Details of the Scheme's exposure to interest rate changes on borrowings are set out in Note 12.

(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 16. Unearned premiums

	2009	2008
	\$'000	\$'000
Unearned premiums	353,858	448,248

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 2009

Note 17. Outstanding claims

The Nominal Insurer only provides Workers Compensation Insurance to those NSW employers who are not covered by self or specialised insurance arrangements. The wide geographic area, number of employers provided with insurance and variety of industries provided with insurance, reduces the Scheme's risk volatility. Managing the remaining insurance risk is part of the Scheme's governance and management philosophy with risk being reduced through:

- Detailed review of independent bi-annual actuarial valuation projections and cost drivers to enable early detection of emerging issues and cost pressures
- Actively monitoring claims and expense patterns to detect increasing expenditure and ensure it is facilitating return to work strategies
- Designing premium formulas that reflect the cost of injuries in particular industries and for larger employers related to their actual claims costs to encourage employers to reduce injuries and facilitate injured workers to return to work

- Design of benefits that provide incentives to injured workers to work with the Scheme and employers to encourage a return to work
- Partnering with regulators including WorkCover to reduce injury rates and detect any fraudulent activities
- Designing remuneration for Scheme Agents that encourages them to achieve Scheme objectives
- Investment allocation strategies that manage investment risks (refer Note 12)
- Actively monitoring and projecting the Scheme's cashflow to ensure premiums are paid and injured worker entitlements are provided in a timely manner.

The nature of the Scheme's insurance operations including the requirement of all employers in NSW to have a policy, the wide geographic/industry spread of risks, the level of Scheme Assets and the ability to amend future premiums, has resulted in the Scheme concluding that reinsurance of Scheme liabilities is not appropriate.

	2009	2008
	\$'000	\$'000
(a) Expected future gross claims payments (undiscounted)	22,781,817	20,361,138
Discount to present value	(10,779,606)	(9,875,197)
Liability for outstanding claims	12,002,212	10,485,941
Current	1,879,320	1,723,378
Non-current	10,122,891	8,762,563
	12,002,212	10,485,941
(b) Expected future actuarial assessment of recoveries (undiscounted)	597,207	623,180
Discount to present value	(103,474)	(131,105)
Discounted actuarial assessment of recoveries	493,733	492,075
(c) Net outstanding claims per actuarial report	11,508,479	9,993,865

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NSW WORKCOVER SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 17. Outstanding claims (continued)

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% (2008: 9.8%).

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 2009 based on a probability of adequacy of 75% (2008: 75%). The risk margin for the Scheme as at 30 June 2009 was 12% or \$1.2 billion

(2008: 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 being required to fund any 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.

Based on the consulting actuaries assessment of the Scheme's exposure to asbestos claims, an explicit provision of \$105 million (2008: \$114 million) for such claims has been included in the overall outstanding claims liability.

Movement in claim liabilities and recoveries

	2009	2008
	\$'000	\$'000
CLAIMS LIABILITIES		
Opening balance	10,485,940	9,858,545
Adjustment arising from changes in:		
Actuarial assumptions	703,454	112,401
Discount/inflation rates	714,600	404,380
Risk margins	79,604	72,178
Claims incurred in current year	1,660,339	1,498,299
Claims payments	(1,641,725)	(1,459,862)
Claims liabilities 30 June 2009	12,002,212	10,485,941
RECOVERIES		
Opening balance	492,075	473,174
Adjustment arising from changes in:		
Actuarial assumptions	(20,879)	(641)
Discount/inflation rates	35,140	23,108
Risk margin	(3,711)	2,175
Recoveries incurred in current year	91,897	96,423
Recoveries received	(100,791)	(102,163)
Recoveries receivable 30 June 2009	493,733	492,075

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Note 17. Outstanding claims (continued)

(a) Claims development

The Scheme provides ongoing weekly benefits to injured workers who are unable to return to pre-injury levels of work until they reach 12 months after retirement age (or if injured after retirement age one year after the date of injury). This results in a significant portion of scheme liabilities relating to injuries many years in the past that may not be settled for many years.

	2009	2008
	\$'000	\$'000
OUTSTANDING CLAIMS LIABILITIES NET OF RECOVERIES		
Prior to 10 years ago	2,370,230	1,689,214
9 years ago	703,640	527,311
8 years ago	758,845	698,852
7 years ago	725,115	777,970
6 years ago	714,571	739,001
5 years ago	817,138	758,170
4 years ago	970,074	869,589
3 years ago	1,124,711	1,007,502
2 years ago	1,438,705	1,200,550
Up to 1 year ago	1,885,450	1,725,706
	11,508,479	9,993,865

(b) Claims liability maturity

The maturity profile of the Scheme's claim liabilities are estimated by the independent actuaries to mature in the following periods:

	2009	2008
	\$'000	\$'000
OUTSTANDING CLAIMS NET OF RECOVERIES MATURING		
Within 1 year	1,759,621	1,602,844
2 to 5 years	3,957,109	3,506,827
More than 5 years	5,791,749	4,884,194
	11,508,479	9,993,865

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NSW WORKCOVER SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 17. Outstanding claims (continued)

(c) Core claims liability variables

Actuarial analysis performed by the Scheme's independent actuaries have determined that as the Scheme's benefit structure provides ongoing weekly benefits support to injured workers for 12 months after they reach retirement age, the core variables that drive the Schemes liabilities are inflation rate for benefits and the discount rate of these liabilities to reflect the earnings on Scheme investments. Income support benefits to injured workers are indexed half yearly while other payments such as medical costs are considered to increase at least in line with inflation.

The following average inflation, and discount rates were used in the measurement of outstanding claims:

	2009	2008
	% pa	% pa
FOR THE FIRST SUCCEEDING YEAR		
Inflation rate	3.50	4.25
Discount rate	3.44	7.07
FOR SUBSEQUENT YEARS		
Inflation rate	3.50–3.88	4.25–4.00
Discount rate	4.82–6.13	6.79–6.30

The weighted average discounted expected term from the balance date to settlement of the outstanding claims is estimated to be 8.2 years (2008 7.8 years).

(d) Sensitivity analysis

The impact of changes in key variables is summarised in the table below. Sensitivity analysis is conducted by the independent actuaries on each variable whilst holding all other variables constant.

Variable	Movement in variable	2009		2008	
		Impact on profit/(loss)	Impact on liabilities	Impact on profit/(loss)	Impact on liabilities
		\$'000	\$'000	\$'000	\$'000
Inflation rate	+1%	(370,980)	370,980	(569,729)	569,729
	-1%	352,246	(352,246)	614,745	(614,745)
Discount rate	+1%	357,839	(357,839)	614,745	(614,745)
	-1%	(383,405)	383,405	(569,729)	569,729

Since the June 2008 assessment of Outstanding Claims Liability the actuaries have changed the methodology involved in setting the long-term economic assumptions. A long-term (after 10 years) inflation assumption is now selected to achieve a constant 2.25% gap with the yield curve. This new approach takes into account the long term relationship between discount and inflation rate assumptions and reduces the volatility in the liability results. Therefore, the sensitivity around inflation and discount rates has reduced since 2008. The previous approach had selected long term inflation assumptions independent of long term yields.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 18. Reconciliation of surplus from operating activities to net cash provided by operating activities

	2009	2008
	\$'000	\$'000
Surplus/(Deficit) from operating activities	(2,107,417)	(187,243)
EXPENSES/REVENUES NOT INVOLVING CASH INFLOWS/OUTFLOWS		
Bad Debts written off	55,743	46,401
Depreciation expense	5	5
Impairment of trade receivables	13,058	15,871
Increase in actuarially assessed claim liabilities	1,516,270	627,396
Reduction in actuarially assessed recoveries receivable	(1,658)	(55,172)
Reduction in unearned premiums	(94,390)	(26,009)
Unexpired risk provision	25,975	–
Unrealised loss on investments	448,627	940,317
DECREASE/(INCREASE) IN OPERATING ASSETS		
Financial assets	852,828	(1,445,706)
Interest and dividends receivable	(9,932)	53,558
Premiums receivable	(57,292)	(15,967)
Trade debtors and prepayments	(3,341)	215,958
(DECREASE)/INCREASE IN OPERATING LIABILITIES		
Statutory levies payable	(36,040)	(2,863)
Trade and other payables	(85,696)	(261,055)
Security deposits received	21,862	–
Net cash provided by/(used in) operating activities	538,602	(94,509)

Note 19. Liability adequacy test

At 30 June 2009 the Scheme has an unearned premium provision of \$354 million (\$448 million as at 30 June 2008). This unearned premium was based on policies on risk during 2008/09 but where the period of coverage extends into 2009/10.

The present value of expected future cash flows for future claims relating to the unearned premium estimated to be \$400 million (\$380 million as at 30 June 2008), with this increasing to \$456 million (\$433 million as at 30 June 2008) once a risk margin of 14% to give a 75% probability of adequacy is added. This is the same probability of adequacy that is used for the Scheme valuation.

Accordingly the Scheme's independent actuaries after allowing for unearned premium related to expected future premium adjustments of \$76 million have advised that the unearned premium provision is NOT adequate to meet the anticipated claims. Accordingly they have advised that an additional unexpired risk provision of \$26 million required to be made by the Scheme. This provision has been made in the financial statements.

In 2008 the actuaries determined that an unexpired risk provision was not required.

Note 20. 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). Repealed and replaced by the *Dangerous Goods (Road and Rail Transport) Act 2008*, which commenced on 1 May 2009. The Independent Transport Safety and Reliability Regulator was also going to administer this Act however we are unaware of whether this has occurred yet.

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 (repealed with effect from 1 September 2008)

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

Dangerous Goods (Road and Rail Transport) Act 2008 (jointly with the Department of Environment and Climate Change)

This Act repealed and replaced the *Road and Rail Transport (Dangerous Goods) Act 1997*. Its purpose is to regulate the transport of dangerous goods by road and rail in order to promote public safety and protect property and the environment. Both WorkCover and the Environment Protection Authority are "competent authorities" under the Act. The Act is supported by the *Dangerous Goods (Road and Rail Transport) Regulation 2009*.

The Act and Regulation commenced on 1 May 2009.

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.

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.

APPENDICES

Workers Compensation Legislation Amendment (Benefits) Act 2008

This Act made various amendments to the *Workers Compensation Act 1987* and the *Workers Compensation (Bush Fire, Emergency and Rescue Services) Act 1987*.

It amended the former Act in relation to the death benefits payable under it, as well as making legislative provision for the introduction of the new retro-paid premium loss method of calculating the premiums payable by certain large employers.

It also amended the base index number provided for in that Act.

It amended the *Workers Compensation (Bush Fire, Emergency and Rescue Services) Act 1987* in relation to the apportionment of compensation payable for an injury suffered by, or the death of, persons covered by the Act. The Act was assented to on 10 December 2008 and commenced on assent.

CHANGES TO REGULATIONS

Regulation amendments made under the *Occupational Health and Safety Act 2000*

Occupational Health and Safety Amendment (Major Hazard Facilities) Regulation 2008 and *Occupational Health and Safety Further Amendment (Major Hazard Facilities) Regulation 2008*

The *Occupational Health and Safety Amendment (Major Hazard Facilities) Regulation 2008* amended the *Occupational Health and Safety Regulation 2001* to put in place measures aimed at preventing major accidents occurring at major hazard facilities and protecting the health and safety of persons at work and of the public from hazards leading to, or arising from, such major accidents.

It commenced on 14 July 2008.

The *Occupational Health and Safety Further Amendment (Major Hazard Facilities) Regulation 2008* amended the *Occupational Health and Safety Regulation 2001* to make it clear that the provisions relating to major hazard facilities do not apply to mining workplaces and coal workplaces. It was consequent on the amendments made by the *Occupational Health and Safety Amendment (Application to Mining Workplaces and Coal Workplaces) Regulation 2008*, made by the Minister for Mineral Resources.

It commenced on 1 September 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 (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 was gazetted on 22 October 2008.

Workers Compensation Amendment (Latest Index Number) Regulation 2009

This Regulation updates index number used for the indexation of benefits under the *Workers Compensation Act 1987*.

It commenced on 1 April 2009.

Workers Compensation Amendment (Retro-Paid Loss Premium Method) Regulation 2009

This Regulation amended the *Workers Compensation Regulation 2003* to facilitate the introduction of the new retro-paid loss premium arrangements, which is a new method of calculating workers compensation premiums that correlates claims experience with the premiums payable.

It commenced on 30 June 2009.

NEW AND AMENDING SUBORDINATE LEGISLATION UNDER THE *WORKERS COMPENSATION ACT 1987* AND THE *WORKPLACE INJURY MANAGEMENT AND WORKERS COMPENSATION ACT 1998*

WorkCover Guides for the Evaluation of Permanent Impairment (3rd Ed)

These Guidelines are used to evaluate a worker's degree of permanent impairment.

They are made under section 376 of the *Workplace Injury Management and Workers Compensation Act 1998* and were published on 1 February 2009.

APPENDIX 2 CHIEF AND SENIOR EXECUTIVE PERFORMANCE STATEMENTS – SES5 AND ABOVE

Name	Jon Blackwell
Position and level	Chief Executive Officer SES Level 7
Total remuneration package	\$321,109
Performance pay	Nil
Period in position	18 August 2003 to 30 June 2009

HIGHLIGHTS

- Oversaw WorkCover activities including the management of occupational health and safety and injury prevention, advice and education and the management and regulation of the WorkCover Scheme.
- Development and implementation of Retro Paid Loss method for calculating workers compensation premiums for large employers.
- WorkCover continued to provide advice to more than 360,000 employers in NSW during 2008/09.
- Implemented the new 2008/09 funding model agreed to by Treasury and Government, including changed financial reporting and forecasting.
- Continued WorkCover's involvement in the harmonisation of workers compensation arrangements across jurisdiction.

- Expansion of WorkCover's Aboriginal and Torres Strait Islander Employees Network to increase education and promote OHS and Workers Compensation to Aboriginal businesses and communities.



Hon Michael Daley MP
Minister for Finance and
Minister for Police

Name	Michael Block
Position and level	General Manager, Investment Division SES Level 5
Total remuneration package	\$259,838
Performance pay	Nil
Period in position	20 September 2004 to 12 December 2008

HIGHLIGHTS

- Recommended and led the implementation of a defensive investment position for the Workers Compensation Insurance Fund (WCIF) by reducing the Fund's exposure to equities and listed property prior to the Global Financial Crisis which led to the Fund's relatively good performance compared to other similar funds during the year
- Initiated the process that led to the tender process for the appointment of a new asset consultant for the WCIF
- Efficiently managed the costs of investment management of the Fund's assets through greater use of performance-based fees and passive management
- Initiated a detailed review of the effectiveness of the Master Custodian arrangements for the WCIF.

Rob Thomson
Acting Chief Executive Officer

Name	Robert Gray
Position and level	General Manager, Corporate Services Division SES Level 5
Total remuneration package	\$242,525
Performance pay	Nil
Period in position	3 July 2006 to 30 June 2009

HIGHLIGHTS

- Managed the implementation of the new 2008/09 funding model agreed to by Treasury and Government, including improved financial reporting and forecasting

- Led the ongoing enhancements to the enterprise wide risk management framework, governance and compliance framework resulting in receipt of the TMF Enterprise Wide Risk Management Award
- Actively driven improved leadership and management capability within WorkCover through the delivery of the final stage of the Corporate Leadership Development Program to an additional 15 managers and supervisors
- Promoted WorkCover as an Employer of choice both externally and internally through implementation of the second stage of the Talent Program, implementation of flexible work practices, culminating in WorkCover being a finalist in the National HR Awards Events
- Led the promotion of WorkCover as a bullying free workplace with zero tolerance to bullying through chairing the Bullying Joint Working Party, implementation of a communication plan, development of new policies and training modules
- Improved customer service in Licensing, Information Centre and enhanced search capabilities on Internet.

Rob Thomson
Acting Chief Executive Officer

Name	Rob Thomson
Position and level	General Manager, Workers Compensation Division SES Level 5
Total remuneration package	\$259,838
Performance pay	Nil
Period in position	9 June 2005 to 30 June 2009

HIGHLIGHTS

- Led the WorkCover Scheme in a difficult economic environment, maintaining the focus on improved service delivery for employers and injured workers and ensuring that the average premium payable by employers did not increase
- Continued to manage and lead the tender process for the 2010 – 2014 Scheme Agent contracts
- Continued WorkCover's involvement in the harmonisation of workers compensation arrangements across jurisdictions
- Oversaw and led the development and implementation of the new Retro Paid Loss method for calculating workers compensation premiums for large employers
- Focused on increasing the professionalism of case managers through his role as a Board member of the Personal Injury Education Foundation and leading the ongoing development of Certificate IV Case Management education program in NSW.



Hon Michael Daley MP
Minister for Finance and
Minister for Police

APPENDICES

Name	Jerome Lander
Position and level	General Manager, Investment Division SES Level 5
Total remuneration package	\$259,850
Performance pay	Nil
Period in position	29 June 2009 to 30 June 2009

Note: Jerome Lander commenced 29 June 2009, assuming the responsibilities of the General Manager Investment Division.

Name	John Watson PSM FSIA (Hon).
Position and level	General Manager, Occupational Health and Safety Division SES Level 5
Total remuneration package	\$259, 850
Performance pay	Nil
Period in position	1 April 2004 to 30 June 2009

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
- 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 involved in the strategic direction of the National OHS agenda. Playing a leading role in the HWSA and ASCC Working Groups as well as contributing extensively to harmonisation, championing best practise initiatives and ensuring appropriate stakeholder liaison
- Managed the development of a business plan for TestSafe Australia including implementation of a Financial Management review.

Rob Thomson
Acting Chief Executive Officer

APPENDIX 3

SIGNIFICANT INTER-DEPARTMENTAL COMMITTEES

Safe Work Australia Council

Chief Executive Officer: Jon Blackwell

Heads of Workplace Safety Authorities

General Manager, Occupational Health and Safety Division:
John Watson

Heads of Workers Compensation Authorities

Chief Executive Officer: Jon Blackwell

"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

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 2009)

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 (Jerome Lander)

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) (AS AT 30 JUNE 2009)

- 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
- Tony Lawler, A/Director, Business Risk Management and Site Services Branch
- Rob McNulty, Manager, Project Management Office, (Secretariat)

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.

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, and 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 2008/09

No significant departmental committees were established during the reporting period.

APPENDIX 7

SIGNIFICANT COMMITTEES ABOLISHED IN 2008/09

No significant departmental committees were abolished during the reporting period.

APPENDICES

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.

During 2008/09, there were no reviews conducted by, or on behalf of WorkCover under the *Privacy and Personal Information Protection Act 1998*.

FREEDOM OF INFORMATION STATISTICS (2008/09)

A total of 1,028 applications for access to documents were processed under the terms of the *Freedom of Information Act 1989*.

Of the 1,028 applications processed, 12 were non-personal, one request was deferred, 102 requests were granted in full, 601 were granted in part and 300 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, 21 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.

NUMBER OF NEW REQUESTS

FOI requests	Personal			Other			Total		
	2006/07	2007/08	2008/09	2006/07	2007/08	2008/09	2006/07	2007/08	2008/09
New (including transferred in)	788	888	904	71	47	9	859	935	913
Brought forward	34	66	168	0	3	3	34	69	171
Total to be processed	822	954	1,072	71	50	12	893	1,004	1,084
Completed	742	758	1,004	68	46	12	810	804	1,016
Transferred out	0	0	0	0	0	0	0	0	0
Withdrawn	6	3	12	0	0		6	3	12
Total processed	748	761	1,016	68	46	12	816	807	1,028
Unfinished	74	193	54	3	4	0	77	197	54

WHAT HAPPENED TO COMPLETED REQUESTS

Result of FOI request	Personal	Other
Granted in full	102	1
Granted in part	601	4
Refused	300	7
Deferred	1	0
Completed	1,004	12

MINISTERIAL CERTIFICATES – NUMBER ISSUED DURING THE PERIOD

No Ministerial Certificates were issued during 2008/09.

FORMAL CONSULTATIONS

	Issued	Total
Number of requests requiring formal consultations	9	21

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.

FOI REQUESTS GRANTED IN PART OR REFUSED

Basis of disallowing or restricting access	Personal	Other
Application incomplete/wrongly directed	2	1
Deposit not paid	12	1
Diversion of resources	1	0
Exempt	586	6
Otherwise available	15	0
Documents not held	77	0
Deemed refused – over 21 days	218	3
Released to medical practitioner	0	0
Totals	911	11

COSTS AND FEES OF REQUESTS PROCESSED DURING PERIOD

	Assessed costs	FOI fees received
All completed requests	\$28,860	\$29,478

DISCOUNTS ALLOWED

Type of discount allowed	Personal	Other
Public interest	0	0
Financial hardship – pensioner/child	3	0
Financial hardship – non profit organisation	1	0
Totals	4	0
Significant correction of personal records	0	0

DAYS TO PROCESS

Elapsed time	Personal	Other
0-21 days	392	7
22-35 days	255	1
Over 35 days	347	4
Totals	994	12

PROCESSING TIME

Processing hours	Personal	Other
0-10 hours	891	10
11-20 hours	85	1
21-40 hours	9	1
Over 40 hours	7	0
Totals	992	12

REVIEWS AND APPEALS

Number of internal reviews finalised	16
Number of Ombudsman reviews finalised	1
Number of District Court (Administrative Decisions Tribunal) appeals finalised	0

Basis of internal review	Personal		Other	
	Upheld	Varied	Upheld	Varied
Access refused	0	0	0	0
Access deferred	0	0	0	0
Exempt matter	0	1	0	0
Unreasonable charges	0	0	0	0
Charge unreasonably incurred	0	0	0	0
Withdrawn	0	0	0	0
Totals	0	1	0	0

During 2008/09 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.

The code of conduct is regularly reviewed to ensure it remains relevant and appropriate.

APPENDIX 10 RESPONSE TO SIGNIFICANT MATTERS RAISED IN THE OUTGOING AUDIT REPORT

There were no significant matters raised by audit.

APPENDICES

APPENDIX 11

ACCOUNT PAYMENT PERFORMANCE

ACCOUNT PAYMENT PERFORMANCE

Amounts outstanding to suppliers at the end of each quarter of the year were:

2008/09	September Qtr \$	December Qtr \$	March Qtr \$	June Qtr \$
CURRENT	399,216	105,029	369,936	1,396,155
<30 days overdue	1,149	11,604	-32,430	6,685
>30 days and <60 days overdue	-80	11,861	-12,067	5,466
>60 days and <90 days	-295	-6,500	-1,996	153
90 days and over	-5,246	-1,018	-3,638	-12,100
Total value of accounts paid on time	18,018,084	16,057,011	14,183,012	17,621,862
Percentage paid on time	90.3%	88.9%	97.5%	98.5%
Total value of accounts paid	19,962,355	18,061,513	14,555,259	17,884,027

During 2008/09, WorkCover paid \$70.5 million in accounts of which \$65.9 million or 93.50 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 2009, the allocation between the facilities was as follows:

Investment Type	\$ Million	Percentage of total
Long term growth	56.4	36
Medium term growth	61.1	39
Cash	39.4	25
TOTAL	156.9	100

The total investment portfolio value at 30 June 2009 was \$156.9 million, with \$56.4 million allocated to the Long Term Growth Facility, \$61.1 million in the Medium Term Growth Facility and \$39.4 million held as cash. The return for the financial year for each of the facilities was – 10.33 per cent for Long Term, 0.73 per cent for Medium Term and 5.35 per cent for cash.

APPENDIX 13

LIABILITY MANAGEMENT PERFORMANCE

Reporting period	2008/09	2007/08	2006/07
Workers Compensation:			
Number of employees	1,231	1,275	1,237
Number of claims	49	47	44
Number of claims per employee	0.04	0.04	0.04
Total cost of claims	\$427,548	\$414,050	\$274,348
Average claim cost	\$8,725	\$8,809	\$6,235
Average cost per employee	\$347	\$324	\$222
Motor vehicles:			
Vehicles	341	328	321
Number of claims	111	138	134
No. of claims per vehicle	0.33	0.42	0.42
Total cost of claims	\$237,245	\$329,086	\$296,148
Average cost per claim	\$2,137	\$2,385	\$2,211
Average cost per vehicle	\$696	\$1,003	\$923
Property:			
Number of claims	4	5	7
Number of claims per employee	0.003	0.004	0.006
Total cost of claims	\$125,350*	\$15,304	\$23,669
Average cost per claim	\$31,338	\$3,061	\$3,381
Average cost per employee	\$102	\$12	\$19
Liability:			
Number of claims	Nil	2	5
Total cost of claims	Nil	\$28,207	\$1,228,848
Average claim	Nil	\$14,104	\$245,770
Miscellaneous:			
Number of claims	Nil	Nil	1
Total cost of claims	Nil	Nil	\$739
Average claim	Nil	Nil	\$739

* A reserve balance of \$120,000 has been allocated for a lighting strike damage claim at WorkCover's Londonderry premises. This cost is an estimate only and the end cost is yet to be determined.

APPENDICES

COMPENSATION SCHEMES

WorkCover NSW also has outstanding workers compensation claims liabilities that arise under 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
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
2007/08	0.0	80.0	12.5	9.0
2008/09	0.0	85.0	14.7	10.4

APPENDIX 14

MAJOR ASSETS/LAND – DISPOSALS AND ACQUISITIONS

DISPOSALS

LOCATION	ITEM	2008/09	2007/08	2006/07
		\$'000	\$'000	\$'000
		Nil	Nil	Nil

ACQUISITIONS

LOCATION	ITEM	2008/09	2007/08	2006/07
		\$'000	\$'000	\$'000
Gosford Head Office	Portal Project			758
Gosford Head Office	WorkCover Licensing	1,325		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	
Gosford Head Office	Relocation of Reception facilities	1,412		
Gosford Head Office	Internet Redevelopment	970		
Wollongong Office	Fitout of new office	773		
Thornleigh Office	Dynamometer	673		
Gosford Head Office	Pivotal Program of Works	606		
Total		5,759	546	4,070

APPENDIX 15

MAJOR ASSETS OTHER THAN LAND HOLDINGS

ASSETS	2008/09 \$'000	2007/08 \$'000	2006/07 \$'000
Buildings	4,791	4,022	3,904
Leasehold improvements	11,751	11,969	14,847
Office machines and equipment	262	273	347
Furniture and fittings	38	112	157
Computer hardware and software	17,661	19,734	25,588
Scientific, technical and mechanical equipment	2,714	2,468	2,481
Motor vehicles	148	225	256
Total	37,365	38,803	47,580

APPENDIX 16

WORKS IN PROGRESS

Major computer hardware and software projects	Total cost 30/6/2009 \$m	Cost overrun \$m	Estimated date of completion	Reason for significant delay	Asset/work in progress
Internet Redevelopment	1.37		September 09	N/A	WIP
Licensing System Development	1.30		June 2013	N/A	WIP
TOTAL	2.67	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. The contribution from the nominal insurer is fixed and the contributions from the self and specialised insurers' are 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.

APPENDICES

APPENDIX 18 CONSULTANTS

CONSULTANTS EQUAL TO OR MORE THAN \$30,000

Consultant	Cost \$	Purpose
Deakin Prime	190,559	Undertake Certificate IV case management project involving development of training materials and provide advice on training needs
Independent Pricing & Regulatory Tribunal	175,000	Review of the fee for the regulation of Major Hazards in NSW
Great Place to Work Institute Australia P/L	68,185	Corporate Survey Feedback sessions & additional reports
Total greater than \$30,000	433,744	

CONSULTANTS LESS THAN \$30,000

During 2008/09, other consultancies were engaged in the following areas:

Consultancy area	Cost \$
Legal	28,000
Management Services	52,258
Organisational review	16,000
Total consultancies less than \$30,000	96,258

APPENDIX 19 OVERSEAS TRAVEL

JULY 2008 TO JUNE 2009

Person	Date	Purpose	Cost \$	Recovery \$	Net Cost \$
Ujen Singh Adrian Rietdijk	July 08	New Zealand for Audit Quality Assessment for the following companies Compac, Tait Electronics, Audio Communications and Bondor	4,672	4,672	–
Creagh Moore	July 08	Attended XVIII World Safety Conference in Seoul Korea	4,450	–	4,450
Michael Block	September 08	Attended Wellington Management's Research Forum 2008 and visited a number of WCIF's Investment Fund Managers Boston, USA	15,007	–	15,007
Russell Ashley	September 08	New Zealand for Audit Quality Assessment at Tait Electronics	933	933	–
John Watt Ujen Singh	October 08	Paris, Singapore and Johannesburg to attend International Electro Technical Commission meeting and conduct Audit Quality Assessments for the following companies Wavetrend, Transvaal and CMG Pty Ltd	15,900	15,900	–
Gordana Manojlovic Henry Huynh	November 08	Brazil to attend the Standards Meeting and conduct Audit Quality Assessments at WEG	17,753	17,753	–
Jeremy Allan	November 08	Represent WorkCover and Standards Australia at meeting of ISO TC 229 Nanotechnologies. Shanghai China	3,614	3,614	–
Ajay Maira	November 08	New Zealand for Audit Quality Assessment at Tait Electronics	952	952	–
Adrian Rietdijk	December 08	New Zealand to conduct Audit Quality Assessment at the following companies Insulated Door and Panel, Hi Tech Poly and Metalcraft	1,462	1,462	–
Adrian Rietdijk	February 09	New Zealand for Audit Quality Assessment at Tait Electronics	1,165	1,165	–
Ajay Maira	February 09	New Zealand for Audit Quality Assessment at PEC Fuel Pumps	1,429	1,429	–
Paul Henry	March 09	Meeting with Department of Labour New Zealand to discuss joint agricultural initiatives and future strategies in Wellington. Review machine design and provide advice on modifications in Auckland, New Zealand	1,632	–	1,632
Gordana Manojlovic	March 09	UK and Japan to attend Standards Meeting and conduct Quality Audit Assessment at Matsushima	6,083	6,083	–
Ajay Maira	March 09	UK to attend Standards Meeting	7,429	4,610	2,819
Adrian Rietdijk	May 09	New Zealand to conduct Audit Quality Assessments	996	996	–
Adjustments			158	–	158*
TOTAL			83,635	59,569	24,066

* Note: Adjustments relate to minor expenses carried over from 2007/08 visits.

APPENDICES

APPENDIX 20 CONTRACTING AND MARKET TESTING

WorkCover has a comprehensive procurement framework that standardises the tender and contract management activities and ensures the appropriate terms and conditions are written into all WorkCover contracts. The framework also ensures compliance with the NSW Government's procurement policies and guidelines.

Through the procurement framework, WorkCover ensures that competition to supply goods and services is maximised, probity maintained and selected offers achieve value for money. Procurement activities above \$250,000 are managed through the Department of Services, Technology and Administration on behalf of WorkCover.

To support industry participation in WorkCover's procurement activities, all major procurement actions are given the widest possible publicity, which includes advertising in the print media and utilising the Government's E-Tender Portal. WorkCover also utilises the online Information Communication & Technology (ICT) ePortal to procure a comprehensive range of ICT services/items. This new purchasing initiative saves time and money for WorkCover, as it enables quotes from approved suppliers on line.

As part of the procurement framework WorkCover has also introduced a performance monitoring process to assess and record contractor/supplier performance against contract conditions in support of future procurement selection.

APPENDIX 21 EVENTS THAT HAVE A SIGNIFICANT EFFECT ON THE SUCCEEDING YEAR AFTER THE BALANCE DATE

Since balance date, the Public Sector Employment and Management (Departmental Amalgamation) Order 2009 transferred all branches of the Office of the Workcover Authority to the Compensation Authorities Staff Division and abolished the Office of the Workcover Authority.

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 printed publications developed in 2008/09 are as follows:

- Administration Guidelines for Registered Training Organisations
- Aluminium Phosphide Tablets Fact Sheet
- Application for a Registered Training Organisation (RTO)
- Applying for a Position Within WorkCover NSW
- ATV Safety Checklist
- Bush Fire Emergency And Rescue Services Volunteers
- Call Centres in NSW – Health and Safety Guidelines
- Checklist for the safe use of aluminium phosphide tablets and chloropicrin
- Chloropicrin: Factsheet
- Code of Conduct for registered training organisations delivering general induction training in NSW
- Code of Practice Storage and Handling of Dangerous Goods
- Dangerous Goods and Hazardous Substances in Agriculture
- Dangerous Goods on Premises: Guide to Notification (GDG01)
- Directional Notice Explosives Pad
- Cost Benefit Analysis Discussion Paper
- Farm Safety Kit
- Farm Safety: Starter Guide
- Fireworks Operational Conditions
- Grain Augers Industry Safety Standard
- Hairdressers: Health and Safety Guidelines
- Handling Cytotoxic Drugs and Related Waste
- Health and Safety Notes: Hierarchy of Hazard Controls
- Housing Industry Site Safety Pack as a priority
- Implementation of the National Code
- Introduction to Return-To-Work Coordination for Participants Workbook

- Introduction to Return-To-Work Coordination for Trainers Workbook
- Laboratory Services Unit Introduction
- Lifting and Moving People: Choosing the Right Equipment: Guide
- Loadshifting classes Discussion Paper
- Manual Handling: Hierarchy of Controls
- Medical Practitioners Guide to WorkCover
- Mentor Program Brochure
- Mentor Program Code Of Practice Form
- Mentor Program Direct Mailer
- Mentor Program Small Business EOI Form
- Notification of Dangerous Goods on Premises Form – FDG01
- Notification of the Disposal, theft, loss or damage to NSA
- OHS Management Systems
- Online Notification System (ONS) Factsheet
- Overhead Protective Structures: Code of Practice
- Personnel and Material Hoists: National Certificate of Competency
- Post Driver Industry Safety Standard
- Recognition of Prior Learning CIC-RPL01
- Return to Work Coordinators Participant Kit
- Return to Work Coordinators Trainers Package
- Risk Assessment: Code of Practice
- Rural Partnerships Factsheet
- Safety Solutions Rebate
- Scaffolding: Erecting, Altering and Dismantling
- Skin Cancer and Outdoor Workers: A Guide for Workers
- Small Business Brochure
- Small business Forums
- Small business Forums EOI
- Spray Painter Medical Certificate Pad
- Soft Tissue Injury Participant Manual 2009
- Take 10 @ 10 Tips Z Card
- Test Safe Australia Feedback Card
- Test Safe Chemical Analysis Branch Feedback Card
- Test Safe Flyers x 7 kinds
- Test Safe Information Folder
- Tips for Addressing the Selection Criteria
- Traffic Management in Warehousing
- Transport Flyer
- Watch you step – Slips, Trips and Falls Poster
- Watching Out For You: Poster – (in Arabic, Cantonese, Croatian, Dinka, Hindi, Italian, Macedonian, Maltese, Serbian, Spanish, Swahili, Tagalog, Turkish and Vietnamese)
- What are the benefits for you when you work for WorkCover NSW
- Whatever language you speak poster
- Wood Splitter: Industry Safety Standard
- WorkCover Information Centre
- WorkCover Training Evaluation Form (CIC-EVA-01)
- Working at external locations
- Young Workers Alcohol and other Drugs in the Workplace – Factsheet
- Young Workers Personal Protective Equipment – Factsheet
- Young Workers Violence In the Workplace – Factsheet
- Young Workers Working At Heights – Part 1 Falls From Heights – Factsheet
- Young Workers Working At Heights – Part 2 Falling Objects – Factsheet
- Your Guide to Workplace Health and Safety – Italian
- Your Recovery and Return to Work After a Workplace Injury

APPENDICES

APPENDIX 23

GRANTS TO NON GOVERNMENT ORGANISATIONS

NGO GRANTS

Organisation	Amount \$	Description of Assistance
Building Trades Group of Unions	\$136,199.00	<i>Building Trades Group Drug and Alcohol Committee Apprentice Training Program</i> Commenced May 2009. 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.

2008/09 WORKCOVER ASSIST EDUCATION AND TRAINING GRANTS

Organisation	Amount \$	Description of Assistance
Advertising Federation of Australia	99,500	Develop a Vocational Education and Training Accreditation Board accredited certified OHS training program for photo shoot personnel that will be delivered through an on-line training and assessment program.
Aged and Community Services Association of NSW and ACT	49,020	Develop a competency based OHS training program specifically for managers and supervisors working in residential aged care that addresses risk management and incident investigation.
Association of Quality Child Care Centres of NSW Inc. (trading as Child Care New South Wales)	81,560	Improve workplace safety through an OHS Management Plan that will be supported by a series of workshops conducted in metropolitan and regional areas.
Association of Wall and Ceiling Industries New South Wales	34,800	Provide association members, their employees and subcontractors with the required skills and knowledge to prevent falls when working at heights.
Australian Business Industrial	131,500	Develop and deliver a manual handling toolbox topic education program designed to assist small to medium sized businesses manage their legislative obligations for manual handling in the workplace.
Australian Furniture Removers Association (AFRA)	94,500	Design an industry specific on-line OHS training program. This new initiative will become a prerequisite for qualification as an accredited removalist by AFRA.
Australian Manufacturing Workers Union	205,420	Training and assistance scheme with a focus on improving return to work outcomes, workers compensation resolution processes, risk management and consultation.
Australian Medical Association (NSW) Ltd	137,380	Improve OHS awareness and risk management in medical practices by conducting seminars and providing an OHS online program. This initiative will also aim to improve clinical management of injured workers in NSW and improve fatigue issues.
Australian Retailers Association in partnership with YouthSafe	158,074	Development of a self-assessment and training support tool (online and in print). The tool will assess and support the effectiveness of the communication and management strategies that underpin compliance with OHS requirements and a safety culture at work utilised by employers and supervisors of young workers (up to 25 years of age) in the retail industry.
Australian Road Transport Industrial Organisation – ARTIO (NSW Branch)	111,479	The project is a joint initiative with the Transport Workers Union. This project will deliver 40 workshops on an overview of OHS legislation with regard to the trucking industry, fatigue, safe driving plans and risk management.
Baking Industry Association	34,515	Develop and deliver a training program that specifically identifies tasks with high risk of manual handling injury and highlight ways this risk can be controlled. The program will also focus on strategies for returning injured workers to the job and particularly how suitable duties can be offered within the workplace.

Organisation	Amount \$	Description of Assistance
Bus and Coach Association of NSW	67,396	Identify and research the occurring injuries and the current barriers, including beliefs and practices, which may prevent effective claims and injury management among employers in the NSW bus and coach industry.
Construction Forestry Mining and Energy Union (NSW Branch)	100,000	Provide information via a hotline service or face-to-face meetings to employers and workers from non-English speaking backgrounds and assist them to meet their obligations with regard to workers compensation. This project will also provide additional advice and services in relation to workplace fatalities, and will develop an industry specific information package for the families of workers killed at work.
Furnishing Industry Association of Australia Ltd	103,300	Provide training that emphasises skills development in the area of OHS risk management.
Liquor, Hospitality and Miscellaneous Workers Union (LHMU) and TAFE	150,000	The LHMU and TAFE NSW Hunter Institute will deliver a customised educational initiative titled S.A.F.E.R. Training Program, to people with (primarily) intellectual disabilities within the workplace.
Local Government Association of NSW and Shires Association of NSW	89,260	Develop practical steps that can assist in integrating a council's legal obligations with existing OHS systems in the workplace. This will include methods of applying usual work requirements with the aim of minimising risk and returning injured workers to the workplace as quickly as possible.
Maritime Union of Australia	110,000	Develop a highly realistic simulation of a freight yard (trucks, rail wagons, swinging crane, forklift etc) across which a learner must make a virtual worker walk, without being hit by a moving object. This project is a joint effort between the Maritime Union of Australia, the Rail Tram and Bus Union and the Transport Workers Union.
Master Painters Australia NSW Association Inc.	87,660	Educate small businesses on some of the specific risks associated with the Painting and Decorating Industry, particularly 'Asbestos Awareness', 'Lead Paint Management' and 'Safe Working at Heights'.
Master Plumbers Apprentices Limited	69,000	Create two DVDs for use by Registered Training Organisations and employers. The first DVD will detail dangers inherent to the plumbing industry and the second will be specific to new entrant workers in the plumbing industry and will detail the requirements for workers within the industry. It will cover an understanding of high-risk construction requirements, manual handling techniques and the requirements of the employee, employer and principal contractor.
Master Plumbers Association of NSW	131,000	Develop an e-platform package to assist plumbing contractors develop, maintain and use safety management systems.
Motor Inn & Motel Association of NSW	94,945	Develop a seminar presentation and interactive workshop that will educate hotel/motel owners in OHS consultation, risk management, manual handling and workers compensation.
Motor Traders' Association of NSW	98,250	Develop online training programs to assist businesses to utilise existing OHS management systems to facilitate on-going sustainable compliance.
New South Wales Business Chamber Limited	111,200	Development and delivery of workplace safety material to apprentices/trainees of small to medium sized businesses. This program will also focus on how supervisors and managers can be supported in their obligations for the Occupational Health and Safety of their apprentices and trainees.
NSW Dental Assistants' Association	64,400	Training of members of the Association and personnel utilising e-learning via the Association's website. The resource will use scenarios and examples specific for the industry that will result in increased awareness of the legislation among dental health workers in order to assist them to adopt the key requirements of the legislation in their places of employment.
NSW Farmers (Industrial) Association	261,615	Foster 15 peer-mentoring groups across NSW agricultural regions to present strategies for ongoing OHS improvements.
NSW Teachers Federation	100,000	Deliver at least 50 seminars in country and city locations that will focus on assisting teachers to understand their rights and responsibilities under OHS legislation, dignity and respect in the workplace and general OHS issues.

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Organisation	Amount \$	Description of Assistance
Nursery & Garden Industry NSW & ACT Limited	100,242	Mentor small retail and wholesale nursery and garden businesses across NSW through training courses, site visits, conferences and guidance material with an emphasis on competency assessment, risk control and appropriate communication channels.
Outdoor Media Association	96,000	Provide workshop training and development of a DVD to illustrate safe manual handling practices for supervisors to train workers experiencing language and literacy barriers to effective communication.
Police Association of NSW	169,900	Make NSW Police Force workplaces safer through both targeted and general education and training initiatives including improving psychological safety, OHS, workers compensation and what to do in the event of an injury or a serious OHS incident and the safe storage and handling of hazardous substances.
Professional Hairdressers Association Ltd	60,000	Hold industry-specific two-hour workshops for salon owners to increase awareness of OHS obligations and issues to make salons in NSW a safer place to work.
Restaurant & Catering Industry Association of New South Wales	97,000	Conduct 300 one-on-one workplace risk assessments across NSW at worksites with employers and their key staff in addition to 15 train the trainer workshops entitled "Improving OHS Outcomes".
Screen Producers Association of Australia	99,000	Develop and deliver a VETAB accredited OHS skills competency training program certifying 200 film and television (screen) production and technical managers and supervisors to apply systematic safety plans to managing safety aspects of screen and media productions.
Shearing Contractors Association of Australia	92,300	Provide a one-stop-shop for OHS advice and dissemination of material that will be extended to industry organisations e.g. manufacturers and sellers of shearing equipment, shearers themselves and member organisations.
Surf Life Saving New South Wales Inc	149,280	Develop OHS training resources for rollout to Surf Life Saving Clubs and Branches and will be made available on the Surf Life Saving website.
Timber Trade Industrial Association	109,045	Improve occupational health and safety outcomes for small businesses (contractors) through mentoring those involved in private property forest harvesting.
Transport Workers Union	111,479	The project is a joint initiative with the Australian Road Transport International Organisation. This project will deliver 40 workshops on an overview of OHS legislation with regard to the trucking industry, fatigue, safe driving plans and risk management.

2008 WORKCOVER ASSIST APPLIED RESEARCH GRANTS

Organisation	Amount \$	Description of Assistance
Australian Services Union	187,438	Disability workers and job stress: are intervention strategies working? This study will examine the factors associated with effective assessment, measurement and intervention of psychological risk factors for disability service workers.
Transport Workers Union of NSW	120,341	External influences on health and safety outcomes in NSW long distance trucking. This study will investigate the relationships between external non-driving factors and adverse health and safety outcomes for long distance truck drivers in NSW. The non-driving factors to be examined in this study include waiting time for loading and unloading and remuneration systems for drivers. The health and safety outcomes include long working hours, experience of fatigue and experiences of road traffic crashes and near crashes.
Liquor, Hospitality & Miscellaneous Workers Union	122,403	"I see injuries are common." Overcoming barriers to a healthy working life for luxury hotel workers. This study will determine the key barriers to the take-up of safe work practices by housekeepers in the luxury hotel sector. The aim is to develop a framework for improving the implementation of safe work practices within the sector.

APPENDIX 24

CREDIT CARD

For the 2008/09 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 limited to:

- Expenses incurred in connection with travel on official business.
- Purchases in line with approved WorkCover purchasing policy.
- Meeting the cost of official out-of-pocket expenses (including certain approved entertainment/hospitality costs) as per 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
- Southern Meats Pty Limited
- 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
- Brickworks Limited
- Cadbury Australia Limited
- Coles Group Limited
- CSR Limited
- Holcim (Australia) Holdings Pty Ltd (formerly Rinker Group Pty Limited)
- McDonald's Australia Holdings Limited
- Myer Holding Limited (formerly NB Flinders Pty Limited)
- Northern Co-operative Meat Company Limited
- The NSW Self Insurance Corporation
- OneSteel 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

APPENDICES

APPENDIX 26 SCHEME AGENT PERFORMANCE

This appendix contains data on the individual performance of the seven WorkCover Scheme Agents. The results are based on data submitted by Scheme Agents to WorkCover and are only as reliable as the quality and accuracy of the underlying data. No adjustments have been made to allow for differences between Scheme Agents' claim and policy portfolios. For example, some Scheme Agents may manage a higher concentration of policies from a particular industry or type or size of employer. These differences can impact the type and severity of compensation claims that occur and potentially the performance of Scheme Agents.

The information is provided to inform employers and the public on aspects of the performance of Scheme Agents. The information does not purport to be all-inclusive or contain all information which employers may require to make an informed assessment as to the selection of an Agent.

CLAIMS MANAGEMENT AND RETURN TO WORK

Scheme Agent	Timeliness of employer notification to Scheme Agent		Long term treatment costs
	% received within 5 days	% received within 12 days	Growth p/a
Allianz	61.0%	77.4%	16.7%
CGU	58.3%	75.5%	16.4%
CIS	57.2%	75.6%	7.8%
EML	67.0%	81.5%	26.8%
GBS	53.5%	74.7%	22.2%
GIO	56.0%	73.2%	12.1%
QBE	59.1%	78.0%	18.8%
Scheme	59.4%	76.8%	16.4%

Scheme Agent	Duration – proportion of workers on weekly payments at							
	13 weeks		26 weeks		52 weeks		134 weeks	
	%	Trend	%	Trend	%	Trend	%	Trend
Allianz	32.5%	Steady	15.5%	Steady	6.6%	Steady	2.6%	Steady
CGU	38.3%	Steady	21.8%	Steady	11.8%	Steady	4.8%	Steady
CIS	40.0%	Steady	20.5%	Steady	11.7%	Steady	2.5%	Steady
EML	38.0%	Steady	17.7%	Steady	7.7%	Steady	1.7%	Steady
GBS	41.2%	Deteriorated	20.1%	Steady	10.5%	Steady	4.1%	Steady
GIO	41.3%	Steady	22.0%	Steady	11.3%	Steady	3.6%	Steady
QBE	34.2%	Steady	15.7%	Steady	7.5%	Steady	2.5%	Steady
Scheme	37.0%	Steady	18.6%	Steady	9.1%	Steady	3.1%	Steady

Note: A lower percentage represents better performance

Trend information – Duration

Improved	Performance in current year has improved by more than 4 per cent of that in the previous year
Steady	Current year performance within +/- 4 per cent of the previous year
Deteriorated	Performance in current year has deteriorated by more than 4 per cent of that in the previous year

SERVICE AND PROCESSING

Scheme Agent	Timeliness of processing provider accounts	Data integrity		Claims Assistance Service cases	
	% paid within 45 days	Number of days overdue		Number of CAS cases	Number of CAS cases per \$10m earned premium
Allianz	57.6%	0	Steady	741	11.57
CGU	56.2%	6	Steady	717	16.47
CIS	50.9%	58	Deteriorated	242	21.51
EML	54.4%	12	Deteriorated	240	10.57
GBS	56.1%	15	Improved	295	20.9
GIO	56.4%	3	Improved	718	18.36
QBE	63.9%	18	Steady	649	10.39
Scheme	57.3%				

Trend information – data integrity

Improved	Total days has decreased by ten or more compared to the previous year
Steady	Change in total days is less than ten compared to the previous year
Deteriorated	Total days has increased by ten or more compared to the previous year

DEFINITIONS

Measure *	Definition
Timeliness of employer notification to Agent	This is the proportion of claims received by the Scheme Agent within the past 12 months, from the employer, within five working days and 12 working days of the worker's date of injury.
Long term treatment costs	Growth is based on the comparison of payments in the 12 months to June 2009 relative to the 12 months to June 2008. The 4.16 per cent growth in LPI A93 (Labour Price Index) values over the period has not been factored into this calculation. Long term treatment costs relate to medical and occupational rehabilitation payments made more than one year after the date of injury.
Duration on weekly payments	The period of compensation for each worker is measured as the total number of equivalent days for which weekly benefits have been received. This period has been adjusted depending on the type of benefit (total and partial incapacity) and the employee status (full/part-time).
– Proportion of workers on weekly payments at 13 weeks	This is the number of workers who have received at least 13 weeks of compensation expressed as a proportion of those workers receiving compensation for more than 20 days. It takes into account payments made within the first 6 months from the date of notification.
– Proportion of workers on weekly payments at 26 weeks	This is the number of workers who have received at least 26 weeks of compensation expressed as a proportion of those workers receiving compensation for more than 20 days. It takes into account payments made within the first 9 months from the date of notification.
– Proportion of workers on weekly payments at 52 weeks	This is the number of workers who have received at least 52 weeks of compensation expressed as a proportion of those workers receiving compensation for more than 20 days. It takes into account payments made within the first 15 months from the date of notification.
– Proportion of workers on weekly payments at 134 weeks	This is the number of workers who have received at least 134 weeks of compensation expressed as a proportion of those workers receiving compensation for more than 20 days. It takes into account payments made within the first 34 months from the date of notification.
Timeliness of processing provider accounts	The timeliness of payment to providers relates to treatments provided to injured workers and is assessed as the percentage of transactions during the 12 months to 30 June 2009 paid within 45 days from the date that the treatment was provided.
Data integrity	Scheme Agents must submit claim and policy activity data to WorkCover by a set time each month. Data integrity measures compliance with this requirement and is expressed as the total, cumulative number of days past the due date compliant submissions for the 12 months to 30 June 2009 were received.
Claims Assistance Service (CAS) cases	The number of matters in the preceding 12 months that involved Claims Assistance Service contact with Scheme Agents to resolve.

APPENDICES

MARKET SHARE AS AT 30 JUNE 2009

Scheme Agent	% of Policies ⁽¹⁾	% Wages ⁽²⁾	% of Premium ⁽³⁾
Allianz	15%	24%	22%
CGU	19%	19%	18%
CIS	5%	4%	5%
EML	6%	8%	9%
GBS	8%	5%	6%
GIO	26%	16%	16%
QBE	20%	23%	25%
Scheme	100%	100%	100%

Notes:

- (1) Number of policies refers to the number of employers with policies managed by each Agent, excluding minimum domestic policies. Policies where the employer has wages less than or equal to \$7,500 have been excluded as they might be expected to be eligible for the "very small Policy exemption" on renewal.
- (2) Refers to actual Wages paid by employers managed by each Agent and is declared for the determination of their premium. It relates to policies in force during the 12 months to 30 June 2009.
- (3) Premium refers to the earned premium for the 12 months to June 2009 calculated based on IPO (Insurance Premiums Order) rates in force at the commencement of the calendar year.
- (4) Due to rounding, market share may not equate to 100 per cent.

Scheme Agent	Full description
Allianz	Allianz Australia Workers' Compensation (NSW) Limited
CGU	CGU Workers' Compensation (NSW) Limited
CIS	Cambridge Integrated Services Australia Pty Ltd (trading as Xchanging from 1 October 2010)
EML	Employers Mutual Workers' Compensation (NSW) Limited
GBS	Gallagher Bassett Services Pty Ltd
GIO	GIO General Limited
QBE	QBE Workers' Compensation (NSW) Limited

APPENDIX 27 PRODUCTION NOTES

The WorkCover NSW Annual Report 2008/09 is a publicly available document and can be accessed on the WorkCover website www.workcover.nsw.gov.au or obtained by phoning 13 10 50.

In accordance with statutory requirements, WorkCover notes that the estimated external production cost for the 2008/09 Annual Report was \$31,735 (ex-GST).

PRODUCTION TEAM

Project Management by WorkCover NSW – Planning Performance and Research Unit, Strategy and Policy Division

Designed by Impress Design.

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20 YEARS

making a difference

1989

WorkCover NSW established
on 1 July 1989



Collapse of the Berlin wall.

Nelson Mandela is released from prison



The High Court's Mabo decision ended the doctrine of 'terra nullius'



1989

The establishment of WorkCover NSW 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.

The Dust Diseases Board and the Sporting Injuries Committee by 1992 were associated organisations to WorkCover administered by the Insurance and Fund Management Division.

1990

The WorkCover Authority commenced operations on 1 January 1990 following the proclamation of the *WorkCover Authority Administration Act 1989*.

By 1992 the Londonderry Occupational Centre and Thornleigh Laboratory Services were established to provide services for employers and unions in the areas of safety, testing, research, consultancy and training.

1992

workplace safety giving world

2009

WorkCover, bringing workers home safely at the end of the day



2008

June 2008 data shows WorkCover NSW now has the lowest workplace injury rates since the commencement of the Scheme in 1987.



Barack Obama is inaugurated as the 44th, and first African American, President of the United States

2005

2005 saw the commencement of the Nominal Insurer and the Workers Compensation Fund.



A gas leak in the Virgin terminal, Tullamarine Airport, Melbourne

2006

From 1 January 2006, the new NSW WorkCover Scheme arrangements commenced with seven Scheme Agents delivering workers compensation claims and policy services under contracts with the Nominal Insurer.



Stock market crashes

The Beaconsfield Mine collapse occurred

Two decades of reform in a changing world

1998

The *WorkCover Authority Administration Act 1989* was replaced by the *Workplace Injury Management and Workers Compensation Act 1998*, (Act No 86, 1998) that continued the Board of Directors and the General functions of the Authority.



Constitutional Convention proposes a model for an Australian republic

New OHS legislation commenced in 2001.

2001

Workers compensation reforms that commenced in 2001 continue to provide NSW businesses with low cost premiums, better outcomes for injured workers and incentives to improve workplace safety.



Terrorists fly planes into the World Trade Centre

The Workers Compensation Commission commenced operations on 1 January 2002.

2002

October 2002, WorkCover relocates to Gosford.

July 2002, the Workers Compensation Commission commenced operations. Nominations for the establishment of the Workers Compensation Commission were closed.



Terrorist bombings in Bali



CORPORATE PLAN 2009–12

making a difference

Engaging stakeholders to improve OHS and workers compensation outcomes

- Actively listening to and considering stakeholder views and responding appropriately
- Partnering with stakeholders to better understand their needs and working with them to achieve improved outcomes
 - Developing effective partnerships with NSW, Commonwealth and interstate government agencies

Prevention of workplace injury and illness

Building capability of workplaces to manage and control their health and safety risks through:

- Appropriate application of information, assistance, education, advice, incentives and deterrents
- Development and operationalisation of national model legislation
- Development and implementation of practical workplace standards, information, testing and workable solutions

A financially and socially responsible workers compensation system

Improving the workers compensation system for employers and employees through:

- Responsible financial management
- Improved health, social and return to work outcomes for injured workers
- Effective decision making with timely and equitable resolution of disputes
- Focusing on performance, and ensuring the accountability of agents, insurers and service providers
- Effective management of Scheme investments
- Information, assistance, education, incentives and deterrents
- Influencing national workers compensation strategies and initiatives

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

Building organisational capability through our people and our systems

- Attracting, developing and retaining quality staff and recognising their specific contributions to core business
- Promoting positive leadership behaviours and consistent and accountable decision-making
- Enhancing internal communications to increase understanding and support delivery of our core business
- Providing effective governance, risk and issues management and streamlined business support systems

ORGANISATIONAL CULTURE

Committed to

CUSTOMER SERVICE

INTEGRITY

ACCOUNTABILITY

RESPECT AND FAIRNESS

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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**) or by contacting the free hotline service on **02 9321 3333**.