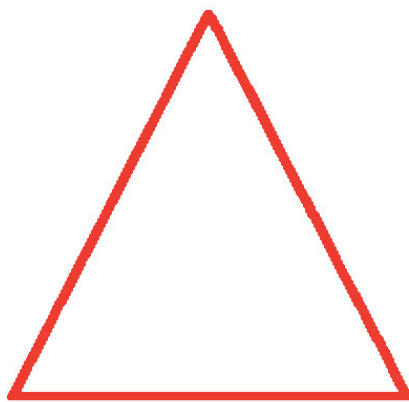


ANNUAL REPORT 2005/2006



Letter to the

Minister

30 November 2006

The Hon John Della Bosca MLC
Minister for Commerce
Minister for Finance
Minister for Industrial Relations
Minister for Ageing
Minister for Disability Services
Vice President of the Executive Council

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 2006.

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

Yours sincerely



Jon Blackwell
Chief Executive Officer
WORKCOVER NSW

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WorkCover NSW

VISION

Safe secure workplaces

MISSION

To work in partnership with the New South Wales community to achieve safer workplaces, effective recovery, return to work, and security for injured workers

WHO WE ARE

History

WorkCover NSW serves the New South Wales Government and community in the areas of occupational health and safety, rehabilitation, injury management and workers compensation. 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 State's employers primarily fund the organisation through a levy on workers compensation premiums. As such, industry bears the direct cost of occupational health and safety services and the management of the workers compensation system in New South Wales.

WorkCover NSW continues to undertake significant reforms of its occupational health and safety and workers compensation regulatory regimes against a backdrop of greater inter-jurisdictional cooperation and stakeholder engagement. These reforms have resulted in a modern, best practice, performance-based regulatory framework, with high levels of national consistency, complemented by non-regulatory approaches to achieving 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.

From 1 July 2005 the Nominal Insurer commenced being 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 NSW acts on its behalf and exercises the powers of the Nominal Insurer.

Role

WorkCover NSW monitors the workers compensation and injury management system, licenses self and specialised insurers to provide workers compensation insurance and assists insurers

meet all statutory requirements. WorkCover NSW also provides information and assistance on occupational health and safety in the workplace, as well as licensing defined premises, activities and the operation of hazardous equipment. It enforces occupational health and safety legislation through inspections, investigation of incidents and complaints, mediation of disputes and when necessary, penalties and prosecutions. Other key roles of WorkCover NSW include:

- ▶ Assisting workplaces to provide a safe and healthy environment, to prevent work related injury and disease
- ▶ Promoting prompt, efficient and effective management of injuries to persons at work
- ▶ Ensuring efficient operation of workers compensation insurance arrangements
- ▶ Ensuring appropriate coordination of the administration of insurers under which workers compensation legislation or occupational health and safety legislation relates, and
- ▶ Effectively managing investments that will be used to meet future claims.

WorkCover NSW is responsible to the Hon John Della Bosca MLC, Minister for Commerce.

Legislation

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

Corporate direction and reporting

This 2005/06 Annual Report is structured against the 2005-08 WorkCover Corporate Plan. The information is presented under the plan's four key objectives and covers outcomes for the whole organisation. The Financial Statements contain the audited financial statements for the year ended 30 June 2006.

The Appendices present additional information on WorkCover NSW's Annual Reporting legislative compliance requirements under the *Annual Reports (Statutory Bodies) Act 1984* and its Regulations, the *Freedom of Information Act 1989*, Treasury Circulars and Premier's Memoranda.

Changes to reporting requirements

Additional reporting for the Workers Compensation Investment Fund, the Workers Compensation Commission and the Office of the WorkCover Authority have been included in the 2005/06 WorkCover NSW Annual Report.

Workers Compensation Investment Fund

In 2003, a report by McKinsey & Company recommended that the funds be held in a single entity and that investment management be outsourced to specialist managers. To this end, the formation of the Workers Compensation Insurance Fund (WCIF) was legislated by the *Workers Compensation Amendment Act 2003*. Under further legislation the WCIF commenced on 1 July 2005.

A detailed report on the WCIF commences on page 43. Financial Statements as at 30 June 2006 for The NSW WorkCover Scheme commence on page 122.

Workers Compensation Commission

The Workers Compensation Commission is an independent statutory tribunal within the justice system of New South Wales, which began operating on 1 January 2002.

Established under the *Workplace Injury Management and Workers Compensation Act 1998*, the Commission aims to provide a just, timely and cost effective forum for the resolution of workers compensation disputes. The Commission's non-adversarial dispute resolution process directly involves the parties in an accessible and accountable process that ensures injured workers obtain a fair and quick resolution to disputes about their workers compensation entitlements.

In accordance with the *Public Finance and Audit Act 1983*, and *Australian Accounting Standards*, it has been established that the Workers Compensation Commission is required to prepare financial statements to consolidate operations of the Commission as well as separate financial statements for the Commission. These commence on page 89.

Office of the WorkCover Authority

From 17 March 2006, employees from WorkCover NSW, 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. 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.

As the Office of the WorkCover Authority is a department under the *Public Finance and Audit Act 1983*, financial statements are required to be prepared and commence on page 106.

FUTURE OUTLOOK

WorkCover NSW developed a Corporate Plan to guide the organisation from 2006 to 2009, and the 2006/07 Annual Report will measure the organisation's progress against the Plan's key outcomes, strategies, performance measures and priorities in the areas of:

VISION

WorkCover NSW continues to work towards a vision of: *Safe secure workplaces*

MISSION

WorkCover NSW has maintained its mission:

To work in partnership with the New South Wales community to achieve safer workplaces, effective recovery, return to work and security for injured workers

- ▶ Illness and Injury Prevention
- ▶ Effective Workers Compensation System
- ▶ Stakeholder Engagement
- ▶ Organisational Capability

ORGANISATIONAL CULTURE

WorkCover NSW has articulated its desired culture on the new Corporate Plan as follows:

- ▶ **Commitment** – Work together to promote and achieve WorkCover NSW's corporate direction
- ▶ **Customer service** – Listen to and value our customers; provide clear responsive and consistent service
- ▶ **Ethical behaviour** – Foster integrity, honesty and transparency; ensure high standards of conduct
- ▶ **Accountability** – Empower all in the organisation to take responsibility for their actions and decisions

FUTURE OUTLOOK

OBJECTIVES – WHAT WE DELIVER

WorkCover NSW has reviewed the objectives from the 2005-08 plan and strengthened the supporting outcome measures in the 2006-09 Corporate Plan as follows:

► Injury and Illness Prevention

- Assist New South Wales to achieve safer workplaces through an effective Workplace Improvement Framework that balances:
 - Provision of information, advice and recognition of compliance
 - An efficient and effective legislative framework
 - Appropriate application of sanctions.

Measured through:

- Reduction in incidence rates of 40 per cent and fatalities of 20 per cent by 2012
- Analysis of the ratio of visits to notices
- Meeting legislative timeframes
- Adoption of national occupational health and safety standards where appropriate.

► Effective Workers Compensation System

WorkCover NSW strategies and corresponding performance measures delivering an Effective Workers Compensation System are:

- Financial viability
 - A fully funded NSW Scheme by 2008
 - Self/specialised insurers maintain appropriate financial position
- Improved health outcomes and return to work
 - Achievement of a ten percent improvement in system return to work rates by 2009
- Effective systems management
 - 25 per cent reduction in disputes by 2009 (from June 2006)
 - Ten per cent improvement in early notification of injuries
 - Agents meet contractual requirements
 - Provider outcomes aligned to system outcomes
- Funds management
 - Outperform investment benchmark by superior manager selection
 - Outperform growth in liabilities

ENABLERS

WorkCover NSW has maintained the enablers from the 2005-08 plan to ensure delivery of its objectives. WorkCover's enablers and expected supporting performance outcomes are:

► Stakeholder Engagement

WorkCover NSW's stakeholder engagement strategies will:

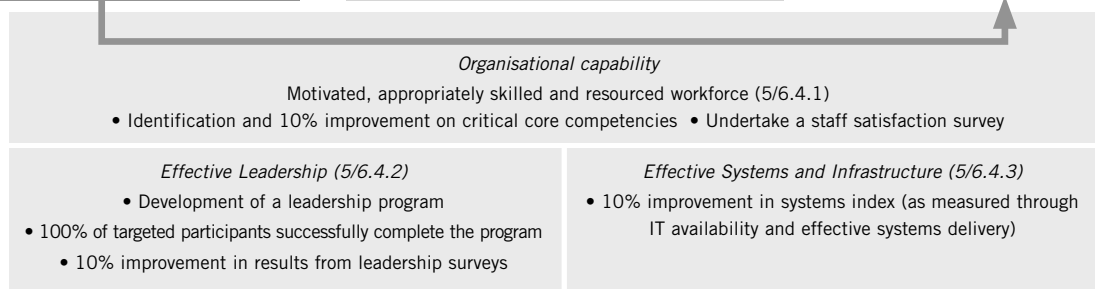
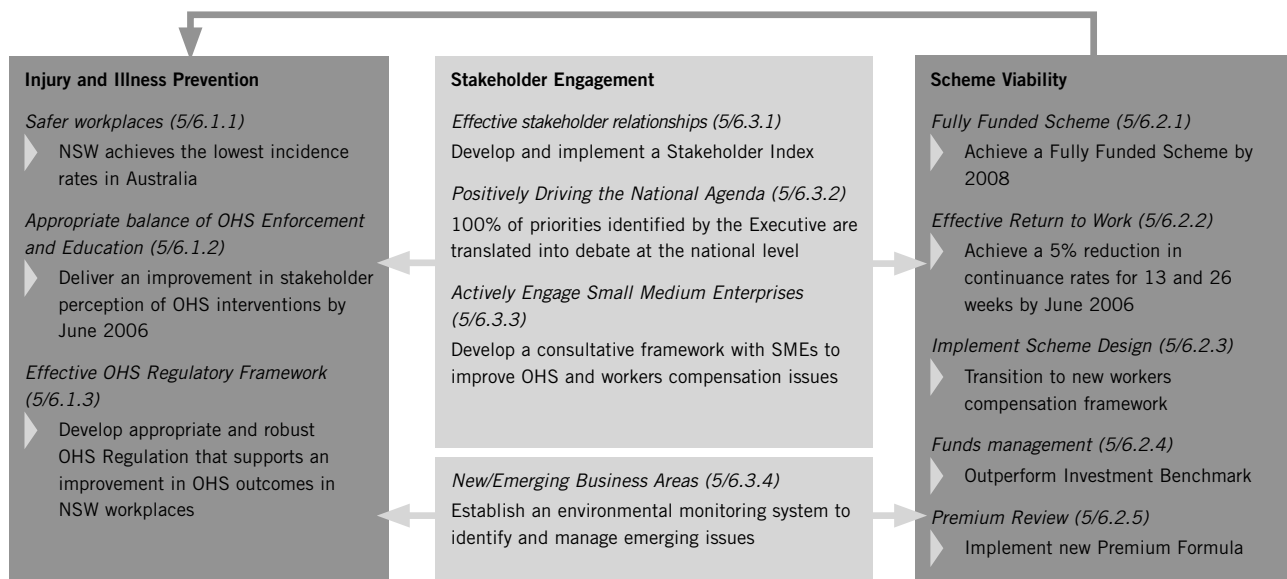
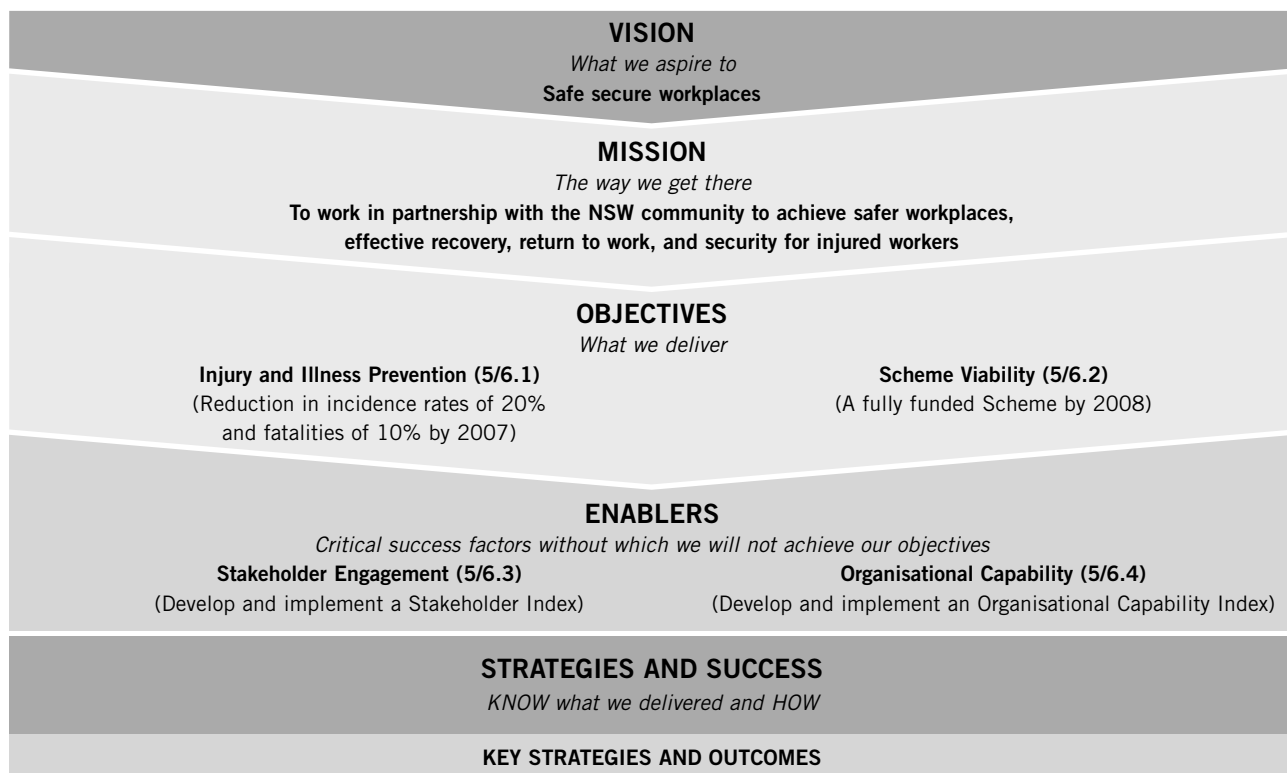
- Deliver effective stakeholder relationships through the development of a relevant consultative communication mechanism to respond to identified issues and an improvement in the 'stakeholder index'.
- Ensure 100 per cent of organisational priorities identified by the WorkCover NSW Executive are translated into debate at the national level.
- Implement and monitor a consultative framework with small and medium enterprises to improve occupational health and safety and workers compensation outcomes and understanding of responsibilities and issues.
- Effectively and proactively manage new and emerging issues through the establishment of an issues identification and management system.

► Organisational Capability

WorkCover NSW's organisational capability strategies will:

- Ensure motivated, appropriately skilled and resourced staff, embracing corporate organisational culture, as measured through improvement in staff satisfaction, the development of a Charter of Service and a Charter of Management Commitment, and a 90 per cent delivery of critical core capabilities by 2008.
- Promote an organisational leadership profile and accompanying skills through harnessing leadership potential, and developing potential future leaders, as measured through an improvement in leadership survey results.
- Ensure that systems, policies, processes, procedures, risk management, infrastructure and knowledge support the business through implemented business system improvement strategies.

Corporate Plan 2005–08



VALUES			
Commitment – Demonstrate WorkCover's values when interacting with others; champion and promote commitment to WorkCover's corporate directors and activities	Accountability – Empower staff to be accountable as individuals and team members through delegating responsibility and encouraging a sense of ownership and recognising staff contributions	Customer Service – Seek out, listen to and exceed customer expectations; establish and monitor customer and stakeholder relationships and find appropriate solutions to current and emerging issue	Integrity – Construct an environment of honesty, upholding principles which value constructive two-way communication, transparency and leadership by example

Chief Executive Officer's Report



WORKCOVER NSW ANNUAL REPORT 2005/06

CEO FOREWORD

2005/06 has been another year of significant achievement for WorkCover NSW in implementing the Government's reform agenda in both occupational health and safety and workers compensation. Major achievements during the past twelve months include:

- ▶ setting of a new direction in WorkCover's OHS improvement approach, focused on the provision of advice and guidance
- ▶ significant reduction of workers compensation premiums, and increases in workers compensation benefits
- ▶ elimination of the WorkCover Scheme deficit.

In presenting this year's annual report, I want in particular to acknowledge and thank the dedicated staff in our organisation who, through their skills, experience and sheer hard work have contributed significantly to our achievements.

We could also not have achieved what we have without the close cooperation and support of our partners and the numerous stakeholder bodies who have roles to play in achieving improved workplace safety, return to work outcomes and an efficient workers compensation system.

WorkCover NSW Corporate Plan

This report provides information on our achievements in implementing our 2005-08 corporate plan. The plan has four key objectives:

- ▶ Injury and Illness Prevention
- ▶ Scheme Viability
- ▶ Stakeholder Engagement
- ▶ Organisational Capability.

Injury and illness prevention

Work-related fatalities and injuries in New South Wales are at their lowest levels since 1987. National targets for achieving improved workplace health and safety are aimed at a 40 per cent reduction in workplace injury and a 20 per cent reduction in workplace fatalities by 2012. New South Wales is well on the way to achieving these targets.

Highlights of our approach to injury and illness prevention include:

- ▶ strengthening the Business Assistance Unit, the appointment of regional advisory officers, and the Safety Bus to provide targeted, practical advice and support in particular for small businesses
- ▶ a shift in the way WorkCover NSW carries out its approach to, and interaction with, workplaces throughout the state. Our inspectors and advisory officers are now better able to work with industry, employers and workers through providing information, support and advice to help businesses improve their health and safety outcomes, while continuing to concentrate on ensuring compliance
- ▶ successful advertising campaigns to reinforce the safety message
- ▶ the NSW Workplace Safety Summit held in August 2005 and the implementation of the Government's response to it through the NSW Workplace Health and Safety Strategy, and industry plans developed from the Summit
- ▶ plans to further strengthen the security and probity of the WorkCover Licensing System in the coming year, through more robust licensing procedures (including the introduction of photo ID cards for licence holders, in conjunction with Australia Post), fraud and corruption prevention measures, and improved IT systems
- ▶ continuation of the WorkCover NSW Safe Work Awards, recognising outstanding achievements by employers and employees in safety improvement.

Scheme viability

Scheme viability has been maintained and enhanced through a range of activities and outcomes, particularly:

- ▶ a driving down of the Scheme deficit, with the June 2006 independent valuation by PricewaterhouseCoopers indicating a surplus for the first time since the early 1990s. The Scheme funding ratio, a measure of assets in relation to its liabilities, was at 100.8 per cent in June 2006
- ▶ commencement of new Scheme arrangements with the appointment of seven organisations to operate as agents in the WorkCover Scheme to deliver claims and policy services under commercial contracts

- ▶ consolidation of the previously six separate workers compensation funds managed by insurers into the Workers Compensation Insurance Fund managed by WorkCover NSW on behalf of the Nominal Insurer
- ▶ continued strong investment performance, managed by the Investment Division and overseen by the Workers Compensation Insurance Fund Investment Board.

Stakeholder engagement

Our relationships with our stakeholders and customers are central to our success. Along with the continued support to employers and workers through our Information Centre and Claims Assistance Service, we have:

- ▶ worked directly with employers and workers at the workplace and through seminars and forums to improve safety, and claim and injury management
- ▶ provided funding through WorkCover Assist to registered employer and employee associations to support implementation of OHS and workers compensation legislation, and worked closely with the WorkCover Research Centre of Excellence at the Ourimbah Campus of the University of Newcastle for both commissioned and applied research
- ▶ taken the lead role in the implementation of the NSW Taking Safety Seriously strategy, which aims to reduce the incidence, severity and cost of workplace injury and disease in the public sector
- ▶ continued to lead the national OHS and workers compensation agenda through the Australian Safety and Compensation Council, Heads of Workplace Safety Authorities and Heads of Workers Compensation Authorities.

Organisational capability

The staff of WorkCover NSW are our most important asset in ensuring that we achieve our objectives. Areas of importance this year have included:

- ▶ commencement of 30 new inspectors following their completion of the Diploma in Government (Workplace Inspection) in 2005/06

- ▶ rollout of training of all WorkCover NSW staff in corruption prevention and our new code of conduct
- ▶ commencement of the Corporate Leadership Development Program involving the WorkCover Executive and Senior Management Team, with the program to be expanded to more staff in 2006/07
- ▶ a decrease in both the number and average costs of workers compensation claims, along with significant reductions in time lost through injury and illness achieved through consistent focus on early reporting and proactive return to work action
- ▶ completion of the WorkCover NSW disaster recovery and business continuity plan.

Looking ahead

WorkCover NSW will continue to manage significant change during the next few years, as the nature of workplace safety, and the needs of employers and workers evolve. We will continue to meet the changes and challenges that are likely to emerge as we work to help ensure improved safety in workplaces, more effective return to work and a better workers compensation system.

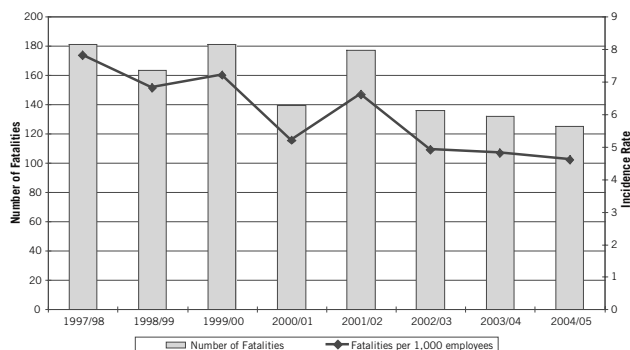
Jon Blackwell
Chief Executive Officer

Review

INJURY AND ILLNESS PREVENTION	SCHEME VIABILITY	STAKEHOLDER ENGAGEMENT	ORGANISATIONAL CAPABILITY
AIM ▶ Reduction in incidence rates of 20 per cent and fatalities of 10 per cent by 2007.	AIM ▶ A fully funded Scheme by 2008.	AIM ▶ Develop and Implement a Stakeholder Index.	AIM ▶ Develop and implement an Organisational Capability Index.
OUTCOMES AND PERFORMANCE ▶ Fatality incidence rates have decreased 30.3 per cent from 6.6 fatalities per 1,000 employees in 2001/02 to 4.6 fatalities per 1,000 employees in 2004/05. ▶ Major workplace injury incidence rates have decreased 10.7 per cent from 15 per 1,000 employees in 2001/02 to 13.4 per 1,000 employees in 2004/05. ▶ Managed the staging of the NSW Workplace Safety Summit 2005 in Orange on 25 and 26 August 2005. ▶ Issued 1,212 prohibition notices. ▶ Issued 14,831 improvement notices. ▶ Issued 1,195 infringement notices. ▶ Undertook 482 successful OHS prosecutions involving 340 defendants in 245 matters. ▶ Undertook Priority Programs in the areas of Falls, Manual Handling and Plant. ▶ The Power Take-off Guard subsidy launched by the Premier in August 2005, provided 531 rebates (totalling \$70,706) for safety guards on tractor power take-off mechanisms. The scheme provides for up to \$1 million, and will continue until August 2007 or until funds are expended	OUTCOMES AND PERFORMANCE ▶ WorkCover acts for the Nominal Insurer, which manages the NSW Workers Compensation Fund. 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. ▶ Funding ratio increased from 80.4 per cent in June 2005 to 100.8 per cent in June 2006. ▶ Scheme deficit decreased by \$2,083 million in the twelve months to June 2006, resulting in a surplus of \$85 million. ▶ Scheme assets increased from \$8,186m to \$10,707m. ▶ Liabilities increased from \$10,185m to \$10,621m. ▶ In 2005/06 the Claims Assistance Service handled 5,323 cases with a resolution rate of almost 77 per cent, continuing the good results achieved in 2004/05 where the service handled 5,316 cases with a 79 per cent resolution rate. ▶ From 1 October 2005 WCIF assets were transitioned away from the six licensed insurers to 27 sector specialist investment managers. ▶ The WCIF returned 12.14 per cent over the financial year, outperforming the Liability Bond return of 0.58 per cent by 11.56 per cent.	OUTCOMES AND PERFORMANCE ▶ Continued sponsorship of five Australian Paralympians who were injured in the workplace. ▶ WorkCover was a Principal Sponsor of the Safety Conference, Sydney 2005, held at Sydney Olympic Park in October 2005. The conference was held in conjunction with the Safety Show, Sydney 2005. ▶ The WorkCover Assist grants program provided \$5 million in grants to support registered NSW Trade Unions and Employer Associations to assist their members implement the OHS and workers compensation legislation. ▶ WorkCover NSW is a member of national OHS and workers compensation committees, including Australian Safety and Compensation Council, Heads of Workplace Safety Authorities and Heads of Workplace Compensation Authorities. ▶ WorkCover NSW has supported a range of National Initiatives, including: <ul style="list-style-type: none"> the National Compliance Campaign for Hazardous Substances in the Manufacturing Industry Falls from Heights in Transport the National Asbestos Demolition Campaign the National Agricultural Plant 	OUTCOMES AND PERFORMANCE ▶ Twenty eight senior managers participated in six workshops for the 2005/06 Corporate Leadership Development Program. ▶ Two hundred internal training programs were conducted. ▶ WorkCover's Registered Training Organisation graduated 30 new inspectors over the 2005/06 period, accrediting them with the internally delivered Graduate Diploma of Government (Workplace Inspection). ▶ Six WorkCover NSW managers were sponsored to undertake the Public Sector Management Program. ▶ An Environmental Management Statement was developed and implemented. ▶ A WorkCover NSW disaster recovery and business continuity plan was completed and tested in 2005/06. ▶ A new Corporate Data Repository was implemented to increase capacity for reporting and performance analysis. ▶ WorkCover NSW also experienced further reductions in time lost through workplace injuries and illnesses, from 7,229 hours in 2003/04 to 2,368 hours in 2005/06 ▶ Records improvement project commenced, focused on improving practices. This was facilitated through an

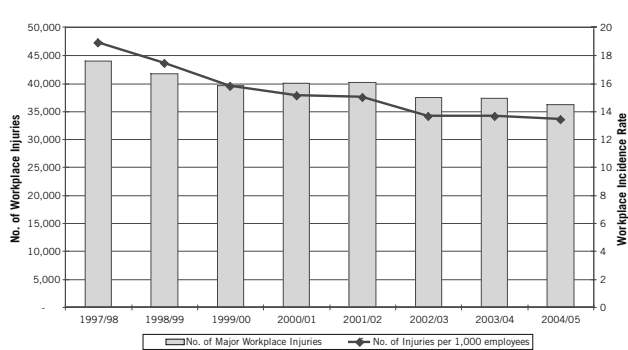
INJURY AND ILLNESS PREVENTION	SCHEME VIABILITY	STAKEHOLDER ENGAGEMENT	ORGANISATIONAL CAPABILITY
	<p>▶ NSW employers benefited from a total of 15 per cent reduction in premium rates announced by the Premier since June 2005. This represents a saving of \$430 million per annum to employers in NSW.</p>	<p>Manufacturer, Supplier and Importer Compliance Campaign</p> <ul style="list-style-type: none"> the National Manual Handling Project, and the Design 4 Health Project <p>▶ The WorkCover Assistance Service answered 193,959 calls in 2005/06, providing information and assistance to workers, industry and the community on workplace health and safety, injury management and the workers compensation system.</p> <p>▶ WorkCover NSW's Business Assistance Unit, a specialist unit formed to assist small and medium enterprises (SMEs) understand and comply with OHS and workers compensation legislation, and reduce injuries in SMEs, conducted 261 workshops in 2005/06 for 4,023 participants.</p>	<p>upgrade of WorkCover's systems and development of a classification and implementation methodology.</p>
<p>WHAT NEXT?</p> <p>▶ Continue to undertake strategic interventions in high risk, key priority program areas:</p> <ul style="list-style-type: none"> Falls Manual handling Plant priority program Dangerous Goods Legislative Reform project 	<p>WHAT NEXT?</p> <p>▶ Develop and implement financial and system indicator reports on Scheme viability and self and specialised insurers performance.</p> <p>▶ Appropriately manage Scheme agent business models, service plans and contract obligations to achieve desired outcomes.</p> <p>▶ The new target premium collection rate from 31 December 2006 will be 1.99 per cent.</p>	<p>WHAT NEXT?</p> <p>▶ The tender for the Applied Research Grants under the WorkCover Assist program will be advertised in September 2006, bringing the funding in line with the University academic year.</p> <p>▶ Continue working directly with employers and workers.</p>	<p>WHAT NEXT?</p> <p>▶ WorkCover NSW will continue to develop core, foundation elements of ITIL (International quality standard for IT service delivery) with the introduction of change, capacity and configuration management controls to deliver improved IT services.</p> <p>▶ WorkCover will also continue improvements in its back end data processing and maintenance via progression of its Corporate Data Repository.</p> <p>▶ The organisation will continue its rollout of the best practice Recordkeeping System to further improve business processes and practices across all business units.</p> <p>▶ Business intelligence tools will be developed and implemented, in order to enhance performance management and reporting in operational and strategic management areas.</p>

Work Related Fatalities



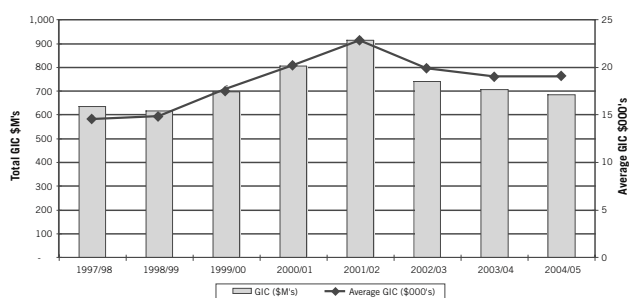
Fatality incidence rates have decreased 30.3 per cent from 6.6 fatalities per 1,000 employees in 2001/02 to 4.6 fatalities per 1,000 employees in 2004/05.

Major Workplace injuries



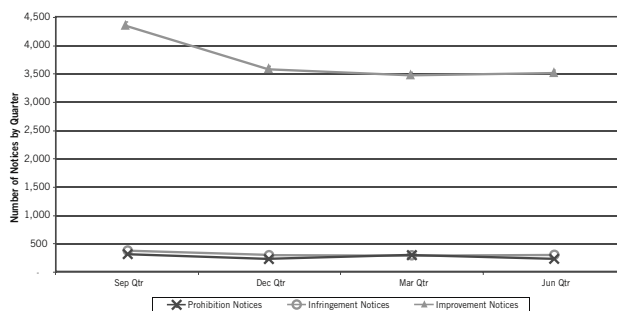
Major workplace Injury Incidence rates have decreased 10.7 per cent from 15 per 1,000 employees in 2001/02 to 13.4 per 1,000 employees in 2004/05.

Gross Incurred Costs – Major Workplace Injuries



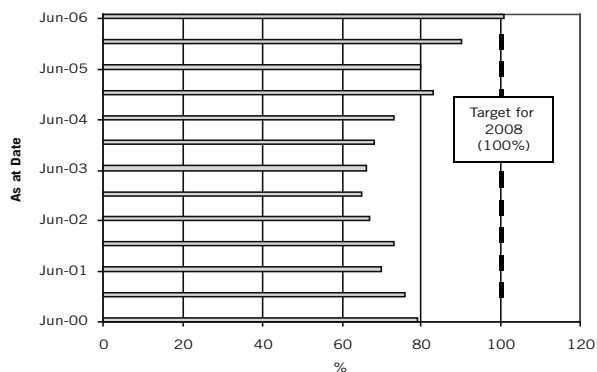
Gross incurred costs of major workplace injuries has reduced.

Notices Issued – 2005/06



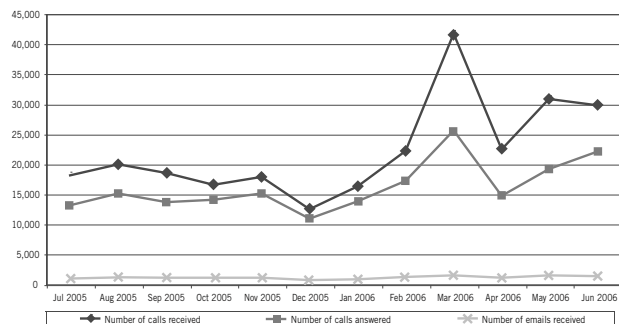
WorkCover NSW issued 1,212 prohibition notices, 14,831 improvement notices and 1,195 infringement notices in 2005/06.

Funding Ratio



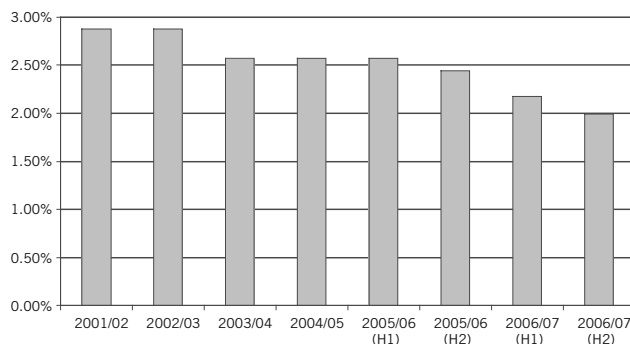
Funding ratio increased from 80.4 per cent in June 2005 to 100.8 per cent in June 2006.

WorkCover Assistance Service – Calls Indicators



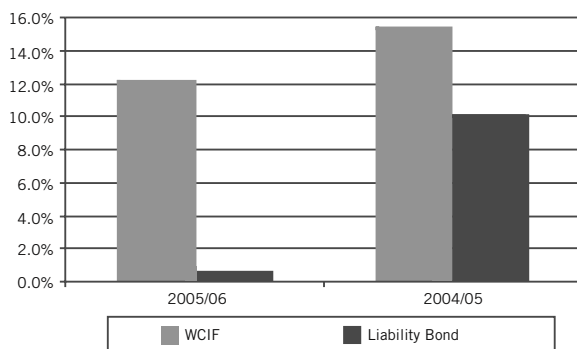
High volumes of calls were taken in 2005/06 due to enquiries relating to licensing and certification.

Premium Target Collection Rate



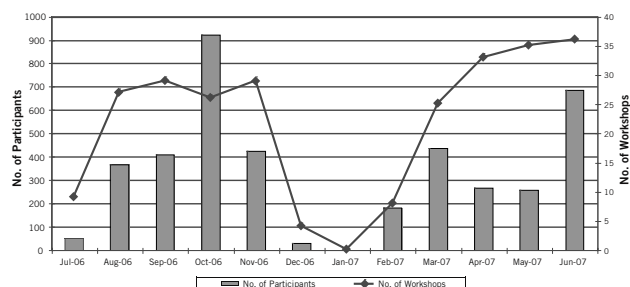
The 2006/07 Insurance Premiums Order showed a target collection rate of 2.17 per cent for policies commencing or renewing on or after 30 June 2006, down from 2.44 per cent at 31 December 2005 and 2.57 per cent at 30 June 2005. (The Premier has announced that the target collection rate from 31 December is 1.99 per cent)

Rate of Return WCIF



The Workers Compensation Insurance Fund returned 12.14 per cent over the financial year, outperforming the Liability Bond return of 0.58 per cent by 11.56 per cent.

Workshops conducted for Small and Medium Enterprises



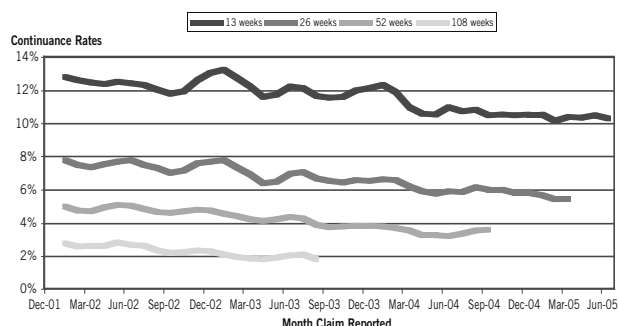
WorkCover NSW Business Assistance Unit, a specialist unit formed to assist small and medium enterprises (SMEs) understand and comply with OHS and workers compensation legislation, and reduce injuries in SMEs, conducted 261 workshops in 2005/06 for 4,023 participants.

NSW Continuance Rate

Durations Shown: 13 Weeks; 26 Weeks; 52 Weeks; 108 Weeks

Rolling 3 Months Data

Jan '02 to Jun '05



The continuance rates (claims continuing on weekly benefits) have improved from January 2002:

- 13 weeks: 19.6 per cent reduction in the rolling three month average continuance rates
- 26 weeks: 30.1 per cent reduction
- 52 weeks: 27.7 per cent reduction
- 108 weeks: 33.6 per cent reduction.

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 NSW 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 of Commerce
- ▶ the Chief Executive Officer controls and manages the affairs of WorkCover NSW 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 1 June 2005 for a two year period.

Office of the Chief Executive

The Office of the Chief Executive coordinates and provides executive support and secretariat services to the Chief Executive Officer, the WorkCover NSW Executive, the WorkCover NSW Board and the Workers Compensation & Workplace OHS Council.

Internal Audit Unit

The Internal Audit Unit provides overall management and control of WorkCover NSW internal audit and corruption prevention function to improve the organisation's operation, systems of internal control and ethical culture. The Director, Internal Audit reports directly to the Chief Executive Officer.

Workcover Executive on 30 June 2006

Chief Executive Officer

Jon Blackwell, BA, MA

General Manager, Strategy and Policy Division

Vicki Telfer, BSc, DipEd, MPA

A/General Manager, Corporate Services Division

Moirra Heath, PGrad Dip EmpRel, MB EmpRel, ExecM
Public Admin

General Manager, Workers Compensation Division

Rob Thomson, BBus

General Manager, Investment Division

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

Director, Office of the Chief Executive

Murray McLachlan, BA, DipEd, GDTL, MPubPol

General Manager, Occupational Health and Safety Division

John Watson Assoc Dip OHS

Directors' meetings

During 2005/06 the following meetings were held and attendances by directors were:

Board	Number eligible to attend	Number attended
J Blackwell	11	11
S Clark	11	9
G Keating	11	10
G McCarthy	11	11
M Raftery	11	10
J Robertson	11	3
D Staunton	11	7
D Wright	11	9
M Lennon*	1	1

* Deputy for J Robertson

Audit Committee	Number eligible to attend	Number attended
R Allely	3	3
J Blackwell	4	4
S Clark	4	4
G Keating	4	3
M Raftery*	1	1
D Wright	4	4

* Alternate for absent member

Members of the workcover board on 30 June 2006



Greg McCarthy AAIL

Greg McCarthy was appointed WorkCover NSW Chairperson on 1 June 2005.

Greg 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 Licensing and Home Warranty Scheme Board
- ▶ Chair of the Builders Advisory Council
- ▶ Chair of the NSW Occupational Health and Safety Act Review Reference Group
- ▶ Industry consultant.

Greg was appointed to the WorkCover NSW Board on 30 January 2002.



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 NSW, 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 certificate of 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, and is a member of the Law Society of NSW.

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

**Greg Keating DipLaw**

Greg Keating is Senior Partner, McClellands Lawyers. He has practised extensively in personal injury law in all jurisdictions and holds accreditation from the Law Society of New South Wales as a Specialist Practitioner. Greg is a Director of the Paraplegic and Quadriplegic Association of New South Wales. He was an Acting Judge of the District Court of NSW from 1996 to 1999. He has a Diploma of Law and was admitted as a Solicitor in 1980.

Greg was appointed to the WorkCover NSW Board on 14 October 1998.

**Dr Martin Raftery**

Dr Martin Raftery graduated from the University of NSW with a Bachelor of Medicine and Surgery in 1979. He completed a postgraduate degree in Sport Medicine in 1992. Dr Raftery has worked in the musculoskeletal medicine field in both the industrial and sports arena for over 15 years.

Martin has extensive experience in the workers compensation field having provided consulting to state authorities (NSW and South Australia WorkCover), Comcare, national workers compensation insurers, large organisations and injured workers.

From 1996–2003 Martin was the executive director and founding partner of an injury management and rehabilitation organisation. He remains active within the sports field holding the following positions: Medical Director of the Australian Rugby Union, Medical Director, St George-Illawarra Dragons, and Team Physician for the Wallabies, Australian Rugby Union team.

Martin was appointed to the WorkCover NSW Board on 1 June 2005.

**John Robertson GradDip HR**

John Robertson has extensive experience in industrial relations since joining the Labor Council of NSW (now Unions NSW) in 1991, and carrying responsibility for overseeing public sector policy and negotiations, negotiating major disputes, and covering industries that included building and construction, local government, oil, and Sydney Water. He is currently Secretary of Unions NSW. Formerly, he held the position of Assistant Secretary of the then Labor Council for two terms.

John is on the boards of Labor Media Pty Ltd, Getonboard Pty Ltd, Labor Campaign Pty Ltd, Parramatta Stadium Trust, Heritage Council of NSW, North South West Co-operative Housing Society, Homeseekers Co-operative Housing Society, City Central Co-operative Housing Society, Macquarie Co-operative Housing Society, NSW Co-operative Housing Society and is on the NSW Building and Construction Industry Long Service Leave Payments Committee.

John was appointed to the WorkCover NSW Board on 22 August 2001.

**Donna Staunton BA, LLB**

Donna Staunton is the Principal of her own consulting business, 'Staunton Consultancy'. She was previously the Executive Director of Communications at the CSIRO, and was on the senior management teams of AMP Limited (1999–2001) and Philip Morris Group (1995–1999). Donna is legally qualified, having worked for a number of years with Clayton Utz, Solicitors. She is currently on the Board of the Global Foundation and was previously a member of the Board of the National Breast Cancer Centre.

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

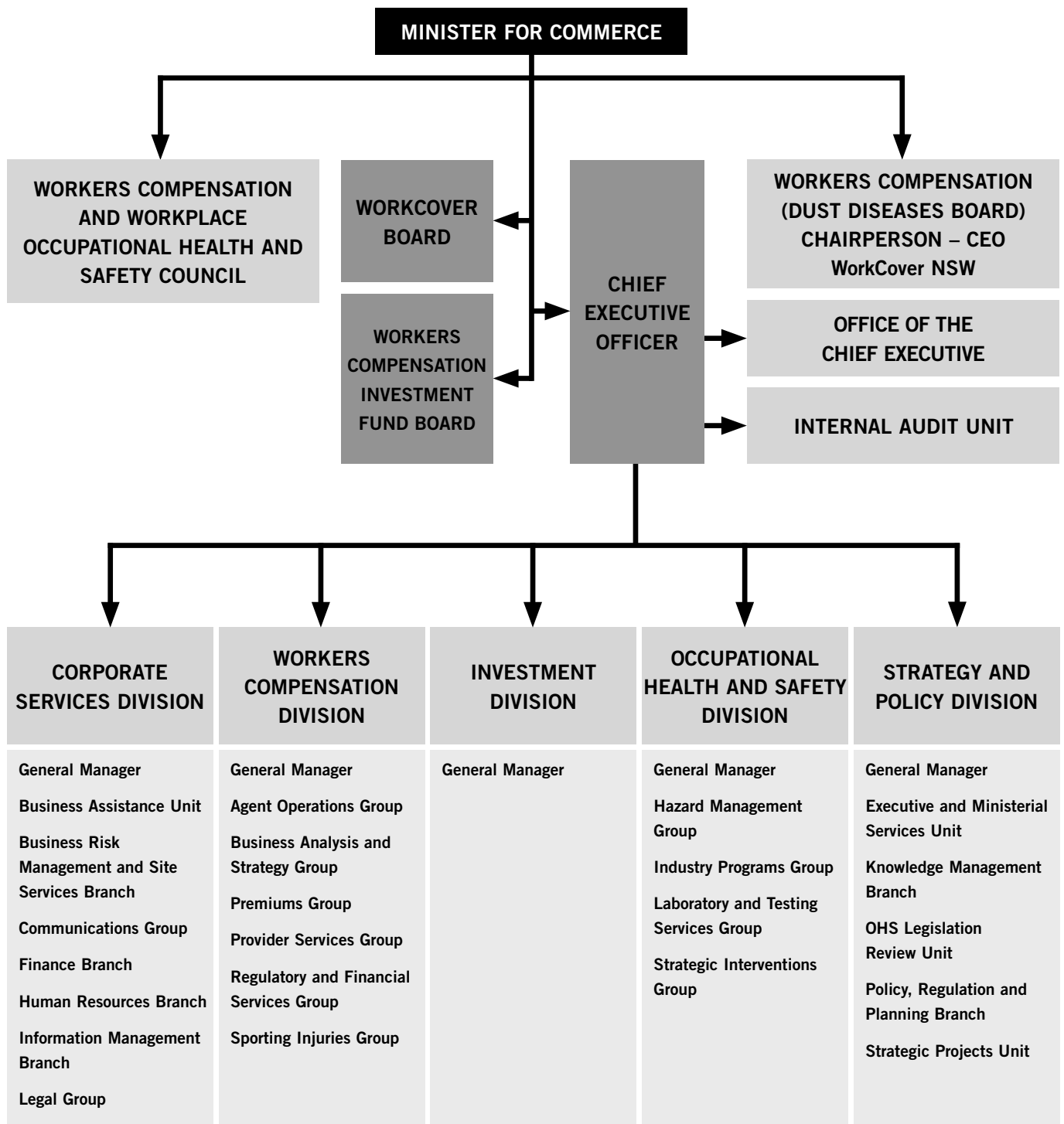
**Doug Wright AM, BA, BEc**

Doug Wright is a former Director of the Metal Trades Industry Association (NSW Branch), and a member of the TAFE Commission Board, NSW Building and Construction Industry Long Service Leave Payments Committee, the Board of the Vocational Education and Training Accreditation Agency, and the Board of the Hunter Valley Training Co. He is an alternate Director of Worldskills Inc., representing The Australian Industry Group and is also Director of Commonwealth Study Conferences Australia (Incorporated). Doug holds degrees in Economics and Arts.

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

Structure

on 30 June 2005



Prevention

PERFORMANCE AGAINST OBJECTIVES

AIM	OUTCOMES AND PERFORMANCE	WHAT NEXT?
<ul style="list-style-type: none"> ▶ Reduce injury and illness by 20 per cent by 2007 and 40 per cent by 2012 (from June 2002). ▶ Reduce fatalities by 10 per cent by 2007 and 20 per cent by 2012 (from June 2002). <p>Achieve these results through an appropriate balance of OHS enforcement and education and an effective OHS regulatory framework.</p>	<ul style="list-style-type: none"> ▶ Compensable employment fatalities reduced by over 5 per cent in 2004/05 (latest data). ▶ Major workplace injuries reduced by over 10 per cent from 40,204 in 2001/02 to 36,150 in 2004/05. ▶ Fatalities reduced by 29.4 per cent from 177 in 2001/02 to 125 in 2004/05. 	<ul style="list-style-type: none"> ▶ Achieve the lowest rates of workplace injury in Australia. ▶ Improve stakeholder perception of OHS interventions by June 2007. ▶ Develop robust OHS regulation supporting improvements in OHS outcomes in NSW workplaces.

STRATEGIES

SAFER WORKPLACES	APPROPRIATE BALANCE OF OHS ENFORCEMENT AND EDUCATION	EFFECTIVE OHS REGULATORY FRAMEWORK
AIM NSW achieves the lowest incidence rates in Australia	AIM Deliver an improvement in Stakeholder perception of OHS interventions by June 2006	AIM Develop appropriate and robust OHS Regulation that supports an improvement in OHS outcomes in NSW workplaces
OUTCOMES AND PERFORMANCE <ul style="list-style-type: none"> ▶ Fatality incidence rates have decreased 30.3 per cent from 6.6 fatalities per 1,000 employees in 2001/02 to 4.6 fatalities per 1,000 employees in 2004/05. ▶ Major workplace injury incidence rates have decreased 10.7 per cent from 15 per 1,000 employees in 2001/02 to 13.4 per 1,000 employees in 2004/05. ▶ Managed the staging of the NSW Workplace Safety Summit 2005 in Orange on 25 and 26 August 2005. Over 250 people attended the Summit, which saw an unprecedented recognition by delegates of their common interest in improving workplace safety, and the importance of coordination and partnership between employers, unions and government to address the most serious workplace safety risks. ▶ The Government responded to the recommendations arising out of the NSW Workplace Safety Summit 2005 by releasing the <i>NSW Workplace Health and Safety Strategy 2005-2008</i>. The NSW Strategy reflects the collective advice of Summit attendees and provides industry with a blueprint 	OUTCOMES AND PERFORMANCE <ul style="list-style-type: none"> ▶ Developed the <i>WorkCover Workplace Improvement Framework</i>. ▶ The framework provides a balanced approach of advice, information, interventions and enforcement. The principal focus is on prevention and building the capacity of employers and other duty holders under workplace safety laws to make workplaces safe. ▶ WorkCover NSW information, education, advisory and technical services are designed to foster industry's ability to manage OHS risks and support the essential role that workplace consultation plays in that process. Finally, the use of a graduated mix of administrative measures and legal sanctions allow for a measured and proportional response according to the severity of the circumstances, while ensuring all workers throughout the State receive equal protection from OHS legislation. ▶ In addition to the 261 specialised seminars provided for small and medium enterprises (see page xx), WorkCover: <ul style="list-style-type: none"> • Introduced the use of Confirmation of Advice Records to assist employers meet OHS legislative requirements. 	OUTCOMES AND PERFORMANCE <ul style="list-style-type: none"> ▶ Completed the statutory review of the <i>Occupational Health and Safety Act 2000</i>. The report on the review of the Act was tabled in Parliament during May 2006. ▶ During the year the Government agreed to introduce a notification and registration system to ensure the safety and security of major hazard facilities in line with national standards. The proposed regulatory system was outlined in an information paper, which was discussed at an industry consultative forum held on 27 March 2006. Government agencies were also consulted on the proposal and a draft amendment to the <i>Occupational Health and Safety Regulation 2001</i> is being developed to implement the national standard. ▶ From 1 September 2005, new laws were introduced to ensure the safe handling and storage of dangerous goods and to strengthen security controls for explosives and security sensitive ammonium nitrate. These changes will be effected through: <ul style="list-style-type: none"> • the <i>Explosives Act 2003</i> and the supporting <i>Explosives Regulation 2005</i>

for coordinated, effective and efficient action to reduce the human and economic cost of work-related injury and disease.

- ▶ WorkCover NSW continues to work towards implementing the Safety Summit recommendations in partnership with key stakeholders including the Industry Reference Groups.
- ▶ Provided oversight (with NSW Premier's Department and NSW Treasury) of the implementation of *Working Together, the Public Sector OHS and Injury Management Strategy 2005-2008*.
- ▶ Progressed a strategic approach to addressing high risk areas and building upon the Workplace Improvement Framework, including the following Priority Programs:
 - Falls Program targets this high-risk area with interventions that identify and address barriers to the implementation of control measures.
 - Manual Handling Program seeks to achieve a reduction in the incidence of manual handling injuries consistent with national targets. This will be achieved by building the capability of industry to systematically manage and prevent manual handling risks.
 - Plant Priority Program targets high-risk hazards related to plant. The program aims to provide a structure that promotes best practice and enables the effective coordination, planning, implementation, monitoring, and evaluation of program activities. This includes intervention, enforcement and associated regulatory review activity. Projects undertaken include the Plant Safety Verification Project and the Laundry & Dry Cleaning Project.
- ▶ Underpinning the priority program areas are key initiatives including vulnerable workers, rural and regional activities and national agenda/cross border projects. Specific targeted interventions this year include the joint intervention with the NSW Police in the seizure of 25 tonnes of illegal fireworks in January 2006. This action prevented the distribution of fireworks to illegal users who would place themselves and the community under significant risk of injury.

- Issued 1,212 prohibition notices.
- Issued 14,831 improvement notices.
- Issued 1,195 infringement notices.
- WorkCover concluded a total of 482 successful occupational health and safety prosecutions involving 340 defendants in 245 matters.

- ▶ Target Safe 1 and 2 were completed this year. These projects tested the relationship between claims experience and the effectiveness of OHS management systems. Target Safe 2 provided case management to a total of 100 high-risk employers, who received comprehensive reports with recommendations to improve OHS performance. Participants consistently reported they had undertaken OHS activities as a direct result of the workshops, and that their experience with WorkCover NSW advisory role had been positive.

- ▶ Rural regional activities – Safer Farming – Three year rural safety improvement program.

This program is an integrated series of projects and activities aimed at reducing the number and severity of incidents by enhancing safety awareness, information and practices in the rural community. Key elements of the strategy include the Farm Safety Starter Kit, the Power Take-off Rebate Scheme, the Safer Silos Program and WorkCover NSW attendance at Rural Field Days. Key industry stakeholders, including Farmsafe NSW, the Tractor and Machinery Association and NSW Farmers Association, have assisted WorkCover NSW in these activities.

- ▶ As part of this initiative Farm Safety Solutions Field Days have been held in Bega, Tamworth and Forbes, aimed at providing practical advice to the farming community. An average of 100 local farmers have attended each field day.

- ▶ The Power Take-off Guard subsidy launched by the Premier in August 2005, provided 531 rebates (totalling \$70,706) for safety guards on tractor power take-off mechanisms. The scheme provides for up to \$1million, and will continue until August 2007 or until funds are expended.

- the *Occupational Health and Safety Amendment (Dangerous Goods) Act 2003* and the supporting *Occupational Health and Safety (Dangerous Goods) Regulation 2005*.

▶ **Driver Fatigue Management Regulation:**

The *Occupational Health and Safety Amendment (Long Distance Truck Driver Fatigue) Regulation 2005*, which commenced on 1 March 2006, aims to reduce the fatigue of drivers of heavy trucks. WorkCover NSW worked in partnership with unions and industry associations to see the Regulation successfully implemented. Over 20 presentations were delivered to a variety of stakeholder groups across NSW, with over 1,000 people attending these sessions from more than 360 companies. A hotline was also established in March 2006 to provide advice and assistance.

- ▶ The following Codes of practice were published during 2005/06:

New codes of practice:

- Code of practice: Collection of domestic waste
- Code of practice: Safety aspects in the design of bulk solids containers including silos, field bins and chaser bins
- Code of practice for the storage and handling of dangerous goods
- Code of practice: Accommodation for rural agricultural work.

Amended or revised codes of practice:

- Code of practice: workplace amenities
- Code of practice for the control of workplace hazardous substances
- Code of practice for the safe use and storage of chemicals (including pesticides and herbicides) in agriculture
- Code of practice for the safe use of pesticides including herbicides in non-agricultural workplaces.

The following new codes of practice were developed during 2005/06 are yet to be published:

- Code of practice: Safe use of bulk solids containers and flat-bed storage including silos, field bins and chaser bins
- Code of practice: Working near overhead power lines.

- ▶ WorkCover NSW provides commercial laboratory and testing services at its Londonderry and Thornleigh sites, under the name TestSafe Australia. TestSafe is the largest certifier of the safety of explosion-protected equipment in Australia and the fourth largest worldwide.
- ▶ TestSafe completed 26 major complex accident investigations in support of WorkCover NSW investigations for presentation to both the Coroner and the Industrial Court where fire, explosion or workplace fatalities were involved.
- ▶ WorkCover has comprehensively reviewed its licensing systems and processes to create a more robust licensing system. This includes procedures that provide the necessary checks and balances to ensure transparency and consistency in licensing. Information technology systems are also being reinforced.
- ▶ The two-year transitional period for legislative provisions requiring the conversion of old style 'green cards' and Certificates of Training to a WorkCover Construction Induction Certificate ceased in March 2006.

WHAT NEXT?

- ▶ Continue implementation of the *NSW Workplace Health and Safety Strategy 2005-2008*, the NSW Government response to recommendations arising from the NSW Workplace Safety Summit 2005.
- ▶ Assist public sector agencies to achieve the *Working Together* strategy targets by developing best practice OHS and injury management resources and reporting tools and promoting these to agencies for their use.
- ▶ Continue to undertake strategic interventions in the high risk key priority program areas:
 - Falls
 - Manual handling
 - Plant priority program
 - Dangerous Goods Legislative Reform project
 - The Workers Compensation and Injury Management priority program.

WHAT NEXT?

- ▶ Implement the *Workplace Improvement Framework* and supporting programs.
- ▶ Continue the implementation of the Rural Regional Activities – Safer Farming – 3 Year Rural Safety Improvement program. A further six Farm Safety Solutions Field Days are to be held in 2006/07.
- ▶ The Small Business Safety Pack, which has been developed as part of the Serious About Safety, contains practical tools to help small and medium businesses identify and implement workplace safe initiatives.
- ▶ Silo safety – regional seminars to farmers and silo manufacturers, along with a dollar for dollar rebate for the fitting of safety improvements to existing silos on farms, will be rolled out.
- ▶ A campaign to improve safety within the tree lopping industry will be undertaken in partnership with local government and the property management industry, in response to recent fatalities.

- ▶ WorkCover undertook a review to determine the benefits and costs associated with a phased reduction in the asbestos removal licensing requirement threshold from the current 200 square metres to 10 square metres. A regulatory impact statement was prepared and released for public comment.
- ▶ The Labour Hire Project, which targets vulnerable workers, was completed this year. This project used case law analysis to examine the manner in which OHS legislation impacts on the labour hire industry.

WHAT NEXT?

- ▶ Driver Fatigue Management Regulation: WorkCover inspectors will undertake a post education verification program in August 2006, following on from the introduction of the *Occupational Health and Safety Amendment (Long Distance Truck Driver Fatigue) Regulation 2005*.
- ▶ Draft regulation for major hazard facilities will be available for public comment and a Public Consultation Review Committee that includes WorkCover NSW, NSW Police and NSW Fire Brigades will convene to examine submissions and make recommendations for amendment to the draft Regulation.
- ▶ WorkCover NSW will review public submissions to the regulatory impact statement on the proposed changes to the asbestos licensing threshold, and make recommendations to the Government.

PERFORMANCE AGAINST OBJECTIVES

AIM

- ▶ Achieve a fully funded NSW WorkCover Managed Fund (the Scheme) by June 2008.

OUTCOMES AND PERFORMANCE

- ▶ Funding ratio increased from 80.4 per cent in June 2005 to 100.8 per cent in June 2006.
- ▶ Investments outperformed the Bond liability rate by 11.56 per cent.

WHAT NEXT?

- ▶ Achieve a 10 per cent improvement in system return to work rates by June 2009.
- ▶ Twenty five per cent reduction in disputes by June 2009.
- ▶ Outperform investment benchmark.

STRATEGIES

A FULLY FUNDED SCHEME

AIM

Achieve a fully funded Scheme by 2008

EFFECTIVE RETURN TO WORK

AIM

Achieve a 5 per cent reduction in continuance rates for 13 and 26 weeks by June 2006

OUTCOMES AND PERFORMANCE

- ▶ WorkCover acts for the Nominal Insurer, which manages the NSW Workers Compensation Fund. 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 WorkCover Scheme itself is also at its strongest in a decade. The Scheme deficit has been reduced from \$3.23 billion in December 2002 to a surplus of \$85 million in June 2006. This represents a decrease of over \$3.3 billion.
- ▶ Scheme Assets increased from \$8,186m to \$10,707m from June 2005 to June 2006. Scheme liabilities also increased from \$10,185m to \$10,621m over the same period, providing a reduction in the Scheme deficit of \$2,083 million over the twelve month period.
- ▶ WorkCover received 386 referrals of alleged fraudulent activity, all of which were investigated:
 - 21 matters were referred to WorkCover's Legal Group to consider prosecution action
 - 15 prosecutions were finalised, with 12 resulting in a conviction or a finding of guilt not leading to a conviction
 - 13 cautions were issued by WorkCover in lieu of prosecutions
 - 20,227 wage audits were conducted, identifying \$51.1 million in additional premiums, and returning \$18 million to employers for over-declaration of wages
 - The Government's 2001 reforms streamlined the workers compensation system, increasing benefits in the statutory scheme, speeding up settlements by cutting out the legalistic red tape and putting in place a fair and efficient dispute resolution model.

OUTCOMES AND PERFORMANCE

- ▶ Since the 2001 reforms the percentage of claimants on weekly benefits has been decreasing indicating an improvement in injury rates and return to work rates.
- ▶ The proportion of injured workers staying on weekly benefits continues to reduce as shown by the improvements in return to work rates, which have exceeded target of five per cent.
- ▶ The continuance rates (claims continuing on weekly benefits) have improved from January 2002 to December 2005:
 - 13 weeks: 19.6 per cent reduction in the rolling three month average continuance rates
 - 26 weeks: 30.1 per cent reduction
 - 52 weeks: 27.7 per cent reduction
 - 108 weeks: 33.6 per cent reduction.
- ▶ On average, workers are on benefits for shorter periods of time at each of the key intervals measured eg there was a 25 per cent improvement in the average number of days injured workers were on benefits – in the 53-78 week interval.

Preliminary return to work lead indicator data shows improvements from June 2003 to December 2005 as follows:

- 4.5 per cent reduction in average number of days injured workers are on benefits for up to 26 weeks
- 16.4 per cent reduction in average number of days injured workers are on benefits at the 27- 52 weeks interval
- 25.4 per cent reduction in average number of days injured workers are on benefits between the 53-78 weeks interval.

Results to date include:

- A 58 per cent reduction in workers compensation disputes from 8,000 per quarter to around 3,400
- Faster access to benefits, with more than 60 per cent of injured workers receiving benefits within seven days of injury, and
- A substantial reduction in the reporting time for workplace injuries.

▶ As a direct result of these reforms, in December 2005, the Premier announced a five percent increase in benefits up to the statutory maximum for workers who suffer serious spinal injuries.

▶ The 2006/07 Insurance Premiums Order showed a target collection rate of 2.17 per cent for policies commencing or renewing on or after 30 June 2006, down from 2.44 per cent at 31 December 2005 and 2.57 per cent at 30 June 2005.

▶ NSW employers are benefiting from a total of 15 per cent reduction in premium rates announced by the Premier since June 2005. This represents a saving of \$430 million per annum to employers in NSW.

▶ The Claims Assistance Service (CAS), which provides impartial telephone-based advice to assist injured workers navigate the workers compensation scheme, handled 5,323 cases in 2005/06, with a resolution rate of almost 77 per cent. This result was a continuation of the good results achieved in 2004/05 where the CAS handled 5,316 cases with a 79 per cent resolution rate.

▶ The Workers Compensation Commission is an independent statutory tribunal within the justice system in New South Wales that resolves disputes between injured workers and employers. The Commission is committed to providing a transparent and independent forum for the fair, just, timely and cost effective resolution of workers compensation disputes. In 2005/06 the Commission registered 12,254 applications to resolve a dispute, and finalised 14,324 applications. An application may have more than one issue in dispute. In 2005/06 each application had on average 1.89 issues in dispute. The number of issues in dispute finalised by the Commission during this period was 27,101.

▶ In 2005/06 where no appeal was lodged against the Commission's finding on a dispute:

- Two per cent of applications were finalised within 28 days of registration.
- 45 per cent of applications were finalised within 13 weeks of registration.
- 78 per cent of applications were finalised within 26 weeks of registration.
- 92 per cent of applications were finalised within 39 weeks of registration.
- 97 per cent of applications were finalised within 52 weeks of registration.

▶ Conducting Central Coast Return to Work Demonstration Project to assist general practitioners manage administrative and rehabilitation aspects associated with the return to work process.

▶ Phase II of the GP Education Program commenced in 2004 and continued until its conclusion on 30 June 2006.

The goal of the program was to provide education to medical practitioners on *The Management of Work-Related Sub-Acute and Chronic Low Back Pain - Guide for General Practitioners* and the *Work-Related Acute Low Back Pain Clinical Guidelines*. During Phase II of the program over 3,900 contacts were made with general practitioners. This was achieved via academic detailing visits and attendance at workshops. Results of a survey conducted by Monash University indicate that this program has resulted in an improvement in general practitioners back pain beliefs and stated management of back pain.

▶ The Management of Soft Tissue Injuries initiative promotes best practice in the management of soft tissue injuries for achieving improved return to work outcomes.

The *Management of Soft Tissue Injuries guides* are a resource to support employers, treatment practitioners and insurers to provide evidence based injury management to workers who have not recovered from a soft tissue injury within four weeks of their injury.

▶ WorkCover approved physiotherapists, chiropractors and osteopaths are required to attend a one-day training package on the approach to retain their approved status. The Australian Physiotherapy Association was awarded the contract to provide the training and began conducting courses in February 2006. As at the end of June 2006, 34 courses have been completed, with a total of 912 practitioners trained. Of the courses completed to date, 22 were held in the Sydney metropolitan area and 12 in regional centres throughout NSW.

WHAT NEXT?

- ▶ Develop and implement financial and system indicator reports on Scheme viability and self and specialised insurers performance.
- ▶ Develop and implement new strategy for engaging and overseeing self and specialised insurers.

POST 30 June 2006

- ▶ In September 2006, the Premier announced a further 5 per cent reduction in workers compensation premium rates. The new target premium collection rate from 31 December 2006 will be 1.99 per cent. This brings the total return to employers of \$560 million a year since June 2005.
- ▶ The Premier has also announced a 10 per cent increase in lump sum payments to injured workers suffering permanent impairment and pain and suffering, effective from 1 January 2007.

WHAT NEXT?

- ▶ Review strategic approach to provider fees.
- ▶ Review accreditation framework for rehabilitation provider services.
- ▶ Develop and implement new strategy for engaging and overseeing self and specialised insurers.
- ▶ Appropriately manage the agent business models, Service Plans and contract obligations to achieve desired return to work outcomes.
- ▶ Achieve a 10 per cent improvement in return to work rates by 2009.

PREMIUM REVIEW

AIM

Implement new premium formula

OUTCOMES AND PERFORMANCE

- ▶ With the exception of the grouping provisions, the final premium review premium formula changes were implemented for policies commencing on or after 31 December 2005.
- ▶ The grouping legislation was passed by the Legislative Council on 17 May 2006. Some sections were proclaimed to commence on 2 June 2006 with the remaining sections commencing on 30 June 2006.
- ▶ Following an extensive consultation process, reforms were introduced to clarify further the definition of 'worker', including provision for prospective private rulings that would be binding for premium calculation purposes to be introduced in late 2006.

WHAT NEXT?

- ▶ WorkCover NSW will consult with large employer representatives on a number of aspects of the premium system that would allow these employers to more effectively manage their workers compensation obligations.

Issues for consultation include:

- variable large claim costs
- variable maximum premium caps
- variable large excesses
- multiple hindsight adjustments.

FUNDS MANAGEMENT

AIM

- ▶ Outperform the investment benchmark by superior manager selection.
- ▶ Outperform growth in liabilities.

OUTCOMES AND PERFORMANCE

- ▶ The Workers Compensation Insurance Fund became operational on 1 July 2005.
- ▶ From 1 July 2005 a revised Strategic Asset Allocation that had been determined by the Workers Compensation Insurance Fund Investment Board was implemented for the Fund. The new Strategic Asset Allocation is 50 per cent growth assets and 50 per cent fixed interest.
- ▶ From 1 October 2005 Workers Compensation Insurance Fund assets were transitioned away from the six licensed insurers to 27 sector specialist investment managers.
- ▶ The Workers Compensation Insurance Fund returned 12.14 per cent over the financial year, outperforming the Liability Bond return of 0.58 per cent* by 11.56 per cent, or \$835 million.

(*The Liability Bond is an approximation for the scheme's liabilities, thus the best measure of investment performance is the amount by which investments outperform growth in estimated liabilities.)

WHAT NEXT?

- ▶ A review of the level of benefits available to injured workers under the *Workers Compensation Act 1987* is being overseen by the WorkCover NSW Board.
- ▶ As a result of the scheme deficit being erased, WorkCover's Investment Division under the auspices of the Workers Compensation Insurance Fund Investment Board are reviewing the WCIF investment portfolio.
- ▶ Now that the scheme is in surplus, strategies to further improve the scheme's financial position and reduce portfolio risk are being considered.

IMPLEMENT SCHEME DESIGN

AIM

Effective transition to the new workers compensation framework

OUTCOMES AND PERFORMANCE

- ▶ Seven organisations were selected through a competitive tender to operate as agents in the WorkCover Scheme to deliver claims and policy services under commercial contracts.
- ▶ Agents appointed and contracts commenced from 1 January 2006.
- ▶ Agents operate under an Annual Service Plan, which identify key strategies and initiatives for each agent.
- ▶ Initial contract management and reporting systems were implemented.
- ▶ Claims file transfers to the new agents were completed.
- ▶ Policy file transfers to the new agents were completed.
- ▶ Three year contractual arrangements were negotiated with agents. Contracts include outcome based remuneration for achievement of performance targets.

WHAT NEXT?

- ▶ Appropriately manage the agent business models, Service Plans and contract obligations to achieve desired outcomes.
- ▶ Implement and monitor 2005 legislative reforms.
- ▶ Develop effective system performance reporting mechanisms.
- ▶ Twenty five per cent reduction in disputes by 2009.
- ▶ Ten per cent improvement in early notification of injuries.

Engagement

PERFORMANCE AGAINST OBJECTIVES

AIM	OUTCOMES AND PERFORMANCE	WHAT NEXT?
<ul style="list-style-type: none"> ▶ Increase awareness among workers and employers of their OHS, injury management and workers compensation responsibilities to reduce injury and illness in the workplace 	<ul style="list-style-type: none"> ▶ WorkCover NSW continues to provide workshops and seminars to NSW businesses to increase the understanding of OHS and workers compensation requirements in the workplace 	<ul style="list-style-type: none"> ▶ Develop a consultative communication mechanism to respond to identified issues ▶ Implement and monitor a consultative framework with small and medium sized business enterprises to improve OHS and workers compensation outcomes

STRATEGIES

EFFECTIVE STAKEHOLDER RELATIONSHIPS

AIM

- ▶ Develop and implement a stakeholder index.
- ▶ Develop and implement strategic policy reforms to influence and improve stakeholder behaviour.

OUTCOMES AND PERFORMANCE

- ▶ Continued sponsorship of five Australian Paralympians who were injured in the workplace. Through the program the athletes provide inspiring presentations to workplaces, schools, colleges, conferences, media events or annual dinners.
- ▶ WorkCover NSW was a Principal Sponsor of the Safety Conference 2005, which was held at Sydney Olympic Park in October 2005 in conjunction with the 2005 Safety Show. The three day conference and show brought together over 70 Australian and international speakers promoting safety. A highlight of the conference was the WorkCover NSW Hypothetical, which brought together a panel of local identities and government agency representatives for a lively debate on responses to a hypothetical safety situation. The conference culminated with the WorkCover NSW Safe Work Awards Dinner.
- ▶ The WorkCover Assist grants program provided \$5 million in grants to support registered trade unions and employer associations to assist their members implement the OHS and workers compensation legislation. This included:
 - \$3.25 million in WorkCover Assist general grants
 - \$750,000 in commissioned education projects
 - \$1 million in applied research projects
- ▶ The WorkCover Assist focus areas are derived from the 2005 Safety Summit Recommendations and from issues raised by the WorkCover Industry Reference Groups.
- ▶ Continued operation of the WorkCover Research Centre of Excellence in partnership with the Ourimbah Campus of the University of Newcastle.

POSITIVELY DRIVING THE NATIONAL AGENDA

AIM

- ▶ One hundred per cent of priorities identified by the Executive are translated into debate at the national level

OUTCOMES AND PERFORMANCE

- ▶ WorkCover NSW membership is held on national OHS and workers compensation committees, including:
 - Heads of Workers' Compensation Authorities, currently chaired by the WorkCover NSW Chief Executive Officer;
 - The Heads of Workplace Safety Authorities, currently chaired by the WorkCover NSW General Manager, Occupational Health and Safety, and
 - The Australian Safety and Compensation Council.
- ▶ WorkCover NSW has supported a range of national initiatives, including:
 - The National Compliance Campaign on Hazardous Substances in the Manufacturing Industry. This project targets the boat-building and repair industry that use composites, through promoting a uniform approach to the management of hazardous substances in the manufacturing industry.
 - The Falls from Heights in Transport campaign in which WorkCover NSW was the lead agency, developing a national strategy to focus on compliance and information/advisory activities to reduce the incidence of falls from trucks.
 - The National Asbestos Demolition Campaign, which commenced on 20 February 2006 and in which WorkCover NSW Inspectors undertook visits to demolition sites across NSW.
 - National Agricultural Plant Manufacturer, Supplier and Importer Compliance Campaign. As part of this strategy WorkCover NSW has held industry information and awareness seminars at ten locations across NSW and visited over 60 dealers across NSW.

- ▶ WorkCover NSW has continued to develop effective working relationships addressing key OHS issues through:
 - Regular meetings with key stakeholders and agencies such as employer associations, unions, business and other government agencies.
 - The Disability Services OHS Project, a joint project between WorkCover, the Department of Ageing, Disability and Homecare and ACROD Limited (the national industry association for disability services and associations).
 - The Small Business Corporate Strategy and the Business Advisory Officers.
 - The Industry Reference Groups and associated working parties.
- ▶ The WorkCover Assistance Service answered 291,705 telephone, email and counter enquiries in 2005/06, providing information and assistance to workers, industry and the community on workplace health and safety, injury management and the workers compensation system.

WHAT NEXT?

- ▶ The tender for the 2006 WorkCover Assist Applied Research Grants will be advertised in September 2006, bringing the funding in line with the University academic year.
- ▶ Continue working directly with employers and workers.

ACTIVELY ENGAGE SMALL-MEDIUM ENTERPRISES

AIM

- ▶ Develop a consultative framework with small and medium enterprises to improve OHS and workers compensation issues.

OUTCOMES AND PERFORMANCE

- ▶ A Small Business Priority Program has been developed to support targeted interventions.
- ▶ WorkCover NSW developed a Safe Hire Assessment Tool Checklist to assist small and medium enterprises in the plant hire industry to systematically manage health and safety.
- ▶ The Business Assistance Unit was formed to help small and medium enterprises build capacity to manage OHS, workers compensation and injury management legislative requirements. Initiatives undertaken by the Unit in the past year include:
 - Undertaking 261 workshops to 4,023 participants across the state to improve small and medium enterprises' knowledge and understanding of OHS, injury management and workers compensation requirements. In addition to the workshops undertaken by the BAU, additional presentations and workshops have been held by WorkCover assisting employers and employees improve their knowledge and compliance with OHS and workers compensation legislation.

- National Manual Handling Project – Design 4 Health aimed to improve the capacity of workplaces to systematically manage Manual Handling risks.

- ▶ WorkCover also provided input into the following national outcomes:

- National Standard for Construction Work
- National Code of Practice for Tilt-Up Concrete Panels
- National Code of Practice for Fall Prevention in the Construction Industry
- National Code of Practice for OHS Induction Training for Construction Work.

- ▶ New cross border arrangements commenced from 1 January 2006 making it easier to do business by removing the need for the majority of employers to obtain multiple workers compensation policies for workers who are temporarily working interstate. Briefing sessions were held across the State supported by extensive educational material.

WHAT NEXT?

- ▶ NSW will continue to lead the construction project and participate in other key initiatives.

NEW/EMERGING BUSINESS AREAS

AIM

- ▶ Establish an environmental monitoring system to identify and manage emerging issues.

OUTCOMES AND PERFORMANCE

- ▶ WorkCover NSW has adopted a stronger emphasis on the management of new and emerging issues.
- ▶ An issues management process has been developed and piloted within WorkCover NSW divisions so all senior managers are clear on their responsibilities and the steps required to be taken where an issue is identified.
- ▶ The issues management process will be further enhanced in the new financial year with the distribution of agreed protocols following completion of the pilot and the development of formal training in issues management.
- ▶ Executive policy workshops continue to be held on a regular basis, where emerging issues are discussed and analysed, developing policy positions for the organisation and practical ways to move forward in response to issues. To date workshops have been held concerning the ageing workforce, stakeholder engagement, self insurers, and the burden of regulation.

- Workshop evaluation sheets are filled out by workshop attendees after each workshop to provide feedback on issues employers have with WorkCover NSW.
- Business Advisory Officers carry out advisory visits upon request by individual workplaces.
- A WorkCover NSW Safety Bus to take workshops, seminars, demonstrations and advisory services to farms and other regional industries around the state.
- The development of focus groups including the Central Coast Small Business Consultative Group.
- Developed a consultative framework that measures public perception of WorkCover NSW, measuring whether the agency is seen to be providing more enforcement or education and advice.
- Developed a Small Business Safety Pack and Tool, incorporating an online self-assessment tool for small business.

WHAT NEXT?

- ▶ Small Business Month activities are being planned for September 2006. In addition to regular monthly activities, this year will feature two 'Safe Business is Good Business' weeks being held in Armidale and Wollongong. The activities are aimed at informing small and medium enterprises of the assistance available to improve their level of workplace safety, particularly those that may not regard safety as a priority. Activities will include Safety Bus exhibits at shopping malls, industrial sites and livestock saleyards, talks to students, one-on-one advisory sessions, safe business advisory days and a school art competition.
- 2006/07 – Statewide Workshop Program, Safe Business Advisory Days and participation at Expos continued
- 2006/07 – operational procedures for Advisory Visits Program finalised and implemented
- 2006/07 – development of centralised database
- 2006/07 – continued implementation of a Consultative Framework for small and medium enterprises
- 2006/07 – the expansion of the Business Assistance Unit's Mentor Program to incorporate new industries.
- ▶ WorkCover NSW is commissioning a longitudinal study to measure the effectiveness of its small business strategies. The purpose of this research is to inform the development of evidence-based strategies to better enable small businesses to adopt and maintain proactive OHS and workers compensation policies and procedures. It is anticipated that the study will provide evidence to enable the ongoing improvement, refinement and programming of key WorkCover NSW interventions targeting businesses with less than 20 employees.

WHAT NEXT?

- ▶ Executive Policy Workshops identified for the new financial year include the impact of Commonwealth legislation, comparative performance monitoring and nanotechnology.
- ▶ The Executive and Senior Management Group will continue to monitor events, external changes and incidents to ensure that the organisation is well placed to deal with issues as they arrive.

Capability

PERFORMANCE AGAINST OBJECTIVES

AIM ► Build organisational capability and a commercial focus through effective leadership, a highly skilled workforce and effective systems.	OUTCOMES AND PERFORMANCE ► Rolled out the first phase of the Corporate Leadership Development Program.	WHAT NEXT? ► Continue to develop business intelligence tools to improve data collection, reporting and analysis capabilities.
STRATEGIES		
EFFECTIVE LEADERSHIP AIM Develop and implement an effective leadership program, and ensure all targeted personnel successfully complete the program.	HIGHLY SKILLED WORKFORCE AIM Develop a motivated, appropriately skilled and resourced workforce, as identified through an improvement in critical core competencies.	EFFECTIVE SYSTEMS AIM Develop and maintain effective systems and infrastructure.
OUTCOMES AND PERFORMANCE	OUTCOMES AND PERFORMANCE	OUTCOMES AND PERFORMANCE
► Twenty-eight senior managers participated in the 2005/2006 Corporate Leadership Development Program. ► Six workshops were undertaken in the first year of the Program: <ul style="list-style-type: none"> Identifying stakeholders and customers Personal leadership style Leading a team to effectiveness Leading change Leading culture change Communicating vision. ► WorkCover NSW conducted a staff survey to determine benchmarks on leadership and organisational culture. Staff are to be consulted on the survey results to identify specific issues and areas to promote a positive organisational culture. WorkCover NSW has identified the areas of Commitment, <i>Customer Service</i> , <i>Ethical Behaviour</i> and <i>Accountability</i> on its 2006-09 Corporate Plan as a means of articulating priorities in the development of an effective organisational culture. ► Team managers and coordinators undertook training in April 2006 on managing staff located remotely or off site.	► A workforce planning project commenced in 2006 determining long-term strategies for managing, attracting, retaining and building the WorkCover NSW workforce. ► Learning plans were developed for each of the five WorkCover NSW divisions focusing on specific learning needs. ► Two hundred internal training programs were conducted ► This year saw the commencement of 17 new entry-level inspectors who will undertake an 18-month induction program. On completion of training, the inspectors will receive the nationally accredited Diploma in Government (Workplace Inspection). The new inspectors also participate in on-the-job training and are exposed to all aspects of workplace safety regulations, including learning how to balance advisory and enforcement roles. The trainees have been recruited from a range of skilled areas including engineering, health and construction ► WorkCover's Registered Training Organisation graduated 30 new inspectors over the 2005/06 period, accrediting them with the internally delivered Graduate Diploma of Government (Workplace Inspection).	► Key Knowledge Management outcomes for 2005/06 include: <ul style="list-style-type: none"> Establishment of a new Corporate Data Repository forming the basis of consistent reporting and performance analysis across the organisation Enhancing the effectiveness of OHS inspections by applying a statistical model to identify employer risk profiles Facilitating efficient cost management through a data-mining model to predict the likelihood of a newly lodged claim becoming high cost Upgrading WorkCover's record keeping system ► Key IT outcomes for 2005/06 include: <ul style="list-style-type: none"> Implementation of an IT Disaster Recovery Plan to include the establishment of a recovery site and an associated testing schedule Annual IT hardware refresh program completed to improve WorkCover's efficiency and effectiveness Enhanced probity through the implementation of IT infrastructure projects Enhanced electronic document management through the

- ▶ Sponsorship of six managers to undertake the Public Sector Management Program. This program enabled participants to obtain both a tertiary qualification and significant networking opportunities with other public sector managers.
- ▶ Staff have undertaken information technology training to support the new Corporate Data Repository and IT infrastructure improvements.

implementation of IT infrastructure projects

- Improved IT infrastructure governance to ensure effective and timely management and resolution of issues.
- ▶ Development and implementation of an Environmental Management Statement.
- ▶ Completed and tested disaster recovery and business continuity plan.
- ▶ Improvement in internal OHS performance including a reduction in time lost through workplace injuries and illnesses, a significant improvement in claims performance exceeding performance of TMF pool and proactive participation by managers/supervisors in return to work programs.
- ▶ Enhancements to the recruitment process were introduced.
- ▶ Development of more focused customer service agreements with external agencies commenced in 2006.

WHAT NEXT?

- ▶ In 2006/2007 the next tier of managers will participate in the WorkCover Corporate Leadership Development Program.
- ▶ Further leadership training for senior management including coaching of their management teams.
- ▶ Charter of Management Commitment and Charter of Service will be delivered.

WHAT NEXT?

- ▶ Undertake a review of inspector position descriptions to incorporate competencies from the Advanced Diploma of Government (Workplace Inspection).
- ▶ Development of technical core capabilities will be progressed in 2006/2007.
- ▶ Pilot projects for improving organisational capability through improved workforce planning will be developed and implemented.
- ▶ Recommendations from a review of the WorkCover Learning Service will be implemented to improve alignment of training activities to organisational needs.
- ▶ WorkCover NSW library will develop online tutorials on research skills, resources and library services.

WHAT NEXT?

- ▶ Further enhancements to the recruitment process will be delivered.
- ▶ Deliver effective Service Level Agreements with external agencies.
- ▶ Continue to develop core, foundation elements of the international quality standard for IT service delivery with the introduction of change, capacity and configuration management controls to deliver improved IT services.
- ▶ Investigate the implementation of a web-based IT enterprise portal to improve WorkCover NSW information provision and retrieval.
- ▶ Deliver a standard workflow engine to streamline WorkCover processes.
- ▶ Develop an enterprise wide risk management framework.
- ▶ Continue to implement the WorkCover accommodation refurbishment program.
- ▶ Develop a strategic procurement framework and introduce electronic procurement.
- ▶ Implement a new WorkCover NSW Licensing System that delivers secure electronic transfer and handling of

data combined with probity measures that meet the strictest requirements for the issue of photo licences.

- ▶ Finalise ISO27001/AS7799 (*Information Security*) accreditation through an independent audit.
- ▶ Expand the data captured in the Corporate Data Repository to foster integrated reporting from multiple data sources.
- ▶ Enhance the records management system to better support business practice by incorporating an enterprise wide model.
- ▶ Further development of tools to enable enhanced performance management and reporting.
- ▶ Continue to enhance WorkCover NSW data mining and modelling initiatives.

OUR PEOPLE

WorkCover's own occupational health and safety performance

WorkCover NSW has improved its own hazard management, injury management and workers compensation performance resulting in:

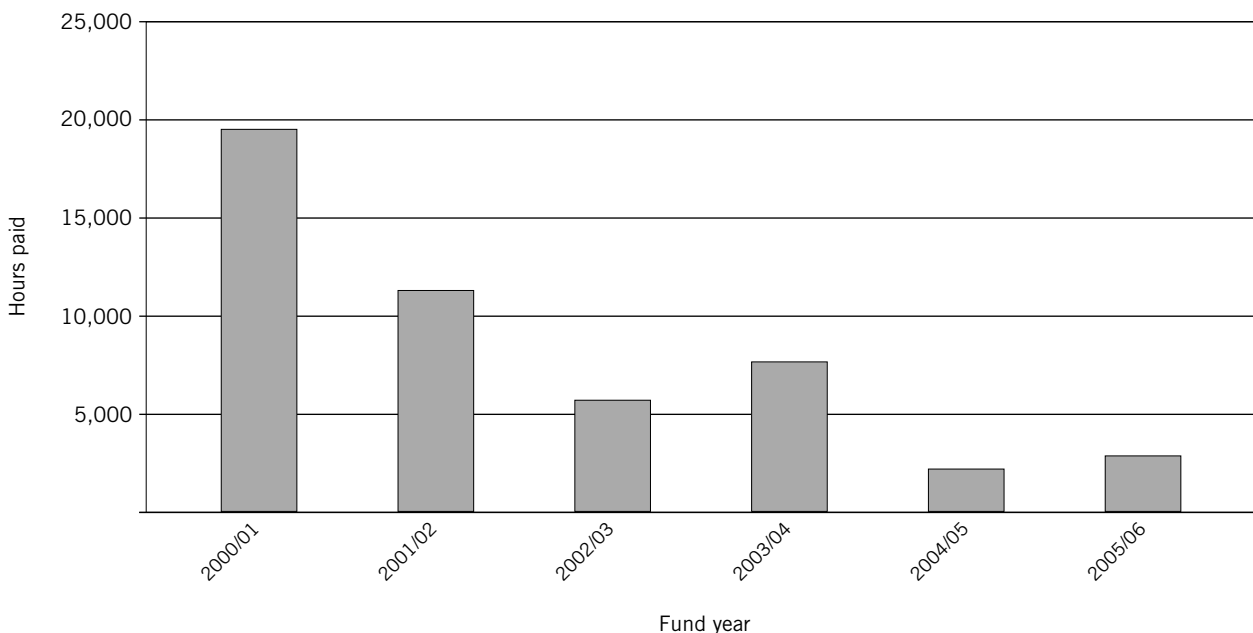
- ▶ A reduction in the number of claims from 45 in 2004/05 to 36 in 2005/06.
- ▶ A significant reduction in the time lost through workplace injury and illness, reducing hours lost from 7,229 in 2003/04 to 2,368 in 2005/06. This was achieved through a consistent focus on early reporting and proactive return to work (RTW) action.
- ▶ An improvement in the experience factor applied to the Treasury Managed Fund deposit premium calculation. WorkCover's deposit premium for 2006/07 was reduced by \$268,000 (25 per cent) below the deposit premium for 2005/06, significantly exceeding the claims performance of most other pool agencies (13 per cent).
- ▶ Positive hindsight premium adjustments for 2000/01 and 2001/02 fund years.
- ▶ Improved understanding by WorkCover NSW managers and supervisors of their workplace safety responsibilities and the value of early injury management and safe and timely return to work for injured staff members has been achieved.

Supervisors and managers are increasingly taking a lead role in communicating with injured staff members and with other return to work stakeholders. Injury management and return to work are standing items on senior managers' meeting agendas.

Allianz Treasury Managed Fund became WorkCover NSW's workers compensation claims management provider from 1 July 2005. WorkCover NSW actively manages its claims in conjunction with Allianz staff and undertakes regular claims reviews.

WorkCover's return to work program is currently being reviewed in consultation with employees, their representatives and the chairs of internal occupational health and safety committees. Measures to meet the key performance indicators of Working Together: the NSW Government's Public Sector OHS and Injury Management Strategy are being promoted across WorkCover NSW.

Time lost on claims lodged by fund year



Human resource statistics

Category	2005/06						2004/05	2003/04	2002/03	2001/02	2000/01
	OWCA ⁴	WCA ⁴	WCC ⁴	LSPC ⁴	SIC ⁴	DDB ⁴					
Administration and clerical	890	682	104	65	4	35	694	657	591	551	483
Associates/ministerial	1		1				1	3	4	n/a	n/a
Departmental professional officers	33	22				11	23	21	20	24	20
Engineers	12	12					15	15	14	16	14
General division	2	2					2	2	1	1	3
Legal officers	38	29	8			1	31	22	15	22	15
Librarians	2	2					2	2	3	2	3
Library technicians	1	1									
Lift specialists							1	2	4	10	11
Medical staff							2	2	3	3	3
Safety inspectors	287 ²	287					277	274	270	269	267
Senior management (senior executive service and senior officers)	53 ³	48	3	1		1	45	38	38	24	18
Statutory and other officers	4		4				4	2			
Technical officers	15	15					16	16	17	20	18
Total	1,3381	1,100	120	66	4	48	1,113	1,056	981	943	856

Notes:

1. Increase in permanent positions include for the Business Advisory Unit (11) and the office support services (previously outsourced) (12), licensing (9) Strategy and Policy (10), Increase in temporary positions in OHSD for licensing functions - (65)
2. As at 30 June 2006, there were 14 vacancies in the inspectorate group
3. New positions were established in WorkCover NSW Workers Compensation Division and Legal Branch
4. From 17 March 2006, employees from WorkCover NSW (WCA), the Building and Construction Industry Long Service Payments Corporation (LSPC), Dust Diseases Board (DDB), Sporting Injuries Committee (SIC) and the Workers Compensation Commission (WCC) have become employees of the Office of the WorkCover Authority (OWCA).

Value of recreation and long service leave at 30 June 2006

	2006 \$'000	2005 \$'000	2004 \$'000	2003 \$'000	2002 \$'000
CURRENT					
Recreation leave	8,321	7,466	6,178	6,238	6,509
Extended leave	5,727	5,013	3,888	4,033	3,698
	14,048	12,479	10,066	10,271	10,207
NON-CURRENT					
Extended leave	14,239	14,686	12,167	9,354	10,511
Total	28,287	27,165	22,233	19,625	20,718

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

Category	2005/06						2004/05	2003/04	2002/03	2001/02	2000/01
	OWCA*	WCA*	WCC*	LSPC*	SIC*	DDB					
Number of CES/SES positions	15	14		1			17 ¹	16	15	13	11
Number of positions filled by women	6	6					6	4	3	4	3
Positions at or above SES level 5	5	5					6	5	3	3	3

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

Note:

1. Two of these positions held in 2004/05 were temporary due to transition to the new Workers Compensation Division.

Promoting social justice in NSW workplaces

As a corporate citizen and employer, WorkCover NSW is committed to providing equitable access to all its services and actively promotes social justice. Important initiatives in 2005/06 included:

- ▶ Continued implementation of the 2003-2006 Social Justice Plan and Policy Statement.
- ▶ Continued integration of social justice into WorkCover NSW planning and project management framework.
- ▶ Continued improvements in knowledge management and the collation of data on cultural diversity to guide ethnic affairs and indigenous activities.
- ▶ Incorporating social justice strategies and consultation processes in Business Assistance Unit workshops, for example, by holding tailored workshops for different cultural groups.
- ▶ Continued implementation of Aboriginal information strategy to engage Aboriginal communities and increase their understanding of, and compliance with, occupational health and safety legislation.

Ethnic affairs priority statement

WorkCover NSW planning, development and delivery of services aims to be sensitive to the cultural, ethnic and religious needs in New South Wales. The 2003-2006 Ethnic Affairs Priority Statement supports the principles of multiculturalism and outlines strategies to achieve equitable access to its services.

The main initiatives in 2005/06 were:

- ▶ The continued implementation of the 2003-2006 Ethnic Affairs Priority Statement.
- ▶ Raising awareness of workplace safety and workers compensation through television and radio advertisements that targeted regional and ethnic media, encompassed 12 key nationality groups and communities, and used closed captioning for the hearing impaired.
- ▶ Providing support to a diverse client base through the \$5 million WorkCover Assist program and Non-Government Organisation Grants program to help trade unions and employer associations implement workplace safety initiatives.
- ▶ The continued enhancement of the 2005 Inspector Recruitment Campaign to attract applicants from equal employment opportunity minority groups, and those with bilingual skills.
- ▶ The continued incorporation of an equity and access curriculum to help new inspectors build understanding of the needs of people from culturally and linguistically diverse backgrounds.

- ▶ The continued promotion of the Community Language Allowance Scheme with improvement in knowledge management and the collation of data. There are currently 19 officers offering services for 13 languages.
- ▶ Continued promotion and participation in key social justice events, such as Harmony Day.

Disability action plan

WorkCover NSW Disability Action Plan aims to meet the needs of service users, both as clients and workers. The main initiatives in 2005-2006 included:

- ▶ The continued improvement of WorkCover NSW buildings and facilities through a capital works program for all WorkCover NSW sites.
- ▶ The continued enhancement of staff access to emergency information and ongoing training, and reflecting the needs of people with a disability in emergency planning and training programs.
- ▶ Promoting positive community attitudes by sponsoring five 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.

NSW Government's action plan for women

WorkCover NSW contributes to the NSW Government's Action Plan for Women by developing and funding a number of strategies to improve women's employment and increase their workplace participation. Key initiatives in 2005/2006 included:

- ▶ Continuing to operate the violence working party of non-government organisations in the health and community services industry.
- ▶ Continuing the non-government organisation community services industry initiative to improve health and safety in the workplace.
- ▶ The completion of health and safety guidelines for call centres.

These initiatives will be progressed in 2006/2007

Equal employment opportunity management

WorkCover collects EEO data regularly for the Premier's Department workforce profile which measures performance in meeting NSW Government employment benchmarks for staff from EEO minority groups, and informs planning and development of EEO initiatives.

The 2006 workforce profile indicates the proportion of women increased to 52 per cent with the highest proportion, 88 per cent employed at the salary level \$47,877-\$60,583. A total of 43 per cent of management and administrator positions are occupied by women.

The proportion of Aboriginal and Torres Strait Islander staff had no adjustment from 1.1 per cent and is still below the public sector benchmark of 2 per cent. The proportion of staff from racial, ethnic or ethno-religious minority groups was 15 per cent, a decrease of 2 per cent on the previous year.

The proportion of staff with a disability was 7 per cent, the same as in the previous year. Of those with a disability, 6.8 per cent required workplace adjustment.

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

EEO group	Benchmark or target %	Percentage of total staff*					
		2006 ¹	2005	2004	2003	2002	2001
Women	50.0	52.0	51.0	49.0	47	46	45.0
Aboriginal people and Torres Strait Islanders	2.0	1.1	1.1	1.0	0.9	0.7	0.6
People whose first language was not English	20.0	15.0	17.0	16.0	17.0	19.0	15.0
People with a disability	12.0	7.0	7.0	7.0	8.0	8.0	6.0
People with a disability requiring work-related adjustment	7.0	6.8 ²	2.8	2.6	2.5	2.4	1.9

Notes:

Excludes casual staff

1 WorkCover NSW results as determined by ODEOPE

2 Improved system to track adjustments implemented 2005/06

Trends in the distribution of equal employment opportunity (EEO) groups on 30 June 2006

EEO group	Benchmark or target %	Distribution index ¹					
		2006 ²	2005	2004	2003	2002	2001
Women	100	89	88	89	88	88	86
Aboriginal people and Torres Strait Islanders	100	N/A	N/A	N/A	N/A	N/A	N/A
People whose first language was not English	100	101	97	97	95	93	95
People with a disability	100	N/A	105	103	95	93	95
People with a disability requiring work-related adjustment	100	104	103	101	102	104	104

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 NSW results as determined by ODEOPE

WorkCover NSW promoted EEO in 2005/06 by:

- ▶ Implementing the 2003-2006 EEO Management Plan that aligns with WorkCover's Corporate People Plan.
- ▶ The establishment of an Aboriginal Liaison Officer position to assist implementation of WorkCover's Aboriginal and Torres Strait Islander Employment and Development Strategy.
- ▶ Continued promotion of WorkCover's Aboriginal and Torres Strait Islander Network (WATSIN) to provide support and encouragement to Aboriginal staff, and to advise management on the concerns and aspirations of Aboriginal staff.
- ▶ Continued promotion and implementation of a policy development template, guidelines and a policy review process that incorporate EEO criteria.
- ▶ Continued review and implementation of a flexible work practices agreement template to support work/life responsibilities.
- ▶ Successfully implementing the Springboard Program to assist female staff in lower graded positions develop skills to enhance career development opportunities. In 2005, 12 women participated in the program with two gaining employment in higher graded positions

Spokeswomen's program

The WorkCover NSW Spokeswomen program outcomes are linked with broader human resources and social justice initiatives. In 2005-2006, the Spokeswomen conducted a number of successful initiatives including:

- ▶ The continued implementation of the Springboard program, linked with short-term placements and internal traineeship opportunities designed to broaden the career opportunities and experiences of female staff. 2005/06 has seen 12 women participate in the program with four female officers successfully gaining short term placement resulting in one female officer securing a higher grade permanent position
- ▶ The continued implementation of the Female Support Strategy, which is designed to address the needs of women working in non traditional roles (such as inspectors)

Aboriginal and Torres Strait Islander development strategies

WorkCover aims to build the capacity of Aboriginal employers, workers and communities by delivering culturally appropriate information and services, and by capturing a profile of Aboriginal staff and skills. Key initiatives in 2005/06 included:

- ▶ Implementing the 2003-2006 Aboriginal and Torres Strait Islander Employment and Development Strategy.
- ▶ Convening Aboriginal forums with other key agencies on workplace relations and employee rights and responsibilities.
- ▶ Establishment of an Aboriginal Liaison Officer position with the main focus on developing employment retention strategies and building on successful community networks.
- ▶ Continued participation in the fifth Indigenous Jobs Market to be held in Sydney. This was WorkCover NSW second attendance at the event.
- ▶ Implementation of a Cultural Awareness Training program for all staff designed to raise the awareness of Aboriginal and Torres Strait Islander culture.
- ▶ Raising cultural awareness through activities linked to NAIDOC week, for example, holding a staff session, a corporate team in the 2006 Kikupa Cup Touch Football Competition and participation in the Central Coast Community Gathering and Health Expo.

Environment

Customer service

The WorkCover Assistance Service, which was established in January 2002, provides information and assistance to workers, industry and the community on workplace health and safety, injury management and the workers compensation system. Additionally, the WorkCover Assistance Service offers information and assistance to injured workers and employers about claims for workers compensation, particularly the resolution of potential disputes.

In 2005/06 there were a total of 291,705 telephone, email and counter contacts, an increase of 22 per cent over the previous year. The increase is attributed largely to licensing reforms, premium reform, scheme transition and promotion of the Business Assistance Unit.

In 2005/06, the Claims Assistance Service handled 5,323 cases, achieving a resolution rate of 76.8 per cent. The most common causes of referral were:

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

Risk management (corporate risk)

WorkCover NSW is responding to the risk assessment undertaken by its Internal Audit Bureau and is developing an organisation-wide risk management framework. This will ensure an integrated approach to the management of identified risks across all aspects of WorkCover NSW business.

Information security management

The NSW Premier's Circular 2004-06 requires all agencies to move towards certification to Australian Standard AS7799 Information Security Management. An Information Security Management project is implementing controls to manage risks associated with our IT infrastructure. An audit of WorkCover's compliance with Australian Standard AS7799 is expected in early 2007.

Fraud and corruption risk assessments

A comprehensive fraud control program is being implemented across WorkCover NSW as part of the enterprise-wide risk management framework. A Fraud and Corruption Control plan is in place and pilot fraud risk assessments have been undertaken in specific business areas to address identified and potential fraud vulnerabilities. The results of the pilot risk assessment will be integrated into the enterprise-wide fraud and corruption control framework as it is implemented across all business areas.

Business continuity plan

WorkCover NSW has developed and implemented a comprehensive Business Continuity Plan that details the methodology and procedures to recover all business processes and functions identified as critical to its continued operations.

The Plan details the strategies, personnel requirements, procedures and resources needed to respond to any short or long-term business interruption. The objective of the Plan is to:

- ▶ Document and communicate an effective procedure for the facilitation of recovery processes of identified WorkCover NSW critical business functions.
- ▶ Have an ability to remotely perform functions for the duration of the outage or interruption.
- ▶ Identify and make functional suitable alternate work locations to support Gosford Head Office as a primary work location during disaster recovery timeframe.
- ▶ Identify critical WorkCover NSW staff to participate in process recovery teams and business continuity teams.

The Plan has been subject to scenario testing and is reviewed quarterly to ensure currency maintained.

Energy performance and waste reduction

Corporate commitment

WorkCover NSW is committed to reducing the environmental impact of its business activities and has demonstrated this through the development of a structured Environmental Management Statement. The Statement is supported by Action Plans for the following areas:

Fleet management

Developed in line with the Cleaner NSW Government Fleet initiative to:

- ▶ procure smaller, cleaner and less polluting vehicles
- ▶ reduce fuel consumption and greenhouse gas emissions
- ▶ save both vehicle purchase and running costs.

Recycling and waste management

Control, monitor and improve recycling and waste management performance by:

- ▶ introducing measures to reduce the amount of wastage
- ▶ introducing measures to increase the amount of recycling
- ▶ purchasing green eg recycled paper
- ▶ actively promote environmentally friendly work practices.

Energy management

Control, monitor and improve environmental performance by:

- ▶ using energy efficient technologies
- ▶ introducing measures to reduce the amount of energy consumed
- ▶ ensuring that WorkCover NSW purchases a percentage of green power at each office
- ▶ actively promote Energy Smart work practices.

WorkCover NSW is committed to achieving savings in energy usage. During 2005/06, WorkCover sites purchased their electricity using the State Contracts Control Board electricity contracts. The purchase of electricity on these contracts minimises costs and achieves a reduction of greenhouse gas emissions by purchasing a percentage of Green Power.

Fuel	Total energy Annual cost \$ consumed GJ			CO ₂ emissions tonnes			Energy % change in the last year			
	2005/06	2004/05	2003/04	2005/06	2004/05	2003/04	2005/06	2004/05	2003/04	
Electricity (black coal)	19,667	19,684	17,920	538,712	494,281	442,334	5,224	5,228	4,760	0%
Electricity (green power)	952	1,084	854	35,455	38,057	25,719	0	0	0	-12.2%
Natural gas	679	879	680	8,819	10,936	8,139	35	35	35	-22.8%
LPG	214	279	184	3,868	4,508	2,561	13	17	11	-23.3%
Diesel	34	146	87	1,046	3,483	1,825	2	10	6	-76.7%
Petrol	40,525	40,024	41,491	1,227,089	1,045,427	963,801	2,675	2,642	2,738	+1.3%
TOTAL	62,071	62,096	61,216	1,814,989	1,596,692	1,444,379	7,949	7,932	7,550	N/A

Between 2004/05 and 2005/06, there was a 1.6 per cent decrease in building energy consumption and a 0.8 per cent increase in vehicle fuels. Overall energy consumption remained constant between 2004/05 and 2005/06.

The cost of all fuels increased during 2005/06. Total energy costs increased by 13.7 per cent during this period mainly due to the high increase in vehicle fuel costs.

During 2005/06 WorkCover NSW participated in the Australian Green Building Rating scheme implemented by NSW Government. Five WorkCover NSW sites were certified by an independent assessor and achieved an 'Australian Building Greenhouse' star rating, these were:

- ▶ 92-100 Donnison Street, Gosford (Head Office) – 4 Star
- ▶ 128 Marsden Street, Parramatta – 4.5 Star

- ▶ 60-70 Elizabeth Street, Sydney – 2.5 Star
- ▶ 300 Elizabeth Street, Sydney – 5 Star
- ▶ 1 Oxford Street, Darlinghurst – 1 Star

In addition to the external certification mentioned above, WorkCover NSW has used the assessment tool to determine the green house performance of its other premises. This information has been used in the development of a range of strategies to further reduce energy consumption and improve greenhouse gas performance.

Insurance Fund

Introduction

Prior to 1 July 2005, the funds required to cover NSW workers compensation claims liabilities were held in the statutory funds of the Scheme's six licensed insurers and the funds were invested by them.

In 2003, a report by McKinsey & Company recommended that the funds be held in a single entity and that investment management be outsourced to specialist managers. To this end, the formation of the Workers Compensation Insurance Fund (WCIF) was legislated by the Workers Compensation Amendment Act 2003. Under further legislation the WCIF commenced on 1 July 2005.

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

- ▶ Determining investment policies for the investment of the WCIF
- ▶ Reporting to the Minister on the investment performance of the WCIF.

In December 2004 the Minister for Commerce, the Hon John Della Bosca, announced the appointment of the Board, as mandated by the Act. The Board consists of six members: the CEO of WorkCover NSW and five part-time members. The Governor of NSW on the joint recommendation of the NSW Minister of Commerce and the NSW Treasurer appointed the five part-time members for a term of three years.

The Board members are: David Spruell (Chairperson), Nicholas Whitlam (Deputy Chairperson), Kerry Adby, Peter Collins, Terry Downing and Jon Blackwell (WorkCover NSW CEO). The Governor of NSW appointed the Board on 18 February 2005 and it met for the first time on 9 March 2005.

The Board has adopted a Board Charter and a Code of Conduct.

Board charter

The 2004 legislation established the WCIF 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, not an advisory, role. This means that the Nominal Insurer, as manager of the WCIF, must implement its decisions on investment policy for the WCIF.

The Board Charter, adopted at the meeting of the Board on 30 June 2005, provides further information on:

- ▶ Legislative background
- ▶ Relationship to WorkCover NSW
- ▶ Operation of the Board and the associated committees.

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

In performing its functions, the Board develops appropriate policies and procedures. Although the Board makes decisions relating to investment policy, WorkCover NSW, as agent of the Nominal Insurer, then implements them.

The Board has entered into a Memorandum of Understanding with the WorkCover Authority of NSW to facilitate the conduct of its policies.

Asset allocation

In March 2005 the Board commenced work on the strategic asset allocation (SAA) of the WCIF. Based on modelling of potential asset sector returns and risks by Watson Wyatt and the appropriateness of certain strategies for the WCIF's liabilities, the SAA below was decided and applied to each asset class.

The strategic asset allocation of the WCIF

Australian Equities	20%
International Equities ¹	20%
Property	10%
Australian Fixed Interest Bonds	15%
Australian Inflation-Linked Bonds	15%
Global Bonds ²	20%

1. Developed market currency exposure 75 per cent hedged.

2. Fixed interest and inflation-linked bonds.

Investment managers

Assets of the WCIF were initially managed on a caretaker basis by the managers from the previous scheme arrangement, that is, the managers to whom investment responsibility was delegated by the six licensed insurers. These legacy investment managers were:

- ▶ Allianz Global Investors (on behalf of Allianz)
- ▶ AMP Capital Investors (on behalf of GIO)
- ▶ IAG Asset Management (on behalf of CGU)
- ▶ ING Investment Management (on behalf of QBE)
- ▶ Tyndall Investment Management (on behalf of Vero)
- ▶ White Funds Management (on behalf of EMI), and
- ▶ Barclays Global Investors, which provided indexed passive global equity management to all insurers.

Selection of new investment managers commenced in May 2005 after a request for expressions of interest in December 2004. From the expressions of interest, short-lists of managers were drawn up by the WorkCover NSW Investment Division (WCID), and Watson Wyatt using the manager research skills of both parties. Mercer Investment Consulting was appointed as peer review consultant to review the short-listed managers. Short-listed managers were interviewed by the Board's Manager Selection Committee and successful managers were recommended to the Board for selection.

The existing managers maintained their portfolios until transition to the new manager structure began in October 2005. Merrill Lynch's Investment Managers' Transition Management Team (TRIM) was appointed as transition manager and implemented the transition of funds. It also implemented overlays to bring the WCIF's asset allocation as close as possible to its SAA from 1 July 2005.

By 31 December 2005 all assets of the (then) approximately \$8 billion fund had been efficiently transitioned to the new managers.

Transition

The transition from the Statutory Fund structure to that of the WCIF took place in two stages. The first stage was to bring the exposure of the WCIF in line with the new SAA. From 1 July 2005 to 30 September 2005, Merrill Lynch's TRIM was appointed to maintain an overlay for the WCIF. The overlay allowed TRIM to align the WCIF to the target SAA through the use of derivatives such as futures and forward foreign currency transactions.

In the last quarter of 2005, the WCIF restructured its assets to establish a sector specialist investment structure. TRIM, the BNP transition team and WCID together facilitated the restructure of the WCIF assets.

The second stage of the transition required a physical transition of assets to new investment managers. On 30 September 2005 the mandates of the six incumbent balanced fund managers were terminated and all assets were transitioned into asset sector specialist transition accounts. The transition was staggered by asset sector from 30 September 2005 to 31 December 2005. At 30 September 2005, the value of the WCIF was approximately \$8 billion. During the transitional phase half of these securities were not traded on market but transferred in-specie into the new managers' portfolios.

The securities not required by the incoming managers were sold on market. The value of the total sales was approximately \$2.5 billion. The securities required by the new managers, which were not available in the legacy manager portfolios, were to be purchased on market. The total value of the purchases was approximately \$1.6 billion.

The transition was completed within the parameters and timeframe set by the Board.

A panel of brokers was used by TRIM to execute the trades. The brokerage paid was dependent on the markets in which the securities were traded. The domestic trading incurred no brokerage and international trading was undertaken within a range of 1-3 basis points. There were some single stock dealings that were transacted at a higher brokerage rate.

This transition was one of the largest conducted in the Australian capital markets.

Investment performance

For the reporting year, the return on the WCIF's investments was 12.1 per cent. This compares favourably with the return on the WCIF's SAA benchmark of 11.7 per cent. The excess return is mostly due to above-benchmark performance by the WCIF managers.

Over the same period, the return on the WCIF's liability bond benchmark was 0.58 per cent. The liability bond is a notional long-term bond with duration equal to that of the WCIF's liabilities. The return on the liability bond gives an indication of the return that would have been earned if the assets had been invested in Australian Government Bonds of a similar duration to the WCIF's liabilities and measures the impact of interest rates on the value of the claims liabilities. The WCIF's actual investments thus significantly outperformed this benchmark.

Over the reporting year, the Consumer Price Index (CPI) rose 3.24 per cent and the Labour Price Index (LPI) rose 4.48 per cent. The increase in LPI is an indicator of the increase in the WCIF's liabilities due to wage inflation. The WCIF's investments thus significantly outperformed this benchmark.

In dollar terms, the investment return on the WCIF was \$945 million. The increase in the value of the WCIF's liabilities at 30 June 2006 was approximately \$47 million due to interest rates effects. Investments, thus, had a net positive contribution to the WCIF of \$898 million.

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Performance

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:

WorkCover Authority

	2005/06 Actual \$m	2004/05 Actual \$m
Operating Result		
Revenues	244.3	251.6
Expenses	164.0	245.4
Operating Surplus/Deficit	80.3	6.2
Financial Position		
Short-term solvency	117%	125%
Long-term solvency	127%	114%
Total assets	479	422
Total liabilities	339	362
Equity	140	60

Operating result

The operating result for the year ended 30 June 2006 was a surplus of \$80.3m. The operating surplus has increased excess accumulated funds of \$60m to \$140m, which remains in excess of a targeted \$60m required over the long term.

The result for 2005/06 is featured by:

- ▶ reductions of \$31.3m in superannuation liabilities following actuarial review
- ▶ reductions of \$37.2m in the value of outstanding claims in the compensation schemes managed by WorkCover following actuarial review.

Financial position

Overall, WorkCover's financial position is sound.

Short-term solvency is adequate with current assets representing 117 per cent (125 per cent, June 2005) of current liabilities. This is well in excess of an acceptable minimum of 100 per cent and reflects a capacity to meet short-term obligations as they arise.

Long-term solvency is also more than adequate with total assets representing 141 per cent of liabilities (117 per cent, June 2005). Outstanding claims are the main liabilities and they have been actuarially assessed at \$223m (\$261m, June 2005).

Cash flows

The reporting of cash flows helps with an assessment of financial results by providing information about capacity to meet financial commitments. This capacity is commonly measured by a positive or break-even cash flow from operating activities.

For WorkCover, the capacity to meet claims and other operating expenses as they fall due is essential.

For 2005/06, cash flows from operating inflow activities amounted to \$28.2m. This needs to be contrasted to the operating surplus for the year of \$80.3m that includes a large amount of non-cash items such as actuarial movements in claims valuations and superannuation liabilities.

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 34(2)(e1) of the *Workplace Injury Management and Workers Compensation Act 1998* the costs of the Commission are met from the WorkCover Authority Fund. Accordingly, the Commission is funded by WorkCover at a level sufficient to meet costs and so has no operating surplus or equity.

The results of the Commission for 2005/06 show that it reduced overall costs by \$2.8m from \$32.6m in 2004/05 to \$29.8m in 2005/06. The majority of this reduction occurred in the area of payments to Arbitrators and Approved Medical Specialists.

Office of the WorkCover Authority

The Office of the WorkCover Authority (OWCA) commenced operations on 17 March 2006. It is a Division of the Government Service, established pursuant to Part 1 of Schedule 1 to the *Public Sector Employment and Management Act 2002*. The objective of OWCA is to provide personnel services to 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.

Statements

for the year ended 30 June 2006

Statement by Directors

Pursuant to Section 41C(1B) and (1C) 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:

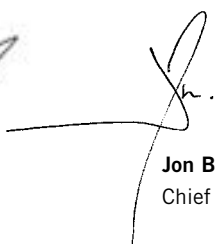
1. the accompanying consolidated financial statements exhibit a true and fair view of the consolidated financial position of the WorkCover Authority of New South Wales as at 30 June 2006 and transactions for the year then ended; and
2. the statements have been prepared in accordance with the provisions 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

8 November 2006



Jon Blackwell
Chief Executive Officer



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT
WORKCOVER AUTHORITY OF NEW SOUTH WALES

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the WorkCover Authority of New South Wales (the Authority):

- presents fairly the Authority's and the consolidated entity's (defined below) financial position as at 30 June 2006 and their performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act), and the *Public Finance and Audit Regulation 2005*.

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

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the balance sheets, income statements, statements of changes in equity, cash flow statements and accompanying notes to the financial statements for the Authority and consolidated entity, for the year ended 30 June 2006. The consolidated entity comprises the Authority and the entities it controlled during the year.

The directors of the Board of the Authority are responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of material misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Board in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

An audit does not guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the directors of the Board had not fulfilled their reporting obligations.

My opinion does not provide assurance:

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

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The 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 are not compromised in their role by the possibility of losing clients or income.



G J Gibson, FCPA
Assistant Auditor-General

SYDNEY
20 November 2006

WORKCOVER AUTHORITY OF NSW

Actuarial Certificate Outstanding claims liabilities at 30 June 2006

PricewaterhouseCoopers ("PwC") has been contracted by the WorkCover Authority of NSW ("the WorkCover Authority") to make estimates of the outstanding claims liabilities as at 30 June 2006, of the following funds:

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

Data

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

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

PwC 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; and
- Future expected recoveries.

Valuation Results

The estimated outstanding claims liability at 30 June 2006 for the Other Funds, net of recoveries is set out in the following Table.

Outstanding Claims Liability at 30 June 2006 - Other Funds		\$m
ULIS		93.9
ERWCF		9.2
BFFCF		12.0
NEM		85.9
Bishopgate		7.3
AGCI		5.2
Greatlands		0.2
HHH		9.8
Total		223.4

It is our understanding that the WorkCover Authority has provided \$223.4 million in the Financial Statements of the above Funds as at 30 June 2006 for the outstanding claims liabilities.

Uncertainty

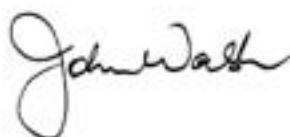
There is a limitation upon the accuracy of the estimates in this certificate in that there is an inherent uncertainty in any estimate of outstanding claim liabilities. This is due to the fact that the ultimate liability for claims is subject to the outcome of events yet to occur. These include, but are 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. 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

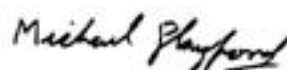
Full details of data, method, assumptions and results for the Other Funds are set out in 2 separate reports dated 6th July 2006 and a third dated 13th July 2006.

Relevant Standards

Our estimates and reports are prepared in accordance with the Australian Accounting Standard AAS26, the Institute of Actuaries of Australia's Professional Standard 300, which relates to estimation of outstanding claims liabilities, and Accounting Guidance Release AAG13.



John Walsh
Fellow of the Institute of Actuaries of Australia
14 November 2006



Michael Playford
Fellow of the Institute of Actuaries of Australia
14 November 2006

Income STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	Note	Consolidated		Authority	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
REVENUES					
Contributions	3(g) & 4	171,559	195,180	171,559	195,180
Fees and charges	5	11,768	8,615	11,768	8,615
Investment revenue	6	42,676	17,265	42,676	17,265
Other revenue	7	18,275	30,544	26,604	31,324
TOTAL REVENUES		244,278	251,604	252,607	252,384
EXPENSES					
WorkCover Authority operations					
Salaries and employee payments	8	65,531	125,888	65,531	114,359
Personnel services	3(f) & 9	20,788	0	17,993	0
Office accommodation		15,900	14,365	13,870	12,054
Depreciation and amortisation		9,785	10,707	9,087	10,159
Other operating expenses	10	70,710	64,756	54,757	47,359
		182,714	215,716	161,238	183,931
WorkCover Scheme services					
Grants	11	2,221	6,204	32,026	38,769
Net claims incurred	12	(38,280)	18,411	(38,280)	18,411
Borrowing costs	12	13,523		13,523	
Other expenses		3,798	5,133	3,798	5,133
		(18,738)	29,748	11,067	62,313
TOTAL EXPENSES		163,976	245,464	172,305	246,244
Operating surplus/(deficiency)		80,302	6,140	80,302	6,140
Gain/(Loss) on disposal	13	(3)	76	(3)	76
SURPLUS FOR THE YEAR		80,299	6,216	80,299	6,216

The accompanying notes form part of these financial statements.

Balance SHEET

AS AT 30 JUNE 2006

		Consolidated		Authority	
		2006	2005	2006	2005
	Note	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS					
Cash and cash equivalents	25	48,919	34,203	48,918	34,202
Trade and other receivables	15	44,244	35,828	44,244	35,828
Financial assets	16	0	13,000	0	13,000
TOTAL CURRENT ASSETS		93,163	83,031	93,162	83,030
NON – CURRENT ASSETS					
Trade and other receivables	15	24,743	32,639	24,370	31,295
Financial assets	16	306,015	254,555	306,015	254,555
Intangibles	19	19,778	16,732	18,360	16,154
Property, plant and equipment	18	35,281	35,302	33,247	32,929
TOTAL NON-CURRENT ASSETS		385,817	339,228	381,992	334,933
TOTAL ASSETS		478,980	422,259	475,154	417,963
CURRENT LIABILITIES					
Trade and other payables	20	34,591	18,073	33,819	16,756
Provisions	21	26,984	27,394	25,221	25,818
Outstanding claims	22	18,380	20,410	18,380	20,410
TOTAL CURRENT LIABILITIES		79,955	65,877	77,420	62,984
NON-CURRENT LIABILITIES					
Trade and other payables	20	31,000	0	30,360	0
Provisions	21	22,560	55,954	21,909	54,551
Outstanding claims	22	205,016	240,242	205,016	240,242
TOTAL NON-CURRENT LIABILITIES		258,576	296,196	257,285	294,793
TOTAL LIABILITIES		338,531	362,073	334,705	357,777
NET ASSETS		140,449	60,186	140,449	60,186
EQUITY					
Asset revaluation reserve	23	11,054	11,090	11,054	11,090
Financial investment revaluation reserve	23	0	38,318	0	38,318
Retained earnings	23	129,395	10,778	129,395	10,778
		140,449	60,168	140,449	60,186

The accompanying notes form part of these financial statements.

Cash Flow

STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

Note	Consolidated		Authority	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
	Inflows (Outflows)	Inflows (Outflows)		
CASH FLOWS FROM OPERATING ACTIVITIES				
Contributions	179,883	180,765	179,883	180,765
Investment revenue	4,214	14,238	4,214	14,238
Recoveries	1,927	2,769	1,927	2,769
Transfer from statutory funds	20,343	29,785	20,343	29,785
GST refund from ATO	9,606	9,090	9,606	9,090
Other receipts	58,587	28,256	58,566	28,249
Salaries and employee payments	(101,394)	(101,655)	(85,621)	(90,725)
Personnel services	(10,600)	0	(15,773)	0
Office accommodation	(17,704)	(16,545)	(15,649)	(14,291)
Grants paid	(281)	(7,822)	(31,430)	(39,043)
Compensation claims paid	(14,495)	(16,630)	(14,495)	(16,630)
GST Payment to ATO	(857)	(655)	(857)	(655)
Other payments	(101,000)	(69,523)	(83,642)	(52,044)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	24	52,073	27,072	51,508
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment and intangibles	(13,517)	(13,107)	(12,360)	(12,542)
Proceeds on sale of property, plant and equipment	4	6	4	6
Purchase of investments	0	(50,404)	0	(50,404)
Redemption of investments	0	23,958	0	23,958
NET CASH PROVIDED BY/(USED) IN INVESTING ACTIVITIES	(13,513)	(39,547)	(12,356)	(38,982)
Net increase/(decrease) in cash held	14,716	12,526	14,716	12,526
Cash at the beginning of the financial year	34,203	21,677	34,202	21,676
Cash at the end of the financial year	25	48,919	48,918	34,202

The accompanying notes form part of these financial statements.

Statement of changes

IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2006

	Note	Consolidated		Authority	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	3(i) & 23	(36)	(834)	(36)	(834)
Net increase/(decrease) in financial asset revaluation reserve	23		20,742		20,742
Total income and expenses recognised directly in equity		(36)	19,908	(36)	19,908
Surplus/(Deficit) for the year	3(i) & 23	80,299	6,216	80,299	6,216
Total income and expenses recognised for the year		80,263	26,124	80,263	26,124

The accompanying notes form part of these financial statements.

Notes to and forming part of the

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 1 Reporting entity

The WorkCover Authority as a reporting entity comprises all the entities under its control. In these financial statements 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(n)).

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

This financial report for the year ended 30 June 2006 has been authorised for issue by the Chief Executive Officer of the WorkCover Authority on 6/11/2006.

NOTE 2 Constitution and function 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 28. A reference in these financial statements 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

- i. These financial statements have 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.
- ii. These financial statements are a general purpose financial report and have been prepared on an accrual basis.
- iii. Proper accounts and records have been maintained for all of the operations of the WorkCover Authority in terms of Section 41(1) of the *Public Finance and Audit Act 1983*.
- iv. These financial statements have been prepared having regard to applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Consensus Views and the *Public Finance and Audit Act 1983*.
- v. Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.
- vi. Amounts shown in these financial statements are in Australian dollars and have been rounded to the nearest thousand dollars.
- vii. The financial report complies with Australian Accounting Standards, which include the Australian equivalents to International Financial Reporting Standards (AIFRS). This is the first financial report prepared based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly, except as stated below.

In accordance with AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* and Treasury Mandates, the date of transition to AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* was deferred to 1 July 2005. The basis used to prepare the 2004/05 comparative information for financial instruments under previous Australian Accounting Standards is discussed in Note 3(j) below.

Reconciliations of AIFRS equity and surplus or deficit for 30 June 2005 to the balances reported in the previous AGAAP 2004/05 financial report are detailed in Note 3(k).

(b) Property, plant, equipment and depreciation

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

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

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

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

The rates applied are: -

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

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

Capitalisation policy

Property, plant and equipment are those assets with a useful life of more than one year and with a unit cost in excess of \$2000 but with the exception of:

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

(c) Intangible and Amortisation

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

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

	%
Computer software	14.3-33.0

Capitalisation policy

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

(d) Net claims incurred

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

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 3 Summary of significant accounting policies (continued)

(e) Employee benefits

Liabilities for salaries and wages, annual leave and long service leave are recognised and measured in respect of employees' services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

Sick leave is non-vesting and does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

Superannuation is actuarially assessed prior to each reporting date and is measured at the present value of the estimated future payments. The amount recognised is the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any plan assets out of which the obligation is to be settled directly.

The amount recognised in the income statement for superannuation is the net total of current service cost, interest cost, the expected return on any plan assets, and actuarial gains and losses. Actuarial gains or losses are recognised as income or expense in the year they occur.

The actuarial assessment of superannuation uses the Projected Unit Credit Method and reflects estimated future salary increases and the benefits set out in the terms of the plan. The liabilities are discounted using the market yield rate on government bonds of similar maturity to those obligations. Actuarial assumptions are unbiased and mutually compatible and financial assumptions are based on market experience for the period over which the obligations are to be settled.

No employees have entitlements to non-monetary benefits which accumulate over time and hence, no liabilities exist.

From 17 March 2006 responsibility for the employment of staff moved from WorkCover to the Office of the WorkCover Authority (OWCA). From this date WorkCover did not have any authority to employ staff. The staff required to perform its functions were provided to it from the OWCA. (Refer to Note 3(f)).

(f) Personnel services

The Office of the WorkCover Authority (OWCA) was established by the *Public Sector Employment and Management Act 2002*. OWCA was established to provide personnel to WorkCover Authority, Building and Construction Industry Long Service Payments Corporation, Dust Diseases Board, Workers Compensation Commission and the Sporting Injuries Committee.

OWCA commenced operation on 17 March 2006 when it assumed responsibility for the employees and employee-related liabilities

of the entities referred to above. From this date the costs of these staff are recorded as personnel services in the Income Statement of the respective entities together with offsetting income. Ongoing liabilities for superannuation, leave and associated on costs are recorded in the balance sheet of WorkCover as payable to the OWCA. There is no impact on the financial result and financial position of WorkCover as a consequence of this change.

(g) Contributions

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

- i. for the WorkCover Authority Fund, are brought to account on the basis of the Nominal Insurers' premium income and self-insurers' deemed premiums relating to each policy renewal year, and are determined after having regard to the estimate of WorkCover's net operating expenses;
- ii. for the Insurers' Guarantee Fund, are brought to account to recognise the full funding of total claims costs.

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.

(h) 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.

(i) Retained Earnings

The retained earnings has increased by the amount of the operating surplus for the year, \$80.3m and a transfer from the asset revaluation reserve due to AEIFRS (Refer Note 3(k)(b)) of \$38.3m to \$129.4m (\$10.8m – 2005).

(j) Financial instruments accounting policy for 2004/05 comparative

Under previous accounting standards realised amounts for all investments and unrealised movements for current investments were recognised in the Income Statement. Unrealised market value movements for non-current investments were recognised in the Balance Sheet as movements in revaluation reserve in accordance with AASB 1041 *Revaluation of non-current assets*.

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 3 Summary of significant accounting policies (continued)

(k) Impact of Adopting Australian Equivalents to International Financial Reporting Standards (AEIFRS)

WorkCover has applied the AEIFRS for the first time in the 2005/06 financial report. The key areas where changes in accounting policies have impacted the financial report are discussed below. Some of these impacts arise because AEIFRS requirements are different from previous AASB requirements

(AGAAP). Other impacts arise from options in AEIFRS that were not available or not applied under previous AGAAP.

WorkCover has adopted the options mandated by NSW Treasury for all NSW public sector agencies. The impacts below reflect Treasury's mandates and policy decisions.

The impacts of adopting AEIFRS on total equity and surplus as reported under previous AGAAP are shown below. There are no material impacts on WorkCover's cash flows.

(a) Reconciliations - 1 July 2004 and 30 June 2005

Reconciliation of equity under previous Accounting Standards (AGAAP) to equity under AEIFRS

Notes	Consolidated		Authority	
	30 June 2005** \$'000	1 July 2004* \$'000	30 June 2005** \$'000	1 July 2004* \$'000
Total equity under AGAAP	95,493	51,263	95,493	51,263
Defined benefit superannuation adjustment for change in discount rates	1 (36,470)	(18,903)	(35,360)	(18,362)
Recognition of restoration costs	2 0	176	0	176
Effect of discounting long term leave	3 1,163	1,526	1,085	1,455
Impact on future funding contribution to WCC	4 0	0	(1,032)	(470)
Total equity under AEIFRS	60,186	34,062	60,186	34,062

* adjustments as at date of transition

** cumulative adjustments as at date of transition plus year ended 30 June 2005

Reconciliation of surplus/(deficit) under previous AGAAP to surplus/(deficit) under AEIFRS

Notes	Consolidated \$'000	Authority \$'000
Year ended 30 June 2005		
Surplus under AGAAP	24,322	24,322
Defined benefit superannuation	1 (17,567)	(16,998)
Recognition of restoration costs	2 (176)	(176)
Long term leave	3 (363)	(370)
Impact on future funding contribution to WCC	4 0	(562)
Surplus under AEIFRS	6,216	6,216

Notes to table above

1. AASB 119 *Employee Benefits* requires the defined benefit superannuation obligation to be discounted using the government bond rate as at each reporting date, rather than the long-term expected rate of return on plan assets. This increased the defined benefit liability and changed the quantum of the superannuation expense.
2. AASB 116 *Property, Plant and Equipment* requires the cost and fair value of property, plant and equipment to be increased to include the estimated restoration costs, where restoration provisions are recognised under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. These restoration costs must be depreciated and the unwinding of the restoration provision must be recognised as a finance expense. This treatment is not required under AGAAP.

3. AASB 119 requires present value measurement for all long-term employee benefits where they are materially different to the nominal value. WorkCover's current policy is to recognise long term leave using the present value method based on remuneration rates at year end which are adjusted by factors developed by the NSW Treasury.

An assessment of the present value method under AASB 119 shows that the result is not materially different from the nominal value of the leave and accordingly WorkCover will measure these benefits at nominal value, thereby decreasing the employee benefits liability and changing the quantum of the annual leave expense.

4. The WCC is funded by contributions from WorkCover Authority to the extent needed to meet expenses. As the implementation of AEIFRS has impacted on the level of the WCC's expenses then it has also impacted on the level of contributions required from WorkCover to meet these expenses.

(b) Financial Instruments

As discussed in Note 3(a)(vii) the comparative information for 2004/05 for financial instruments has not been restated and is presented in accordance with previous AGAAP. AASB 132 and AASB 139 have been applied from 1 July 2005. Accordingly, the 1 July 2005 AEIFRS opening equity adjustments for the adoption of AASB 132 / AASB 139 on both the Consolidated entity and the Authority follow.

Note	Accumulated funds \$'000	Other reserves \$'000	Total \$'000
Total opening 1 July 2005 AEIFRS equity	10,778	49,408	60,186
Movements in fair value recognised in the asset revaluation reserve rather than through the profit or loss	1 38,318	(38,318)	0
Restated opening 1 July 2005 AEIFRS equity (after applying AASB 139)	49,096	11,090	60,186

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 3 Summary of significant accounting policies (continued)

Notes to table on the previous page:

Movements in fair value recognised in the asset revaluation reserve rather than through profit or loss. Under AASB 139, financial instruments may be designated as 'at fair value through profit or loss', provided certain conditions are met. WorkCover has initially designated those financial instruments held for investing purposes as at fair value through profit or loss as they meet these conditions.

These financial instruments are designated as at fair value through profit or loss using the second leg of the fair value option ie these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and the information about those assets is provided internally on that basis to WorkCover's key management personnel.

Further during 2005/06 all of these financial instruments have been moved into TCorp Hour Glass investment facilities. Treasury based on the second leg of the fair value option have designated that holdings in TCorp Hour Glass investment facilities be designated as at fair value through profit or loss. This means that the gains or losses made on these financial instruments have been treated consistently throughout 2005-06 whether they were held in TCorp Hour Glass investment facilities or not.

(c) Grant recognition for not-for profit entities

WorkCover as a *not for profit* entity has applied the requirements in AASB 1004 *Contributions* regarding contributions of assets (including grants) and forgiveness and liabilities. There are no differences in the recognition requirements between the new AASB 1004 and the previous AASB 1004. However, the new AASB 1004 may be amended by proposals in Exposure Draft (ED) 125 *Financial Reporting by Local Governments* and ED 147 *Revenue from Non-Exchange Transactions (Including Taxes and Transfers)*. If the ED 125 and ED 147 approach is applied, revenue and/or expense recognition will not occur until either WorkCover supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied. ED 125 and ED 147 may therefore delay revenue and expense recognition compared with AASB 1004, where grants are recognised when controlled. However, at this stage, the timing and dollar impact of these amendments is uncertain

(I) New Australian Accounting Standards issued

The following Accounting Standards are being early adopted from 1 July 2005:

- ▶ AASB 2005-4 which amended AASB132, AASB 139, AASB 1023, AASB 1038 & AASB 1 for fair value options in designating financial instruments.

There were no initial impacts on first time adoption of these standards.

The following new Accounting Standards have not been applied and are not yet effective:

- ▶ AASB 2004-3 regarding AASB 119, AASB 2005-5 which amends AASB 139 and AASB 1, AASB 2005-9 regarding financial guarantees, AASB 7 regarding financial instrument disclosures, AASB 2005-10 regarding AASB 7 and AASB 2005-11 regarding AASB 101, AASB112, AASB 132, AASB 133, AASB 135, AASB 139 and AASB 141.

All AASB amendments above are applicable for the year commencing 1 July 2006 with the exception of AASB 7 which is applicable for the year commencing 1 July 2007. No assessment has been made of the change in accounting policy in the year of change, or the financial impact of adoption of any of the amendments above.

(m) 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 is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

(n) 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.

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.

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 4 Contributions

Contributions to the various funds were:

	Consolidated		Authority	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
WorkCover Authority Fund				
Nominal Insurer, self and specialised insurers	179,635	182,681	179,635	182,681
Workers Compensation Insurance Fund				
Management and administration expenses	26,144	23,231	26,144	23,231
	205,779	205,912	205,779	205,912
Insurers' Guarantee Fund	(37,113)	(16,470)	(37,113)	(16,470)
Bush Fire Fighters Compensation Fund	659	3,644	659	3,644
Emergency & Rescue Workers Compensation Fund	2,234	2,094	2,234	2,094
	171,559	195,180	171,559	195,180

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

The contribution rate for the WorkCover Authority Fund in 2006 was 4.0 per cent (4.0 per cent – 2005) of the agents of the Nominal Insurers' premium income and self-insurers' deemed premiums.

NOTE 5 Fees and charges

	Consolidated		Authority	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
TestSafe Australia testing fees	3,262	2,966	3,262	2,966
Certificates of competency	2,495	1,491	2,495	1,491
Testing and boiler inspection	813	900	813	900
Registration of plant	842	880	842	880
Biological monitoring	418	534	418	534
Demolition and pest control licences	328	517	328	517
Construction Induction Training	1,490	496	1,490	496
Consultancy and training	85	123	85	123
Dangerous goods licensing activities	967	0	967	0
Asbestos licences & removal permits	340	219	340	219
Accreditation fees	92	80	92	80
Other	636	409	636	409
	11,768	8,615	11,768	8,615

NOTE 6 Investment revenue

	Consolidated		Authority	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Interest on call and term deposits	463	407	463	407
Movement in market values				
- realised	3,346	16,858	3,346	16,858
- unrealised	38,867	-	38,867	-
	42,676	17,265	42,676	17,265

NOTE 7 Other revenue

	Consolidated		Authority	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Distribution from liquidator – IGF	859	7,273	859	7,273
OHS prosecution fines	5,290	5,315	5,290	5,315
Professional costs recoveries	2,212	3,052	2,212	3,052
Workers compensation s.156 recoveries	1,143	1,564	1,143	1,564
Infringement Notices	1,250	1,115	1,250	1,115
Motor vehicle and overtime recoveries	690	681	669	674
Legal aid and interpreter scheme recoveries	12	32	12	32
Personnel services income	4,687	8,891	12,280	8,891
Other	2,132	2,621	2,889	3,408
	18,275	30,544	26,604	31,324

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 8 Salaries and employee payments

	Consolidated		Authority	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Salaries and allowances	68,740	83,836	68,740	75,456
Annual leave	4,788	6,230	4,788	5,638
Long service leave	2,390	6,030	2,390	5,570
Payroll tax	4,415	5,596	4,415	5,101
Workers compensation insurance	738	1,288	738	1,175
Fringe benefits tax	793	762	793	762
Superannuation	(16,841)	21,818	(16,841)	20,329
Payment to Board Members	508	328	508	328
	65,531	125,888	65,531	114,359

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

NOTE 9 Personnel services

	Consolidated		Authority	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Salaries and allowances	22,022		19,866	
Annual leave	1,832		1,654	
Long service leave	920		839	
Payroll tax	1,630		1,487	
Workers compensation insurance	288		258	
Fringe benefits tax	275		254	
Superannuation	(6,179)		(6,365)	
Payment to Board Members	0		0	
	20,788	0	17,993	0

NOTE 10 Other operating expenses

Other operating expenses of \$70.7m (\$64.8m – 2005) contain the following items:

	Consolidated		Authority	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Consultancy fees	810	2,546	797	2,476
Audit Fees				
External audit – Audit of the financial report – WorkCover Authority	185	201	185	201
External audit – Audit of the financial report – WorkCover Scheme	0	48	0	48
Internal Audit	108	165	95	152
Allowance for doubtful debts	1,907	421	1,907	421
Bad debts	0	18	0	18
Property, plant and equipment written off	338	597	338	544

NOTE 11 Grants

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

	Note	Consolidated		Authority	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Workers Compensation Commission	3 (n)	0	0	29,805	32,565
Compensation Court of NSW	3 (n)	2,221	6,204	2,221	6,204
		2,221	6,204	32,026	38,769

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 12 Net claims incurred and borrowing costs

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

	Claims paid	Borrowing costs	Movement in claims liabilities	Net claims incurred	
	2006 \$'000	2006 \$'000	2006 \$'000	2006 \$'000	2005 \$'000
WorkCover Authority Fund – Uninsured Scheme	4,863	5,453	(15,961)	(5,645)	8,120
Insurers' Guarantee Fund	4,330	6,951	(32,866)	(21,585)	4,931
Bush Fire Fighters Compensation Fund	1,581	680	(1,812)	449	3,455
Emergency & Rescue Workers Compensation Fund	1,725	439	(140)	2,024	1,905
	12,499	13,523	(50,779)	(24,757)	18,411

Current period claims relate to risks borne in the current reporting period. Prior period claims relate to an assessment of the risks borne in all previous reporting periods.

Borrowing costs relate to the increase in the carrying amount of the outstanding claims liability that reflects the passage of time associated with the use of a discount rate in determining the value of the outstanding claims liability. (Note 22 refers)

Direct business	2006			2005		
	Current year \$'000	Prior years \$'000	Total \$'000	Current year \$'000	Prior years \$'000	Total \$'000
Gross claims incurred and related expenses – undiscounted	27,215	(63,735)	(36,520)	28,604	(27,426)	1,178
Reinsurance and other recoveries – undiscounted	(2,820)	2,185	(635)	(3,163)	1,613	(1,550)
Net claims incurred – undiscounted	24,395	(61,550)	(37,155)	25,441	(25,813)	(372)
Discount and discount movement						
– gross claims incurred	(11,782)	23,000	11,218	(11,268)	30,542	19,274
– reinsurance and other recoveries	1,446	(266)	1,180	1,450	(1,941)	(491)
Net discount movement	(10,336)	22,734	12,398	(9,818)	28,601	18,783
Net claims incurred	14,059	(38,816)	(24,757)	15,623	2,788	18,411

Net claims incurred – prior years

Undiscounted net claims incurred has decreased significantly in the prior years due to reductions in the level of case estimates in both ULIS and IGF especially in cases prior to 30 June 2000. In IGF there was a reduction in the level of superimposed inflation and in the size of the average claim. A large proportion of this reduction was in the asbestos component of the outstanding liability.

NOTE 13 Gain/(loss) on disposal

	Consolidated		Authority	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Gain/(loss) on disposal of property, plant & equipment				
Proceeds from disposal	4	6	4	6
Written down value of assets disposed	(7)	70	(7)	70
Net gain/(loss) on disposal of property, plant and equipment	(3)	76	(3)	76
Gain/(loss) on disposal	(3)	76	(3)	76

NOTE 14 Other gains/(losses)

	Consolidated		Authority	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Property, plant and equipment asset revaluation increment/(decrement) for:				
Scientific equipment	(10)	431	(36)	431
Office equipment	(12)			
Mechanical equipment	(14)			
Land and buildings	-	(1,135)	-	(1,135)
Motor vehicles	-	(130)	-	(130)
	(36)	(834)	(36)	(834)
Financial instruments at fair value revaluation increment/(decrement)				
Property trusts		4,287		4,287
CPI Indexed bonds		3,094		3,094
Australian equities		12,922		12,922
International shares (hedged)		810		810
International shares (unhedged)		(371)		(371)
	0	20,742	0	20,742
Total other gains/(losses)	(36)	19,908	(36)	19,908

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 15 Trade and other receivables

	Consolidated		Authority	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Current				
Receivables	50,912	41,162	50,912	41,162
Prepayments	508	370	508	370
Other	-	-	-	-
	51,420	41,532	51,420	41,532
Less allowance for doubtful debts	(7,176)	(5,704)	(7,176)	(5,704)
Total current receivables	44,244	35,828	44,244	35,828
Non-current	24,743	32,639	24,370	31,295
Receivables	24,743	32,639	24,370	31,295
Total receivables	68,987	68,467	68,614	67,123

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

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

NOTE 16 Financial assets - investments

Other financial assets comprise deposits with investment funds managers.

	Consolidated		Authority	
	Fair value 2006 \$'000	Fair value 2005 \$'000	Fair value 2006 \$'000	Fair value 2005 \$'000
UBS Asset Management (Australia) Limited		95,728		95,728
Colonial First State Investments Limited		72,132		72,132
AMP Henderson Global Investors		37,973		37,973
Citigroup Asset Management Australia		31,211		31,211
State Street Global Advisors Australia Limited		30,511		30,511
TCorp Hour Glass investment facilities	306,015	0	306,015	0
	306,015	267,555	306,015	267,555
Current	0	13,000	0	13,000
Non-current	306,015	254,555	306,015	254,555
	306,015	267,555	306,015	267,555

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.

The investment managers with whom investments were placed provided market valuations.

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 17 Financial instruments - terms, conditions and accounting policies

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

Recognised financial instruments	Statement of financial position notes	Accounting policies	Terms and conditions
Financial assets			
Cash and cash equivalents	25	Short-term deposits are stated at net fair value. Interest is recognised in the statement when earned.	Cash deposits are at call. The bank cash rate averaged 5.4 per cent during the year. (2005: 4.2 per cent)
Trade and other receivables	15	Receivables are carried at nominal amounts due less any allowance for doubtful debts. An allowance for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Contributions from insurers and legal prosecution debts are payable on dates specified. Credit sales are on 14 day terms.
Financial assets (Investments)	16	Investments are stated at fair value. Interest and movement in market value are recognised in the Income Statement when earned.	The standard management agreement between TCorp and government clients is in place.
Financial liabilities			
Trade and other payables (Trade creditors and accruals)	20	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to WorkCover.	Trade liabilities are normally in accordance with supplier's terms.
The Authority and the Consolidated reporting entity have no unrecognised financial instruments.			

Fair values

The financial assets and liabilities are carried at fair value.

Exposure to risk

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

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

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

Currency: value fluctuations due to changes in foreign currency rates.

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

2. Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation thereunder.

The major risks are quantified below.

Market risk exposure

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

Financial Instruments	Consolidated		Authority	
	Market value 2006 \$'000	Market value 2005 \$'000	Market value 2006 \$'000	Market value 2005 \$'000
Financial assets				
Investments in Australian shares		95,728		95,728
Investments in Australian listed property trusts		34,487		34,487
Investments in International shares – hedged		15,637		15,637
Investments in International shares – unhedged		14,874		14,874
TCorp Hour Glass investment facilities	306,015	0	306,015	0
Total financial assets exposed to market risk	306,015	160,726	306,015	160,726
Cash	48,919	34,203	48,918	34,202
Trade and other receivables	68,479	68,097	68,106	66,753
Financial Assets		106,829		106,829
Total financial assets not exposed to market risk	117,398	209,129	117,024	207,784
Total financial assets	423,413	369,855	423,039	368,510
Financial liabilities				
Trade and other creditors	65,591	18,073	64,179	16,756
Total financial liabilities not exposed to market risk	65,591	18,073	64,179	16,756

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 17 Financial instruments - terms, conditions and accounting policies (continued)

Market risk management

At the overall market level, market risk is managed by matching investments with long-term workers compensation and employee entitlements liabilities. At the individual security level, market risk is managed through diversification.

Currency risk exposure

The maximum exposure to currency risk at balance date is the carrying value of investments in unhedged international shares as indicated in the Market Risk Exposure table under this heading.

WorkCover accepts currency risk as a part of diversification.

Currency risk is monitored and controlled through the setting of exposure limits.

Interest rate risk exposure

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

Financial instruments	Consolidated				Authority		
	Weighted average	Floating	Non-interest	Total	Floating	Non-interest	Total
	effective interest	interest rate	bearing		interest rate	bearing	
	2006	2006	2006	2006	2006	2006	2006
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Cash at bank	5.4%	19,804		19,804	19,803		19,803
Trade and other receivables			68,479	68,479		68,106	68,106
Investment in cash plus facilities	5.7%	29,115		29,115	29,115		29,115
Financial assets	N/A		306,015	306,015		306,015	306,015
Total financial assets		48,919	374,494	423,413	48,918	374,121	423,039
Financial liabilities							
Trade and other creditors	N/A		65,591	65,591		64,179	64,179
Total financial liabilities		0	65,591	65,591	0	64,179	64,179

Interest rate risk exposure – previous year

Financial instruments	Consolidated				Authority		
	Weighted average	Floating	Non-interest	Total	Floating	Non-interest	Total
	effective interest	interest rate	bearing		interest rate	bearing	
	2005	2005	2005	2005	2005	2005	2005
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Cash at bank	4.2	14,392		14,392	14,391		14,391
Trade and other receivables	N/A		68,097	68,097		66,753	66,753
Investment in cash plus facilities	5.5	19,811		19,811	19,811		19,811
Investment in Australian bonds	5.9	75,618		75,618	75,618		75,618
Financial assets	N/A	191,937		191,937	191,937		191,937
Total financial assets		301,758	68,097	369,855	301,757	66,753	368,510
Financial liabilities							
Trade and other creditors	N/A	-	18,073	18,073	-	16,756	16,756
Total financial liabilities		-	18,073	18,073	-	16,756	16,756

Interest rate risk sensitivity and risk management

The Authority's outstanding workers compensation claim liabilities are determined by projecting the expected claim payment cash flows in each future year, and then discounting the sum of these projected amounts using an average future rate that could be earned on a portfolio of government bonds.

Changes in interest rates are likely to be associated with changes in government bond rates, which due to the method

of determining outstanding claims liabilities, will affect both financial assets and financial liabilities.

Credit risk

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

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 18 Property, plant and equipment

	Note	Consolidated		Authority	
		At 30 June 2006 \$'000	At 1 July 2005 \$'000	At 30 June 2006 \$'000	At 1 July 2005 \$'000
Land and buildings					
Freehold land					
At fair value	(a)	6,600	6,600	6,600	6,600
Total freehold land	(b)	6,600	6,600	6,600	6,600
Buildings					
At fair value		3,688	3,688	3,688	3,688
Accumulated depreciation		(111)	0	(111)	0
Total buildings		3,577	3,688	3,577	3,688
Total land and buildings		10,177	10,288	10,177	10,288
Leasehold improvements					
At fair value		28,486	25,933	25,272	22,815
Accumulated amortisation		(11,544)	(8,279)	(10,099)	(7,197)
Total leasehold improvements		16,942	17,654	15,173	15,618
Office machines and equipment					
At fair value		1,160	1,363	1,134	1,337
Accumulated depreciation		(960)	(1,057)	(942)	(1,042)
Total office machines and equipment		200	306	192	295
Furniture and fittings (incl library)					
At fair value		500	510	198	208
Accumulated depreciation		(290)	(239)	(107)	(99)
Total furniture and fittings		210	271	91	109
Computer hardware					
At fair value		15,051	12,244	14,683	11,795
Accumulated depreciation		(9,658)	(8,460)	(9,428)	(8,164)
Total computer hardware		5,393	3,784	5,255	3,631
Scientific and technical equipment					
At fair value	(a)	2,490	1,931	2,490	1,931
Accumulated depreciation		(486)	(126)	(486)	(126)
Total scientific and technical equipment		2,004	1,805	2,004	1,805
Mechanical equipment					
At fair value		541	950	541	950
Accumulated depreciation		(328)	(694)	(328)	(694)
Total mechanical equipment		213	256	213	256
Motor vehicles					
At fair value		136	0	136	0
Accumulated depreciation		0	0	0	0
Total motor vehicles		136	0	136	0
Capital works in progress					
At fair value		6	938	6	927
Total capital works in progress		6	938	6	927
Total property, plant & equipment		35,281	35,302	33,247	32,929

(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, freehold land and scientific and technical equipment were revalued in 2005. Freehold land, buildings and scientific and technical equipment were revalued on the basis of net fair value.

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

Land and buildings

Mr B Morcom BBus (LandEc) AAPI State Valuation Office

Scientific and technical equipment

Mr VG Bourke AAPI, AIMM Herron Todd White

(b) Details of land owned by WorkCover:

Description of use	Location	Fair value
38.529 hectares	919 Londonderry Road Londonderry NSW	\$6,600,000
Used as a centre for occupational health and safety research and testing.		

NOTE 18 Property, plant and equipment (continued)**Movements during financial year for the Consolidated reporting entity:**

Class of asset	Carrying Value as at 1/7/05 \$'000	Additions \$'000	Disposals \$'000	Depn. W/Back on Disposal \$'000	Net Revaln. Movements \$'000	Recoverable Amount W/Downs \$'000	Depn. Expense \$'000	Carrying Values as at 30/6/06 \$'000
Freehold land	6,600							6,600
Buildings	3,688						(111)	3,577
Leasehold improvements	17,654	2,676	(122)	122			(3,388)	16,942
Office machines and equipment	306	41	(245)	231			(133)	200
Furniture and fittings	271		(11)	11			(61)	210
Computer hardware	3,784	3,383	(653)	659			(1,780)	5,393
Scientific and technical equipment	1,805	664	(37)	39			(467)	2,004
Mechanical equipments	256		(473)	452			(22)	213
Motor vehicles	0	136						136
Capital WIP	938	1,813	(2,745) ^a					6
Total property, plant and equipment	35,302	8,713	(4,286)	1,514	-	-	(5,962)	35,281

(a) includes transfers to completed assets

Movements during financial year for the Authority

Class of asset	Carrying Value as at 1/7/05 \$'000	Additions \$'000	Disposals \$'000	Depn. W/Back on Disposal \$'000	Net Revaln. Movements \$'000	Recoverable Amount W/Downs \$'000	Depn. Expense \$'000	Carrying Values as at 30/6/06 \$'000
Freehold land	6,600							6,600
Buildings	3,688						(111)	3,577
Leasehold improvements	15,618	2,580	(122)	122			(3,025)	15,173
Office machines & equipment	295	41	(245)	231			(130)	192
Furniture and fittings	109		(11)	11			(18)	91
Computer hardware	3,631	3,354	(543)	549			(1,736)	5,255
Scientific and technical equipment	1,805	664	(37)	39			(467)	2,004
Mechanical equipment	256		(473)	452			(22)	213
Motor vehicles	0	136						136
Capital WIP	927	1,813	(2,734) ^a					6
Total property, plant & equipment	32,929	8,588	(4,165)	1,404	-	-	(5,509)	33,247

(a) includes transfers to completed assets

	Note	Consolidated		Authority	
		At 30 June 2005 \$'000	At 1 July 2004 \$'000	At 30 June 2005 \$'000	At 1 July 2004 \$'000
Land and buildings					
Freehold land					
At fair value	(a)	6,600	6,600	6,600	6,600
Total freehold land	(b)	6,600	6,600	6,600	6,600
Buildings					
At fair value		3,688	5,873	3,688	5,873
Accumulated depreciation		0	(1,058)	0	(1,058)
Total buildings		3,688	4,815	3,688	4,815
Total land and buildings		10,288	11,415	10,288	11,415
Leasehold improvements					
At fair value		25,933	23,370	22,815	20,281
Accumulated amortisation		(8,279)	(5,556)	(7,197)	(4,943)
Total leasehold improvements		17,654	17,814	15,618	15,338
Office machines and equipment					
At fair value		1,363	2,546	1,337	2,269
Accumulated depreciation		(1,057)	(1,571)	(1,042)	(1,518)
Total office machines and equipment		306	975	295	751
Furniture and fittings (incl. library)					
At fair value		510	478	208	187
Accumulated depreciation		(239)	(176)	(99)	(88)
Total furniture and fittings		271	302	109	99
Computer hardware					
At fair value		12,244	12,108	11,795	11,914
Accumulated depreciation		(8,460)	(8,355)	(8,164)	(8,233)
Total computer hardware		3,784	3,753	3,631	3,681

NOTE 18 Property, plant and equipment (continued)

	Note	Consolidated		Authority	
		At 30 June 2005 \$'000	At 1 July 2004 \$'000	At 30 June 2005 \$'000	At 1 July 2004 \$'000
Scientific and technical equipment					
At fair value	(a)	1,931	5,599	1,931	5,599
Accumulated depreciation		(126)	(4,206)	(126)	(4,206)
Total scientific and technical equipment		1,805	1,393	1,805	1,393
Mechanical equipment					
At fair value		950	919	950	919
Accumulated depreciation		(694)	(650)	(694)	(650)
Total mechanical equipment		256	269	256	269
Capital works in progress					
At fair value		938	1,038	927	1,038
Total capital works in progress		938	1,038	927	1,038
Total property, plant and equipment		35,302	36,959	32,929	33,984

Movements during financial year for the Consolidated reporting entity:

Class of asset	Carrying Value as at 1/7/04 \$'000	Additions \$'000	Disposals \$'000	Depn. W/Back on Disposal \$'000	Net Revaln. Movements \$'000	Recoverable Amount W/Downs \$'000	Depn. Expense \$'000	Carrying Values as at 30/6/05 \$'000
Freehold land	6,600							6,600
Buildings	4,815	192	(2)		(1,135)		(182)	3,688
Leasehold improvements	17,814	3,153	(590)	585			(3,308)	17,654
Office machines & equipment	975	114	(1,297)	837			(323)	306
Furniture and fittings	302	32					(63)	271
Computer hardware	3,753	2,666	(2,902)	2,599			(2,332)	3,784
Scientific and technical equipment	1,393	362	(558)	541	431		(364)	1,805
Mechanical equipments	269	30		(1)			(42)	256
Capital WIP	1,038	2,752	(2,852) ^a					938
Total property, plant & equipment	36,959	9,301	(8,201)	4,561	(704)	-	(6,614)	35,302

(a) includes transfers to completed assets

Movements during financial year for the Authority

Class of asset	Carrying Value as at 1/7/04 \$'000	Additions \$'000	Disposals \$'000	Depn. W/Back on Disposal \$'000	Net Revaln. Movements \$'000	Transfer \$'000	Depn. Expense \$'000	Carrying Values as at 30/6/05 \$'000
Freehold land	6,600							6,600
Buildings	4,815	192	(2)		(1,135)		(182)	3,688
Leasehold improvements	15,338	3,124	(590)	585		82	(2,921)	15,618
Office machines & equipment	751	114	(1,268)	808		168	(278)	295
Furniture and fittings	99	32				(1)	(21)	109
Computer hardware	3,681	2,666	(2,882)	2,579		(146)	(2,267)	3,631
Scientific and technical equipment	1,393	362	(558)	541	431		(364)	1,805
Mechanical equipment	269	30		(1)			(42)	256
Capital WIP	1,038	2,752	(2,852) ^a			(11)		927
Total property, plant & equipment	33,984	9,272	(8,152)	4,512	(704)	92	(6,075)	32,929

(a) includes transfers to completed assets

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 19 Intangibles

	Consolidated		Authority	
	At 30 June 2006 \$'000	At 1 July 2005 \$'000	At 30 June 2006 \$'000	At 1 July 2005 \$'000
Internally generated				
Computer software				
At fair value	30,611	20,191	29,934	19,833
Accumulated amortisation	(14,942)	(11,800)	(14,703)	(11,800)
Total computer software	15,669	8,391	15,231	8,033
Capital works in progress				
At fair value	1,799	7,112	883	6,898
Total capital works in progress	1,799	7,112	883	6,898
Total internally generated intangibles	17,468	15,503	16,114	14,931
Computer software purchased				
At fair value	4,419	2,765	4,319	2,729
Accumulated depreciation	(2,109)	(1,536)	(2,073)	(1,506)
Total intangible computer software purchased	2,310	1,229	2,246	1,223
Total intangibles	19,778	16,732	18,360	16,154

Movements during financial year for the Consolidated reporting entity:

Class of asset	Carrying Value as at 1/7/05 \$'000	Additions \$'000	Disposals \$'000	Depn. W/Back on Disposal \$'000	Net Revaln. Movements \$'000	Recoverable Amount W/Downs \$'000	Depn. Expense \$'000	Carrying Values as at 30/6/06 \$'000
Internally generated	8,391	10,699	(279)	101			(3,243)	15,669
Capital WIP	7,112	6,157	(11,470)					1,799
Computer software	1,229	1,661	(7)	7			(580)	2,310
Total Intangibles	16,732	18,517	(11,756)	108	-	-	(3,823)	19,778

Expenditure during the research and development phase of software development was \$471,000 in 2006 (\$61,000-2005)

Movements during financial year for the Authority

Class of asset	Carrying Value as at 1/7/05 \$'000	Additions \$'000	Disposals \$'000	Depn. W/Back on Disposal \$'000	Net Revaln. Movements \$'000	Recoverable Amount W/Downs \$'000	Depn. Expense \$'000	Carrying Values as at 30/6/06 \$'000
Internally generated	8,033	10,380	(279)	101			(3,004)	15,231
Capital WIP	6,898	5,455	(11,470)					883
Computer software	1,223	1,597	(7)	7			(574)	2,246
Total Intangibles	16,154	17,432	(11,756)	108	-	-	(3,578)	18,360

	Consolidated		Authority	
	At 30 June 2005 \$'000	At 1 July 2004 \$'000	At 30 June 2005 \$'000	At 1 July 2004 \$'000
Internally generated computer software				
At fair value	20,191	19,062	19,833	19,062
Accumulated amortisation	(11,800)	(8,989)	(11,800)	(9,106)
Total computer software	8,391	10,073	8,033	9,956
Capital works in progress				
At fair value	7,112	3,647	6,898	3,299
Total capital works in progress	7,112	3,647	6,898	3,299
Total internally generated intangibles	15,503	13,720	14,931	13,255
Computer software purchased				
At fair value	2,765	3,309	2,729	3,196
Accumulated depreciation	(1,536)	(1,868)	(1,506)	(1,810)
Total intangible computer software purchased	1,229	1,441	1,223	1,386
Total intangibles	16,732	15,161	16,154	14,641

Movements during financial year for the Consolidated reporting entity:

Class of asset	Carrying Value as at 1/7/04 \$'000	Additions \$'000	Disposals \$'000	Depn. W/Back on Disposal \$'000	Net Revaln. Movements \$'000	Recoverable Amount W/Downs \$'000	Depn. Expense \$'000	Carrying Values as at 30/6/05 \$'000
Internally generated	10,073	1,932	(803)	799			(3,610)	8,391
Capital WIP	3,647	5,649	(2,184)					7,112
Computer software	1,441	271	(817)	817			(483)	1,229
Total Intangibles	15,161	7,852	(3,804)	1,616	-	-	(4,093)	16,732

NOTE 19 Intangibles (continued)**Movements during financial year for the Authority**

Class of asset	Carrying Value as at 1/7/04	Additions	Disposals	Depn. W/Back on Disposal	Net Revaln. Movements	Transfer	Depn. Expense	Carrying Values as at 30/6/05
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internally generated	9,956	1,574	(803)	799		117	(3,610)	8,033
Capital WIP	3,299	5,649	(2,184)			134		6,898
Computer software	1,386	271	(817)	817		40	(474)	1,223
Total Intangibles	14,641	7,494	(3,804)	1,616	-	291	(4,084)	16,154

NOTE 20 Trade and other payables

	Consolidated		Authority	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Current				
Creditors	27,765	11,912	27,495	11,010
Accrued salaries, wages and on costs	6,826	6,161	6,324	5,746
Total current liabilities	34,591	18,073	33,819	16,756
Non-current				
Creditors	31,000	0	30,360	0
	31,000	0	30,360	0
Total liabilities	65,591	18,073	64,179	16,756

NOTE 21 Provisions

	Consolidated		Authority	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Current				
Leave entitlements	25,225	25,699	23,462	24,123
Compensation Court Judges pension	1,759	1,695	1,759	1,695
Total current liabilities	26,984	27,394	25,221	25,818
Non-current				
Superannuation payable to OWCA	6,413	38,449	5,762	37,046
Compensation Court Judges pensions	16,147	17,505	16,147	17,505
	22,560	55,954	21,909	54,551
Total liabilities	49,544	83,348	47,130	80,369

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

	2006	2005
Discount rate	5.95%	5.17%
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(f)).

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	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Current				
Recreation and extended leave	12,624	11,972	11,671	11,190
On costs on leave	1,422	1,301	1,312	1,241
	14,046	13,273	12,983	12,431
Non-current				
Extended leave	12,601	13,727	11,791	12,933
On costs on leave	1,638	1,774	1,533	1,766
	14,239	15,501	13,324	14,699
	28,285	28,774	26,307	27,130

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 22 Outstanding claims

	Consolidated 2006 \$'000	Authority 2006 \$'000
Carrying amount 1/7/05	260,652	260,652
Claims paid	(12,499)	(12,499)
Borrowing cost	13,523	13,523
Change in discount rate	(13,918)	(13,918)
Additional amounts provided	(24,362)	(24,362)
Carrying amount 30/06/06	223,396	223,396

	Consolidated		Authority	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Expected future claims payments	418,378	467,416	418,378	467,416
Claims handling expenses	92,667	93,282	92,667	93,282
Discount to present value	(287,649)	(300,046)	(287,649)	(300,046)
Liability for outstanding claims	223,396	260,652	223,396	260,652
Current	18,380	20,410	18,380	20,410
Non-current	205,016	240,242	205,016	240,242
	223,396	260,652	223,396	260,652

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

	2006 Years	2005 Years
WorkCover Authority Fund (Uninsured Scheme)	13.0	13.4
Bush Fire Fighters Compensation Fund	6.8	7.3
Emergency & Rescue Workers Compensation Fund	5.3	5.6
Insurers' Guarantee Fund	9.8	10.7

- (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:

	2006 %	2005 %
Inflation rate	4.0	3.75
Discount rate	5.83	5.37

- (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:

	2006 %	2005 %
Inflation rate	4.0	3.75
Discount rate	5.73-5.83	5.11-5.23

- (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:

	2006		2005	
	\$'000	\$'000	\$'000	\$'000
WorkCover Authority Fund				
- Uninsured Scheme		93,804		104,372
Bush Fire Fighters Compensation Fund		11,954		13,086
Emergency & Rescue Workers Compensation Fund		9,170		8,871
Insurer's Guarantee Fund comprising:				
- NEM	85,944		104,729	
- HIH Insurance Co Ltd	9,750		12,502	
- Bishopgate Aust Insurance Co Ltd	7,273		10,633	
- AGCI Co Ltd	5,215		6,209	
- Greatlands Insurance Co Ltd	226		250	
		108,408		134,323
Total outstanding claims		223,396		260,652

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 23 Changes in equity

	Retained surplus		Asset revaluation reserve		Total equity	
	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	10,778	4,562	49,408	29,500	60,186	34,062
Changes in equity – transactions with owners as owners						
Increase in net assets from administrative restructuring	-	-	-	-	-	-
Total changes in equity						
Surplus/(deficit) for the year	80,299	6,216	-	-	80,299	6,216
Increment/(decrement) on revaluation of:						
* Financial investments	38,318	-	(38,318)	20,742	-	20,742
* Land and building	-	-	0	(1,135)	-	(1,135)
* Office equipment	-	-	(10)	-	(10)	-
* Mechanical equipment	-	-	(14)	-	(14)	-
* Motor vehicles	-	-	-	(130) *	-	(130)
* Scientific and technical equipment	-	-	(12)	431	(12)	431
Balance at the end of the financial year	129,395	10,778	11,054	49,408	140,449	60,186

* Disposal of asset

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets

NOTE 24 Reconciliation of net cash provided by operating activities to the operating surplus/(deficiency) from ordinary activities

	Consolidated		Authority	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Operating surplus/(deficiency) from ordinary activities	80,299	6,216	80,299	6,216
Depreciation/asset writeback	10,821	11,799	10,123	11,251
(Loss)/gain on sale of asset	(3)	(76)	(3)	(76)
Unrealised investment income	(38,462)	(3,027)	(38,462)	(3,027)
Increase/(Decrease) in provisions				
* Outstanding claims	(37,256)	4,543	(37,256)	4,543
* Superannuation	(29,995)	17,374	(29,995)	17,374
* Doubtful debts	1,472	(960)	1,472	(960)
* Leave	2,298	4,375	2,298	4,375
* Judges pension	(1,294)	(1,143)	(1,294)	(1,143)
Decrease/(increase) in debtors and prepayments	(6,647)	4,709	(7,618)	6,053
Increase/(decrease) in creditors	46,996	8,263	47,508	6,902
Net cash provided by/(used in) operating activities	28,229	52,073	27,072	51,508

NOTE 25 Reconciliation of cash

For the purposes of the cash flow statement, 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.

	Consolidated		Authority	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	48,919	34,203	48,918	34,202
	48,919	34,203	48,918	34,202

NOTE 26 Expenditure commitments

Lease commitments

	Consolidated		Authority	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Payable:				
not later than one year	8,973	8,597	7,810	7,410
later than one year but not later than five years	29,054	28,163	24,630	27,551
later than five years	8,748	4,840	7,609	4,840
	46,775	41,600	40,049	39,801

Expenditure commitments for the consolidated entity include input tax credits of \$4.252m (\$3.779m – 2005) 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 2006

NOTE 27 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 2006, WorkCover held deposits and bank guarantees to the value of 1,320m (\$1,205m – 2005). 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 2006 was \$0.075m (\$4.074m – 2005).

NOTE 28 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; and
- ▶ under the Uninsured Liability and Indemnity Scheme to meet the cost of claims not initially paid by uninsured employers.

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 and Rescue Workers Compensation Fund

This fund is constituted under Section 31 of the *Workers Compensation (Bush Fire, Emergency and Rescue Services) Act, 1987*.

The fund is financed through NSW Treasury by an appropriation from Parliament and is applied to compensate emergency service, lifesavers and rescue workers for personal injury.

(e) Premiums Adjustment Fund

The fund is constituted under Section 203 of the *Workers Compensation Act 1987*.

Generally, its purpose is to facilitate the pooling of workers compensation premiums and the movement of funds between insurers and WorkCover.

No transactions have occurred in the fund since its establishment in 1990.

(f) 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 29 Contingent liabilities and contingent assets

(a) Contingent Liabilities

WorkCover funded the operations of the Compensation Court until its closure on 31 December 2003. Under Section 35A of the *Workplace Injury Management and Workers Compensation Act, 1998*, WorkCover is required to meet any ongoing costs of the Court such as continuing salaries of judges and staff. WorkCover's liability for the continued funding of these ongoing costs will cease on 30 September 2006. The cost for this period has been determined at \$107,000.

(b) Contingent Assets

There are no known contingent assets.

NOTE 30 Conditions after reporting date

The *Workers Compensation Amendment (Insurance Reform) Act 2003* provides for the transfer of the assets and liabilities of the Uninsured Liability and Indemnity Scheme from the WorkCover Authority Fund to the Insurance Fund. This transfer is planned to occur on 30 June 2007.

This transfer will have the effect of transferring outstanding claims liability of the Uninsured Liability and Indemnity Scheme currently assessed at \$93.9 million from the WorkCover Authority Fund together with a comparable amount of funding assets, both of which are recognised in this financial report. There will be no impact on equity or net assets of the Fund.

END OF AUDITED FINANCIAL STATEMENTS

Comparative Income STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	Funds								TOTAL*	
	WorkCover Authority Fund		Insurers' Guarantee Fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Comp Fund		2006	2005
	2006	2005	2006	2005	2006	2005	2006	2005		
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Revenues										
Contributions	205.8	206.0	(37.1)	(16.5)	0.7	3.6	2.2	2.1	171.6	195.2
Investment revenue	26.6	14.1	16.0	3.2	-	-	-	-	42.6	17.3
Other revenues	34.6	32.6	0.9	7.3	-	-	-	-	35.5	39.9
Total revenues	267.0	252.7	(20.2)	(6.0)	0.7	3.6	2.2	2.1	249.7	252.4
Expenses										
WorkCover operations	156.5	181.1	1.4	2.4	0.2	0.2	0.2	0.2	158.3	183.9
Grants	32.0	38.8	-	-	-	-	-	-	32.0	38.8
Cost of claims	(5.6)	8.2	(21.6)	4.9	0.5	3.4	2.0	1.9	(24.7)	18.4
Other	3.8	5.1	-	-	-	-	-	-	3.8	5.1
Total expenses	186.7	233.2	(20.2)	7.3	0.7	3.6	2.2	2.1	169.4	246.2
Operating surplus before gains/losses	80.3	19.5	0.0	(13.3)	0.0	0.0	0.0	0.0	80.3	6.2
Surplus for the year	80.3	19.5	0.0	(13.3)	0.0	0.0	0.0	0.0	80.3	6.2

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

Comparative BALANCE SHEET

AS AT 30 JUNE 2006

	Funds								TOTAL*	
	WorkCover Authority Fund		Insurers' Guarantee Fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Comp Fund		2006	2005
	2006	2005	2006	2005	2006	2005	2006	2005		
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Assets										
Receivables	45.4	37.9	5.9	12.0	10.2	11.3	7.5	7.3	69.0	68.5
Other financial assets	177.6	154.8	128.4	112.8	-	-	-	-	306.0	267.6
Other	89.9	70.9	5.4	9.9	3.9	2.2	4.8	3.2	104.0	86.2
Total assets	312.9	263.6	139.7	134.7	14.1	13.5	12.3	10.5	479.0	422.3
Liabilities										
Outstanding claims	93.8	104.4	108.4	134.3	12.0	13.1	9.2	8.9	223.4	260.7
Other	78.7	99.0	31.3	0.4	2.1	0.4	3.1	1.6	115.2	101.4
Total liabilities	172.5	203.4	139.7	134.7	14.1	13.5	12.3	10.5	338.6	362.1
Equity	140.4	60.2	0.0	0.0	0.0	0.0	0.0	0.0	140.4	60.2

*Certain assets and liabilities have been adjusted to eliminate minor transactions between the funds

Comparative Statement of CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2006

	Funds								TOTAL*	
	WorkCover Authority Fund		Insurers' Guarantee Fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Comp Fund		2006	2005
	2006	2005	2006	2005	2006	2005	2006	2005		
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Operating activities										
Inflows										
- Contributions	172.7	173.7	0.1	0.1	3.5	3.5	3.5	3.5	179.8	180.8
- Investment revenue	3.8	13.3	0.4	0.5	-	0.4	-	-	4.2	14.2
- Other	89.2	62.4	1.1	7.4	0.1	-	-	0.1	90.4	69.9
(Outflows)										
- WorkCover operations	(117.0)	(105.0)	-	-	-	-	-	-	(117.0)	(105.0)
- Grants	(31.4)	(39.1)	-	-	-	-	-	-	(31.4)	(39.1)
- Claims	(6.5)	(8.2)	(4.5)	(4.4)	(1.7)	(2.1)	(1.7)	(1.9)	(14.4)	(16.6)
- Other	(82.6)	(50.5)	(1.6)	(1.8)	(0.2)	(0.2)	(0.2)	(0.2)	(84.6)	(52.7)
Net cash provided by/(used in) operating activities	28.2	46.6	(4.5)	1.8	1.7	1.6	1.6	1.5	27.0	51.5
Investing activities	(12.3)	(46.5)	-	7.5	-	-	-	-	(12.3)	(39.0)
Net (increase)/decrease cash	15.9	0.1	(4.5)	9.3	1.7	1.6	1.6	1.5	14.7	12.5
Cash at beginning of financial year	18.9	18.8	9.9	0.6	2.2	0.6	3.2	1.7	34.2	21.7
Cash at end of financial year	34.8	18.9	5.4	9.9	3.9	2.2	4.8	3.2	48.9	34.2

* Certain assets and liabilities have been adjusted to eliminate minor transactions between the funds

Commission Index

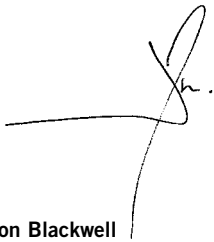
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Statement by Commission

Pursuant to Section 41C(1B) and (1C) of the *Public Finance and Audit Act 1983* I declare on behalf of the Commission that in my opinion:

1. the accompanying financial statements exhibit a true and fair view of the financial position of the Workers Compensation Commission as at 30 June 2006 and transactions for the year then ended; and
2. the statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005* and the Treasurer's Directions.

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



Jon Blackwell
Chief Executive Officer
WorkCover Authority of New South Wales

8 November 2006



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

WORKERS COMPENSATION COMMISSION OF NEW SOUTH WALES

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Workers Compensation Commission of New South Wales (the Commission):

- presents fairly the Commission's financial position as at 30 June 2006 and its performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2005*.

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

Scope

The Financial Report and the Chief Executive Officer's Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Commission, for the year ended 30 June 2006.

The Chief Executive Officer of the WorkCover Authority of New South Wales is responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material misstatement*.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Chief Executive Officer of the WorkCover Authority of New South Wales in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

An audit does not guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Commission had not fulfilled its reporting obligations.

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.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The 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 are not compromised in their role by the possibility of losing clients or income.



G J Gibson, FCPA
Assistant Auditor-General

SYDNEY
20 November 2006

Income STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$'000	2005 \$'000
Revenues			
Contributions	3	29,805	32,565
Other revenue	4	21	7
Total revenues		29,826	32,572
Expenses			
Personnel services	2(d) & 5	10,388	11,529
Office accommodation		2,030	2,311
Depreciation and amortisation	8 & 9	698	548
Other operating expenses	6	16,710	18,184
Total expenses		29,826	32,572
Profit for the year	2(g) & 12	0	0

The accompanying notes form part of these financial statements

Balance SHEET

AS AT 30 JUNE 2006

	Note	2006 \$'000	2005 \$'000
Current assets			
Cash and cash equivalents	14	1	1
Total current assets		1	1
Non – current assets			
Trade and other receivables	7	373	1,344
Intangibles	9	1,418	578
Property, plant and equipment	8	2,034	2,373
Total non – current assets		3,825	4,295
Total assets		3,826	4,296
Current liabilities			
Trade and other payables	10	772	1,317
Provisions	11	1,763	1,576
Total current liabilities		2,535	2,893
Non – current liabilities			
Trade and other payables	10	640	0
Provisions	11	651	1,403
Total non – current liabilities		1,291	1,403
Total liabilities		3,826	4,296
Net assets		0	0
Equity			
Retained earnings	2(g) & 12	0	0
		0	0

The accompanying notes form part of these financial statements

Cash Flow STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$'000	2005 \$'000
Cash flows from operating activities			
Contributions		31,149	31,221
Other receipts		21	7
Personnel Services		(10,600)	(10,930)
Office accommodation		(2,055)	(2,254)
Other expenses		(17,358)	(17,479)
Net cash provided by/(used in) operating activities	13	1,157	565
Cash flows from investing activities			
Purchase of property, plant and equipment		(113)	(412)
Purchase of intangibles		(1,044)	(153)
Net cash provided by/(used) in investing activities		(1,157)	(565)
Net increase/(decrease) in cash held		0	0
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 changes

IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$'000	2005 \$'000
Net increase/(decrease) in property, plant and equipment asset revaluation reserve		0	0
Net increase/(decrease) in financial asset revaluation reserve		0	0
Total income and expenses recognised directly in equity		0	0
Profit/(Loss) for the year	2(g) & 12	0	0
Total Income and Expenses recognised for the year		0	0

The accompanying notes form part of these financial statements.

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

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 2006 has been authorised for issue by the Chief Executive Officer of the Workcover Authority on 6/11/2006.

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

- These financial statements have been prepared on the basis of historical cost except for the reporting of property, plant and equipment which are valued at fair value.
- These financial statements are a general purpose financial report and have been prepared on an accrual basis.
- Proper accounts and records have been maintained for all of the operations of the Commission in terms of Section 41(1) of the *Public Finance and Audit Act 1983*.
- These financial statements have been prepared having regard to applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Consensus Views and the *Public Finance and Audit Act 1983*.
- The financial report complies with Australian Accounting Standards, which include the Australian equivalents to International Financial Reporting Standards (AIFRS). This is the first financial report prepared based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly, except as stated below.

In accordance with AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* and

Treasury Mandates, the date of transition of certain standards was deferred to 1 July 2005. None of these standards were applicable to the Commission.

Reconciliations of AIFRS equity and surplus or deficit for 30 June 2005 to the balances reported in the previous AGAAP 2004/05 financial report are detailed in Note 2(h).

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

- Amounts shown in these financial statements have been rounded to the nearest thousand dollars.

(b) Property, plant, equipment and depreciation

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

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

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

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

	%
Furniture and fittings	10.0
Office machines and equipment	20.0
Computer hardware	20.0-33.3

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

Capitalisation policy

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

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

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 2 Summary of significant accounting policies (continued)

(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 \$3,000.

(d) Personnel Services

In accordance with Section 374 (1) of the *Workplace Injury Management and Workers Compensation Act 1998* staff are allocated to the Commission. WorkCover provided the staff required to perform the functions of the Commission to the Commission until 16 March 2006. Following the commencement of the *Public Sector Employment Legislation Amendment Act 2006* on 17 March 2006 staff is provided to the Commission by the Office of the WorkCover Authority (OWCA).

The costs of staff provided by WorkCover until 16 March 2006 and the OWCA thereafter are recognised as personnel services expenses in the Income Statement when the service has been provided.

The liabilities of these staff (i.e. recreation and long service and associated on-costs and superannuation) are the responsibility of the employing agency and not the Commission. The Balance Sheet records a liability to show that the Commission has an obligation to meet these costs when the employing agency incurs them.

(a) Reconciliations- 1 July 2004 and 30 June 2005

Reconciliation of equity under existing Standards (AGAAP) to equity under AEIFRS

	Notes	30 June 2005** \$'000	1 July 2004* \$'000
Total equity under AGAAP		0	0
Defined superannuation adjustment for change in discount rates	1	(1,110)	(541)
Effect of discounting long term leave	2	78	71
Impact on future funding contribution from WorkCover	3	1,032	470
Total equity under AEIFRS		0	0

*adjustments as at date of transition

**cumulative adjustments as at date of transition plus year ended 30 June 2005

Reconciliation of surplus/(deficit) under AGAAP to surplus/(deficit) under AEIFRS

	Notes	\$'000
Year ended 30 June 2005		
Surplus under AGAAP		0
Defined benefit superannuation	1	(569)
Long term leave	2	7
Impact on future funding contribution from WorkCover	3	562
Surplus under AEIFRS		0

(e) Contributions

The Commission is fully funded from contributions received from the WorkCover Authority of NSW. Under Section 34(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.

(f) 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.

(g) Retained earnings

The Commission has no retained earnings. It is only provided funding by WorkCover to the level required to meet expenses.

(h) Impact of Adopting Australian Equivalents to International Financial Reporting Standards (AEIFRS)

The Commission has applied the AEIFRS in the 2005/06 financial report. The key areas where changes in accounting policies have impacted the financial report are discussed below. Some of these impacts arise because AEIFRS requirements are different from previous AASB requirements (AGAAP). Other impacts arise from options in AEIFRS that were not available or not applied under previous AGAAP. The Commission has adopted the options mandated by NSW Treasury for all NSW public sector agencies. The impacts below reflect Treasury's mandates and policy decisions.

The impacts of adopting AEIFRS on total equity and surplus as reported under previous AGAAP are shown below. There are no material impacts on the Commission's cash flows.

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 2 Summary of significant accounting policies (continued)

Notes to tables on previous page

1. AASB 119 Employee Benefits requires the defined benefit superannuation obligation to be discounted using the government bond rate as at each reporting date, rather than the long-term expected rate of return on plan assets. Where the superannuation obligation is not assumed by the Crown, this will increase the defined benefit liability (or decrease the asset in an overfunded position) and change the quantum of the superannuation expense.
2. AASB 119 requires present value measurement for all long-term employee benefits where they are materially different to the nominal value. The Commission's current policy is to recognise long term leave using the present value method based on remuneration rates at year-end which are adjusted by factors developed by the NSW Treasury.

An assessment of the present value method under AASB 119 shows that the result is not materially different from the nominal value of the leave and accordingly the Commission will measure these benefits at nominal value, thereby decreasing the employee benefits liability and changing the quantum of the leave expense.
3. As stated in Note 2(e) the Commission is funded by contributions from WorkCover Authority to the extent needed to meet expenses. As the implementation of AEIFRS has impacted on the level of the Commission's expenses then it has also impacted on the level of contributions required from WorkCover to meet these expenses.

(b) Grant recognition for not-for profit entities

The Commission as a *not for profit entity* has applied the requirements in AASB 1004 *Contributions* regarding contributions of assets (including grants) and forgiveness and liabilities. There are no differences in the recognition requirements between the new AASB 1004 and the previous AASB 1004. However, the new AASB 1004 may be amended by proposals in Exposure Draft (ED) 125 *Financial Reporting by Local Governments* and ED 147 *Revenue from Non-Exchange Transactions (Including Taxes and Transfers)*. If the ED 125 and ED 147 approach is applied, revenue and/or expense recognition will not occur until either the Commission supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied. ED 125 and ED 147 may therefore delay revenue and expense recognition compared with AASB 1004, where grants are recognised when controlled. However, at this stage, the timing and dollar impact of these amendments is uncertain.

(i) New Australian Accounting Standards issued

The following Accounting Standards are being early adopted from 1 July 2005:

- ▶ AASB 2005-4 which amended AASB132, AASB 139, AASB 1023, AASB 1038 & AASB 1 for fair value options in designating financial instruments.

There were no initial impacts on first time adoption of these standards.

The following new Accounting Standards have not been applied and are not yet effective:

- ▶ AASB 2004-3 regarding AASB 119, AASB 2005-5 which amends AASB 139 & AASB 1, AASB 2005-9 regarding financial guarantees, AASB 7 regarding financial instrument disclosures, AASB 2005-10 regarding AASB 7 and AASB 2005-11 regarding AASB 101, AASB112, AASB 132, AASB 133, AASB 135, AASB 139 & AASB 141.

All AASB amendments above are applicable for the year commencing 1 July 2006 with the exception of AASB 7 which is applicable for the year commencing 1 July 2007. No assessment has been made of the change in accounting policy in the year of change, or the financial impact of adoption of any of the amendments above.

(j) 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 is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

NOTE 3 Contributions

Contributions received by the Commission from WorkCover were:

	2006 \$'000	2005 \$'000
WorkCover Authority Fund	29,805	32,565
	29,805	32,565

NOTE 4 Other revenues

	2006 \$'000	2005 \$'000
Motor vehicle recoveries	21	7
	21	7

NOTE 5 Personnel services

	2006 \$'000	2005 \$'000
Salaries and allowance	8,166	8,380
Annual leave	616	593
Long service leave	283	459
Superannuation	648	1,489
Payroll tax	498	495
Workers compensation insurance	106	113
Fringe benefits tax	71	0
	10,388	11,529

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 6 Other operating expenses

	2006 \$'000	2005 \$'000
Consultancy fees	13	70
External Audit fees*	0	0
Internal Audit Fees	13	0
Provision for doubtful debts	0	0
Bad debts	0	0
Property, plant and equipment written off	0	53
Travel	171	143
Advertising	8	17
Payments to arbitrators	7,651	8,757
Payments to Approved Medical Specialists	4,840	6,283
Payments for Medical Appeals panels	1,043	0
Payments for mediators	191	0
General contractors	102	142
Fees for services provided by WorkCover	757	787
Postage	398	433
Stores	203	297
Interpreters fee	499	509
Other	821	693
	16,710	18,184

* External audit fees relates to the audit of the financial report only. This expense has been recognised and paid for by the WorkCover Authority.

NOTE 7 Trade and other receivables

	2006 \$'000	2005 \$'000
Non-current		
Receivable from WorkCover	373	1,344
	373	1,344

Receivables represent amounts due from WorkCover to meet future liabilities arising from staff leave and superannuation entitlements.

As discussed in Note 2(d) staff is provided to the Commission by the Office of the WorkCover Authority (OWCA). OWCA are responsible for meeting the costs of the leave entitlements and associated on-costs and superannuation for these staff. OWCA will recoup these costs from the Commission in future periods when they are paid.

The Commission is funded by WorkCover (refer Note 2(e)) and as such when the Commission pays these staff costs they will be funded by offsetting contributions receivable from WorkCover.

NOTE 8 Property, plant and equipment

	Note	At 30 June 2006 \$'000	At 1 July 2005 \$'000
Leasehold improvements			
At fair value		3,214	3,118
Accumulated amortisation		(1,445)	(1,082)
Total leasehold improvements		1,769	2,036
Office machines and equipment			
At fair value		26	26
Accumulated depreciation		(18)	(15)
Total office machines and equipment		8	11
Furniture and fittings			
At fair value		302	302
Accumulated depreciation		(183)	(140)
Total furniture and fittings		119	162
Computer hardware			
At fair value		368	449
Accumulated depreciation		(230)	(296)
Total computer hardware		138	153
Capital works in progress			
At fair value		0	11
Total works in progress		0	11
Total property, plant and equipment		2,034	2,373

Movements during financial year

Class of asset	Carrying Value as at 1/7/05 \$'000	Additions \$'000	Disposals \$'000	Depn. W/Back on Disposal \$'000	Net Revaln. Movements \$'000	Recoverable Amount W/Downs \$'000	Depn. Expense \$'000	Carrying Values as at 30/6/06 \$'000
Leasehold improvements	2,036	96					(363)	1,769
Office machines & equipment	11						(3)	8
Furniture and fittings	162						(43)	119
Computer hardware	153	29	(110)	110			(44)	138
Capital WIP	11		(11)					0
Total property, plant & equipment	2,373	125	(121)	110	-	-	(453)	2,034

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 8 Property, plant and equipment (continued)

	Note	At 30 June 2005 \$'000	At 1 July 2004 \$'000
Leasehold improvements			
At fair value		3,118	3,089
Accumulated amortisation		(1,082)	(613)
Total leasehold improvements		2,036	2,476
Office machines and equipment			
At fair value		26	277
Accumulated depreciation		(15)	(53)
Total office machines and equipment		11	224
Furniture and fittings			
At fair value		302	291
Accumulated depreciation		(140)	(88)
Total furniture and fittings		162	203
Computer hardware			
At fair value		449	194
Accumulated depreciation		(296)	(122)
Total computer hardware		153	72
Capital works in progress			
At fair value		11	
Total works in progress		11	0
Total property, plant and equipment		2,373	2,975

Movements during financial year

Class of asset	Carrying Value as at 1/7/04 \$'000	Additions \$'000	Disposals \$'000	Depn. W/Back on Disposal \$'000	Transfers \$'000	Recoverable Amount W/Downs \$'000	Depn. Expense \$'000	Carrying Values as at 30/6/05 \$'000
Leasehold improvements	2,476	29			(82)		(387)	2,036
Office machines and equipment	224		(29)	29	(168)		(45)	11
Furniture and fittings	203				1		(42)	162
Computer hardware	72		(20)	20	146		(65)	153
Capital WIP	0				11			11
Total property, plant & equipment	2,975	29	(49)	49	(92)	-	(539)	2,373

NOTE 9 Intangibles

	Note	At 30 June 2006 \$'000	At 1 July 2005 \$'000
Internally generated			
Computer software			
At fair value		677	358
Accumulated amortisation		(239)	0
Total computer software		438	358
Capital works in progress			
At fair value		916	214
Total capital works in progress		916	214
Total internally generated intangibles		1,354	572
Computer software purchased			
At fair value		100	36
Accumulated depreciation		(36)	(30)
Total intangible computer software purchased		64	6
Total intangibles		1,418	578

Movements in intangibles

Class of asset	Carrying Value as at 1/7/05 \$'000	Additions \$'000	Disposals \$'000	Depn. W/Back on Disposal \$'000	Net Revaln. Movements \$'000	Recoverable Amount W/Downs \$'000	Depn. Expense \$'000	Carrying Values as at 30/6/06 \$'000
Internally generated computer software	358	319					(239)	438
Capital WIP	214	702						916
Computer software purchased	6	64					(6)	64
Total intangibles	578	1,085	0	0	0	0	(245)	1,418

Expenditure during the research and development phase of software development was nil in 2006 (\$65,000-2005)

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 9 Intangibles (continued)

	Note	At 30 June 2005 \$'000	At 1 July 2004 \$'000
Internally generated			
Computer software			
At fair value		358	117
Accumulated amortisation		0	0
Total computer software		358	117
Capital works in progress			
At fair value		214	348
Total capital works in progress		214	348
Total internally generated intangibles		572	465
Computer software purchased			
At fair value		36	113
Accumulated depreciation		(30)	(58)
Total intangible computer software purchased		6	55
Total intangibles		578	520

Movements in intangibles

Class of asset	Carrying Value as at 1/7/04 \$'000	Additions \$'000	Disposals \$'000	Depn. W/Back on Disposal \$'000	Transfers \$'000	Recoverable Amount W/Downs \$'000	Depn. Expense \$'000	Carrying Values as at 30/6/05 \$'000
Internally generated computer software	117	358			(117)			358
Capital WIP	348				(134)			214
Computer software purchased	55				(40)		(9)	6
Total intangibles	520	358	0	0	(291)	-	(9)	578

NOTE 10 Trade and other payables

	2006 \$'000	2005 \$'000
Current		
Creditors	557	1,108
On costs on leave	215	209
	772	1,317
Non-current		
Payable to WorkCover	640	0
	640	0
	1,412	1,317

Payables include amounts due to WorkCover from reductions in the Commission's future liabilities for staff leave and superannuation entitlements.

As discussed in Note 2(d) staff is provided to the Commission by the Office of the WorkCover Authority (OWCA). OWCA are responsible for meeting the costs of the leave entitlements and associated on-costs and superannuation for these staff. The OWCA will recoup the cost of these liabilities from the Commission as they are paid.

In 2005-06 the value of the future superannuation liability of the OWCA for staff associated with the Commission reduced by \$1.1m. This resulted in the amount that the Commission needs to show as payable to WorkCover in relation to superannuation reducing from \$1.4m at 30 June 2005 to \$0.3m at 30 June 2006. The overall impact of this reduction meant that at 30 June 2006 the Commission's assets were in excess of its liabilities.

As the Commission is funded by WorkCover (refer Note 2(e)) this means that when the Commission is in a position where its total assets exceed the its total liabilities it notionally owes a refund to WorkCover.

NOTE 11 Provisions

	2006 \$'000	2005 \$'000
Current		
Recreation and extended leave	1,763	1,576
	1,763	1,576
Non-current		
Superannuation	651	1,403
	651	1,403
	2,414	2,979

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:

	2006 \$'000	2005 \$'000
Current		
Recreation and extended leave	953	782
On costs on leave	110	89
	1,063	871
Non-current		
Extended Leave	810	794
On costs on leave	105	120
	915	914
	1,978	1,785

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 12 Changes in equity

Retained earnings

	2006 \$'000	2005 \$'000
Balance at the beginning of the financial year	0	0
Changes in equity	0	0
Total changes in equity		
Profit/loss for the year	0	0
Balance at the end of the financial year	0	0

NOTE 13 Reconciliation of net cash provided by operating activities to the profit/(loss)

	2006 \$'000	2005 \$'000
Profit/(Loss)	0	0
Depreciation/asset writeback	698	548
Decrease/(increase) in receivables	971	(1,344)
Increase/(decrease) in payables	53	(757)
Increase/(decrease) in provisions	(565)	2,118
Net cash provided by operating activities	1,157	565

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.

	2006 \$'000	2005 \$'000
Cash and cash equivalents	1	1
	1	1

NOTE 15 Expenditure commitments

Lease commitments

	2006 \$'000	2005 \$'000
Payable		
Not later than one year	1,163	1,187
Later than one year but not later than five years	4,424	612
Later than five years	1,139	0
	6,726	1,799

Expenditure commitments are for office rentals on the Commission's premises and include input tax credits of \$611,000 (\$163,000 – 2005), which are expected to be recoverable from the Australian Taxation Office.

There are no capital expenditure commitments.

NOTE 16 Related party transactions

The Commission receives administration support from the WorkCover Authority of New South Wales. This includes human resources, finance, information technology maintenance and support, legal advice, purchasing and procurement of goods and services and vehicle fleet administration. The Commission pays WorkCover an administration fee for these services. For the current year the Commission paid an amount of \$757,000 (2005 - \$787,000).

The level of the services provided and the fees charged by WorkCover to the Commission for them will be reviewed during 2006-07.

End of audited financial statements

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Statement by

Department Head

Pursuant to Section 45F(1B) and (1C) of the *Public Finance and Audit Act 1983* I declare that in my opinion:

1. the accompanying financial statements exhibit a true and fair view of the financial position of the Office of the WorkCover Authority as at 30 June 2006 and transactions for the period then ended; and
2. the statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005* and the Treasurer's Directions.

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



Jon Blackwell

Chief Executive Officer
WorkCover Authority of New South Wales

8 November 2006



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT
OFFICE OF THE WORKCOVER AUTHORITY

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Office of the WorkCover Authority (the Office):

- presents fairly the Office's financial position as at 30 June 2006 and its performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2005*.

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

Scope

The Financial Report and the Department Head's Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Authority, for the year ended 30 June 2006.

The Department Head of the Office is the Chief Executive Officer of the WorkCover Authority of New South Wales. The Chief Executive Officer is responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of material misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Chief Executive Officer in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

An audit does not guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Chief Executive Officer had not fulfilled his reporting obligations.

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.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The 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 are not compromised in their role by the possibility of losing clients or income.



G J Gibson, FCPA
Assistant Auditor-General

SYDNEY
20 November 2006

Income STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2006

	Note	2006 \$'000
Revenues		
Personnel services income		22,616
Total revenues		22,616
Expenses		
Employee related payment	2	22,616
Total expenses		22,616
Profit for the year		0

The accompanying notes form part of these financial statements.

Balance SHEET

AS AT 30 JUNE 2006

	Note	2006 \$'000
Current assets		
Cash and cash equivalents	7	0
Trade and other receivables	3	33,675
Total current assets		33,675
Non-current assets		
Trade and other receivables	3	6,955
Total non – current assets		6,955
Total assets		40,630
Current liabilities		
Trade and other payables	4	5,683
Provisions	5	27,992
Total current liabilities		33,675
Non – current liabilities		
Provisions	5	6,955
Total non – current liabilities		6,955
Total liabilities		40,630
Net assets		0
Equity		0
Retained earnings		0

The accompanying notes form part of these financial statements.

Cash Flow STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2006

	Note	2006 \$'000 Inflows (Outflows)
Cash flows from operating activities		
Personnel services income		0
Employee related payments		0
Net cash provided by/(used in) operating activities		0
Net increase/(decrease) in cash held		0
Cash at the beginning of the financial year		0
Cash at the end of the financial year		0

The accompanying notes form part of these financial statements.

Statement of changes IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2006

	Note	2006 \$'000
Net increase/(decrease) in property, plant and equipment asset revaluation reserve		0
Net increase/(decrease) in financial asset revaluation reserve		0
Total income and expenses recognised directly in equity		0
Operating profit/(loss) for the year		0
Total income and expenses recognised for the period		0

The accompanying notes form part of these financial statements.

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

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 2006 has been authorised for issue by the Chief Executive Officer of the WorkCover Authority on 6/11/06.

OWCA commenced operations on 17 March 2006 when it assumed responsibility for the employees and employee-related liabilities of the entities referred to above. The assumed liabilities were recognised on 17 March 2006 together with an offsetting receivable representing the related funding due from the former employers.

(b) Basis of financial statements

- i. These financial statements have been prepared for the period 17 March to 30 June 2006 on the basis of historical cost except for certain provisions that are measured at fair value.
- ii. These financial statements are a general purpose financial report and have been prepared on an accrual basis.
- iii. Proper accounts and records have been maintained for all of the operations of the Commission in terms of Section 41(1) of the *Public Finance and Audit Act 1983*.
- iv. These financial statements have been prepared having regard to applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Consensus Views and the *Public Finance and Audit Act 1983*.
- v. The financial report has been prepared on the basis Australian equivalents to International Financial Reporting Standards (AEIFRS).
- vi. Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.
- vii. Amounts shown in these financial statements have been rounded to the nearest thousand dollars.

(c) Comparative information

As this is the Office of the WorkCover Authority's first financial report, comparative information for the previous year is not provided.

(d) 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.

(e) 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 operating statement.

(f) 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.

(g) 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

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 1 Summary of significant accounting policies (continued)

cash flows discounted at a rate equal to the market yield on government bonds. If the difference is material then the present value is recognised.

Superannuation is actuarially assessed prior to each reporting date and is measured at the present value of the estimated future payments. The amount recognised is the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any plan assets out of which the obligation is to be settled directly.

The amount recognised in the income statement for superannuation is the net total of current service cost, interest cost, the expected return on any plan assets, and actuarial gains and losses. Actuarial gains or losses are recognised as income or expense in the year they occur.

The actuarial assessment of superannuation uses the Projected Unit Credit Method and reflects estimated future salary increases and the benefits set out in the terms of the plan. The liabilities are discounted using the market yield rate on government bonds of similar maturity to those obligations. Actuarial assumptions are unbiased and mutually compatible and financial assumptions are based on market experience for the period over which the obligations are to be settled.

(h) New Australian Accounting Standards issued

The following Accounting Standards are being early adopted from 1 July 2005:

- ▶ AASB 2005-4 which amended AASB 132, AASB 139, AASB 1023, AASB 1038 and AASB 1 for fair value options in designating financial instruments.

There were no initial impacts on first time adoption of these standards.

The following new Accounting Standards have not been applied and are not yet effective:

- ▶ AASB 2004-3 regarding AASB 119, AASB 2005-5 which amends AASB 139 & AASB 1, AASB 2005-9 regarding financial guarantees, AASB 7 regarding financial instrument disclosures, AASB 2005-10 regarding AASB 7 and AASB 2005-11 regarding AASB 101, AASB112, AASB 132, AASB 133, AASB 135, AASB 139 & AASB 141.

All AASB amendments above are applicable for the year commencing 1 July 2006 with the exception of AASB 7 which is applicable for the year commencing 1 July 2007. No assessment has been made of the change in accounting policy in the year of change, or the financial impact of adoption of any of the amendments above.

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

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred by 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 or revenue.

NOTE 2 Employee related expenses

	2006 \$'000
Salaries and allowances	24,042
Annual leave	1,837
Long service leave	965
Superannuation	(6,586)
Payroll tax	1,768
Workers compensation insurance	294
Fringe benefits tax	296
	22,616

NOTE 3 Trade and other receivables

	2006 \$'000
Current	
Receivable from agencies using employee services for employee provision	27,992
Receivable from agencies using employee services for accrued salaries and on costs	5,683
	33,675
Non-current	
Receivable from agencies using employee services for employee provision	5,601
Prepaid superannuation	1,354
	6,955
Total receivable	40,630

NOTE 4 Trade and other payables

	2006 \$'000
Current	
Accrued salaries and on costs	5,683
	5,683
Non-current	
Accrued salaries and on costs	0
	0
	5,683

NOTE 5 Provisions

	2006 \$'000
Current	
Leave provisions	27,992
	27,992
Non-current	
Leave provisions	0
Superannuation	6,955
	6,955
	34,947

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 5 Provisions (continued)

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 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

	2006 \$'000
Current	
Recreation and extended leave	13,832
On costs on leave	1,505
	15,337
Non-current	
Extended leave	14,160
On costs on leave	1,747
	15,907
	31,244

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)
- ▶ Police Superannuation Scheme (PSS)

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.

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

	SASS Financial year to 30 June 2006 \$'000	SANCS Financial year to 30 June 2006 \$'000	SSS Financial year to 30 June 2006 \$'000	Total \$'000
Present values of defined benefits obligations	39,400	9,001	143,096	191,497
Fair value of plan assets	(35,376)	(7,424)	(144,450)	(187,250)
	4,024	1,577	(1,354)	4,247
Surplus in excess of recovery available from schemes	0	0	0	0
Unrecognised past service cost	0	0	0	0
Net (asset)/liability to be disclosed in balance sheet	4,024	1,577	(1,354)	4,247

(c) Assets invested in entity or in property occupied by the entity

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

(d) Movement in net liability/asset recognised in balance sheet

	SASS Financial year to 30 June 2006 \$'000	SANCS Financial year to 30 June 2006 \$'000	SSS Financial year to 30 June 2006 \$'000	Total \$'000
Net (asset)/liability at 18 March 2006	5,222	2,056	6,799	14,077
Net expense recognised in the income statement	(647)	(179)	(7,938)	(8,764)
Contributions	(551)	(300)	(215)	(1,066)
Net (asset)/liability to be disclosed in balance sheet	4,024	1,577	(1,354)	4,247

(e) Total expense recognised in the income statement

	SASS Financial year to 30 June 2006 \$'000	SANCS Financial year to 30 June 2006 \$'000	SSS Financial year to 30 June 2006 \$'000	Total \$'000
Current service cost	523	154	412	1,089
Interest on obligation	650	134	2,348	3,132
Expected return on plan assets	(654)	(131)	(2,686)	(3,471)
Net actuarial losses/(gains) recognised in year	(1,166)	(336)	(8,012)	(9,514)
Change in surplus in excess of recovery available from scheme	0	0	0	0
Past service cost	0	0	0	0
Losses/(gains) on curtailments and settlements	0	0	0	0
Total included in employee related payments	(647)	(179)	(7,938)	(8,764)

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 5 Provisions (continued)

(f) Actual return on plan assets

	SASS Financial year to 30 June 2006 \$'000	SANCS Financial year to 30 June 2006 \$'000	SSS Financial year to 30 June 2006 \$'000	Total \$'000
Actual return on plan assets	1,348	671	5,657	7,676

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

The 30 June 2006 assessment of liability was calculated by Pillar Administration actuary, Mercer.

The Projected Unit Credit (PCU) valuation method was used to determine the present value of the defined benefit obligations and the related service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

The key economic assumptions adopted by the actuary were:

	30 June 06
Rate of investment return	7.6
Rate of general salary increase	4.0% pa to 2008 3.5% pa thereafter
Rate of CPI increase	2.5

(h) Arrangements for employer contributions for funding

In accordance with AASB 119, *Employee Benefits* the underlying funding requirements of superannuation schemes as previously calculated under AAS 25 *Financial Reporting by Superannuation Plans* are required to be disclosed. These details are shown hereunder

	SASS Financial year to 30 June 2006 \$'000	SANCS Financial year to 30 June 2006 \$'000	SSS Financial year to 30 June 2006 \$'000	Total \$'000
Accrued benefits	37,989	8,543	120,527	167,059
Net market value of fund assets	(35,376)	(7,423)	(144,451)	(187,250)
Net (surplus)/deficit	2,613	1,120	(23,924)	(20,191)

Recommended contribution rates for the entity are:

SASS	Multiple of member contributions	1.90
SANCS	% of member salary	2.50
SSS	Multiple of member contributions	1.60

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

The economic assumptions adopted for the current actuarial review of the Fund are:

Weighted – average assumptions

Expected rate of return on Fund assets	7.3%
Expected salary increase rate	4.0%
Expected rate of CPI increase	2.5%

(i) 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.

(j) 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 per cent of such employees' salaries for the year (9.0 per cent – 2005). For this scheme the Office of the WorkCover Authority has no outstanding employer liability as the contributions are fully funded and vested to individual officers.

NOTE 6 Reconciliation of net cash provided by operating activities to the profit/(loss)

	2006 \$'000
Operating loss from ordinary activities	0
Decrease/(increase) in receivables	(40,630)
Increase/(decrease) in payables	5,683
Increase/(decrease) in provisions	34,947
Net cash provided by operating activities	0

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.

	2006 \$'000
Cash assets	0
	0

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 8 Expenditure commitments

There were no expenditure commitments.

NOTE 9 Insurances

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

- ▶ Risk covered
- ▶ Workers Compensation insurance

End of audited financial statements

Comparative Income STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2006

	WorkCover Authority	Workers Compensation Commission	Sporting Injuries Committee	Long Service Payments Corporation	Dust Diseases Board	Total
	2006 \$'m	2006 \$'m	2006 \$'m	2006 \$'m	2006 \$'m	2006 \$'m
Revenues						
Personnel Services Income	18.0	2.8	0.1	0.6	1.1	22.6
Total revenues	18.0	2.8	0.1	0.6		22.6
Expenses						
Employee related	18.0	2.8	0.1	0.6	1.1	22.6
Total expenses	18.0	2.8	0.1	0.6		22.6
Profit	0.0	0.0	0.0	0.0		0.0
Gain/loss on Disposal	-	-	-	-	-	0.0
Other Gains/(Losses)	-	-	-	-	-	0.0
Profit for the year	0.0	0.0	0.0	0.0	0.0	0.0

Comparative Income BALANCE SHEET

AS AT 30 JUNE 2006

	WorkCover Authority	Workers Compensation Commission	Sporting Injuries Committee	Long Service Payments Corporation	Dust Diseases Board	Total
	2006 \$'m	2006 \$'m	2006 \$'m	2006 \$'m	2006 \$'m	2006 \$'m
Assets						
Trade and other receivable	34.8	3.2	0.1	1.4	1.1	40.6
Other	-	-	-	-	-	0.0
Total assets	34.8	3.2	0.1	1.4	1.1	40.6
Liabilities						
Trade and other payables	4.7	0.5	-	0.3	0.1	5.6
Provisions	30.1	2.7	0.1	1.1	1.0	35.0
Total liabilities	34.8	3.2	0.1	1.4	1.1	40.6
Equity	0.0	0.0	0.0	0.0	0.0	0.0

Comparative Statement of CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2006

	WorkCover Authority	Workers Compensation Commission	Sporting Injuries Committee	Long Service Payments Corporation	Dust Diseases Board	Total
	2006 \$'m	2006 \$'m	2006 \$'m	2006 \$'m	2006 \$'m	2006 \$'m
Operating activities						
Inflows						
- Personnel Services Income	-	-	-	-	-	0.0
(Outflows)						
- Employee Related payments	-	-	-	-	-	0.0
Net cash provided by/(used in) operating activities	0.0	0.0	0.0	0.0	0.0	0.0
Investing activities						
Net (increase)/decrease cash	0.0	0.0	0.0	0.0	0.0	0.0
Cash at beginning of financial year	0.0	0.0	0.0	0.0	0.0	0.0
Cash at end of financial year	0.0	0.0	0.0	0.0	0.0	0.0

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Overview of the NSW WorkCover Scheme Financial Performance

The Workers Compensation Nominal Insurer whose Registered Business Name is 'The NSW WorkCover Scheme' was created on 18 February 2005 by the *Workers Compensation Amendment (Insurance Reform) Act 2003*. As a reporting entity it comprises all entities under its control namely the Workers Compensation Insurance Fund (Insurance Fund). The reporting entity is a not for profit entity. The Nominal Insurer operates as a licensed workers compensation insurer. The Insurance Fund holds premiums and all other funds received. Both entities replace the WorkCover Scheme Statutory Funds

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 results of the Scheme's underwriting operations, excluding the impact of external factors are shown in the following table. As these financial statements are the first to be prepared for the newly formed NSW WorkCover Scheme, there will be no comparatives. A comparison to the former statutory fund scheme is shown below.

	2005/06 Actual \$m	2004/05 Actual \$m
Operating result		
Net earned premiums	2,925	2,703
Expected investment credit	928	925
Other income	197	37
Claims incurred (excluding external factors)	(1,415)	(2,321)
Operating expenses	(1,004)	(426)
Surplus/(Deficit) from underwriting operations	1,631	918
Impact on result from external factors		
Difference between actual and long-term expected investment returns	508	595
Change in inflation assumptions and discount rates	170	(556)
Increase in claims handling expenses from 3.5 per cent (2004) to 9.5 per cent (2005) of gross outstanding claims liability. 2006 remained unchanged at 9.5 per cent	-	(513)
Risk margin	(245)	(89)
Surplus from ordinary activities	2,064	355
Financial position		
Total assets	10,718	8,187
Total liabilities	10,633	10,185
Accumulated surplus/(deficit)]	85	(1,998)

The above table has not been audited.

The table is based on PricewaterhouseCoopers Actuarial Pty Ltd's calculations of the surplus (deficit) from underwriting operations as set out in their actuarial report on the Scheme dated 14 November 2006.

Underwriting operations

The Scheme achieved a surplus from underwriting operations of \$2,110m for the year.

Surplus from ordinary activities

The surplus from ordinary activities of the NSW WorkCover Scheme for the year ended 30 June 2006 was \$2,064m. As highlighted in the table the result can be attributed to premium growth, strong investment returns, an improvement in claims management and experience offset by changes in inflation assumptions and discount rates.

The WorkCover Board has decided to adopt a risk margin based on a probability of adequacy of 60 per cent, equating to a risk margin of 3 per cent. The financial impact of including a 3 per cent risk margin in the current year is a \$245m increase in net outstanding claims and a corresponding increase in net claims incurred.

Accumulated surplus

The Scheme has a reported accumulated surplus of \$85m. This represents a significant improvement on the previous years accumulated deficit of \$1,998m. The funding rates of the Scheme has improved to 101 per cent since June 2005 (80 per cent).

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 2006 and 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



Jon Blackwell
Chief Executive Officer
WorkCover Authority of NSW
Acting for the Nominal Insurer

29 November 2006



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Workers Compensation Nominal Insurer
(trading as The NSW WorkCover Scheme)

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Workers Compensation Nominal Insurer, trading as the NSW WorkCover Scheme, (the Scheme) presents fairly the Scheme's financial position as at 30 June 2006 and its performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia.

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

Inherent Uncertainty Regarding Income Tax Exemption Status

Without qualification to the opinion expressed above, attention is drawn to the following matter. Note 2(e) Taxation, discloses that the Scheme's liability for tax under Australian income tax legislation is under review. This review is necessary as the amendments to the *Workers Compensation Act 1987* may have affected the basis of the previous tax exempt position. Previously the Scheme has been exempt from income tax because the WorkCover Authority of New South Wales held a vested interest in the Scheme's income. Until the outcome of the review on the tax status of the Scheme is known there is uncertainty over whether the Scheme is exempt from income tax.

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Scheme, for the year ended 30 June 2006.

The directors of the Board of the WorkCover Authority of New South Wales, acting for the Nominal Insurer, are responsible for the preparation and true and fair presentation of the financial report. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material misstatement*.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

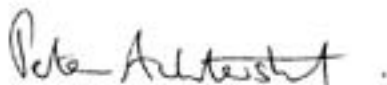
An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the directors had not fulfilled their reporting obligations.

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.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements.



Peter Achterstraat
Auditor-General

SYDNEY
30 November 2006

**NSW WORKERS COMPENSATION
NOMINAL INSURER**

**Actuarial Certificate
Outstanding claims liabilities at 30 June 2006**

PricewaterhouseCoopers
Actuarial Pty Ltd
ACN: 003 562 696

201 Sussex St
GPO Box 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

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 2006 of the NSW WorkCover Scheme.

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 60%. This equates to a risk margin of 3% 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 \$748 million to meet the cost of management of claims outstanding (including claims incurred but yet to be reported) as at 30 June 2006.

The allowance for claim handling expenses included in the NSW WorkCover Scheme liability is 9.5% of the gross outstanding claims liability.

Valuation Results

The PwC estimated liability for the NSW WorkCover Scheme as at 30 June 2006, net of recoveries, is \$8,424 million. This amount is made up as follows:

Table 1 - NSW WorkCover Scheme Outstanding Claims Liability at 30 June 2006	
	\$m
Gross Outstanding Claims	8,882
Less Anticipated Recoveries	(458)
Net Outstanding Claims	8,424

It is a decision for the NSW WorkCover Authority acting for the Nominal Insurer as to the amount adopted in the accounts.

Uncertainty

There is a limitation upon the accuracy of the estimates in this certificate in that there is an inherent uncertainty in any estimate of outstanding claim liabilities. This is due to the fact that the ultimate liability for claims is subject to the outcome of events yet to occur. These include, but are not limited to, the likelihood of injured workers lodging claims under the Scheme, the amount of compensation paid and the attitudes of claimants towards settlement of their claims. 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.

In the case of the NSW WorkCover Scheme this uncertainty is compounded by uncertainty surrounding the outcome of the various reforms made to the Scheme in recent years, in particular the 2001 reforms, the closure of the Compensation Court from 31 December 2003 and more recently the move from a licensed Insurer structure to contracted Scheme Agent arrangements. However, this uncertainty is reduced compared to this time last year and from the situation at the time the reforms were introduced, as the consequences of the reforms have started to emerge.



Reports

Full details of data, method, assumptions and results for the NSW WorkCover Scheme are set out in our report dated 14 November 2006.

Relevant Standards

Our estimates and reports for the NSW WorkCover Scheme are prepared in accordance with the Australian Accounting Standard AASB1023, the Institute of Actuaries of Australia's Professional Standard 300, which relates to estimation of outstanding claims liabilities, and Accounting Guidance Release AAG13.

A handwritten signature in black ink, reading 'John Walsh'.

John Walsh
Fellow of the Institute of Actuaries of Australia
17 November 2006

A handwritten signature in black ink, reading 'Michael Playford'.

Michael Playford
Fellow of the Institute of Actuaries of Australia
17 November 2006

Income STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$'000
Revenues		
Gross premiums	3	2,924,920
Recoveries	3	166,183
Investment income	4	928,164
Other income		31,483
		4,050,750
Expenses		
Statutory levies	3	202,449
Claims incurred	3	981,502
Scheme Agent remuneration		683,676
Fund manager remuneration		20,646
Audit fees	7	2,022
Bad debts written-off		37,656
Reduction in doubtful debts allowance		(26,494)
Wage audit fees		31,547
Debt collection fees		11,557
Actuarial fees		3,989
Other operating expenses		37,517
		1,986,067
Surplus		2,064,683

The accompanying notes form part of these financial statements.

Balance SHEET

AS AT 30 JUNE 2006

	Note	2006 \$'000
Current assets		
Cash and cash equivalents	8	332,038
Recoveries receivable	9	183,068
Trade and other receivables	10	683,966
Other assets	11	40,173
Financial assets	12	6,763,719
Total current assets		8,002,964
Non-current assets		
Recoveries receivable	9	354,520
Financial assets	12	2,360,769
Property, plant and equipment	14	400
Total non-current assets		2,715,689
Total assets		10,718,653
Current liabilities		
Trade and other payables	15	1,105,039
Borrowings	16	12,058
Unearned premiums	17	634,495
Outstanding claims	2c & 18	1,581,179
Total current liabilities		3,332,771
Non-current liabilities		
Outstanding claims	2c & 18	7,300,751
Total non-current liabilities		7,300,751
Total liabilities		10,633,522
Net assets		85,131
Equity		
Accumulated surplus	20	85,131

The accompanying notes form part of these financial statements.

Statement of changes IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$'000
Transfer from former WorkCover Scheme Statutory Funds	24	(1,998,100)
Adjustment on adoption of Australian equivalents to International Financial Reporting Standards to retained profits	20 & 23	18,548
Restated accumulated deficit at the beginning of the financial year		(1,979,552)
Surplus for the year		2,064,683
Total recognised income and expense for the year		2,064,683
Accumulated surplus at the end of the financial year	20	85,131

Cash Flow

STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$'000
		Inflows Inflows (Outflows)
Cash flows from operating activities		
Premiums received		3,127,286
Claims paid		(1,824,056)
		1,303,230
Statutory levies paid		(177,947)
Recoveries received		84,595
Interest received		164,664
Dividends received		367,680
Other receipts		48,494
Agent management fees paid		(393,587)
Fund manager fees paid		(23,753)
Other payments		(30,041)
Net cash provided by operating activities	21	1,343,335
Cash flows from investing activities		
Payment for property asset		(405)
Payments for financial assets		(64,242,385)
Proceeds from sale of financial assets		63,073,581
Net cash from investing activities		(1,169,209)
Net increase in cash held		174,126
Cash at the beginning of the financial year		145,854
Cash at the end of the financial year	8	319,980

The accompanying notes form part of these financial statements.

Notes to and forming part of the

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 1 Constitution and functions

The Workers Compensation Nominal Insurer whose Registered Business Name is 'The NSW WorkCover Scheme' was created on 18 February 2005 by the *Workers Compensation Amendment (Insurance Reform) Act 2003*. As a reporting entity it comprises all entities under its control namely the Workers Compensation Insurance Fund (Insurance Fund). The reporting entity is a not for profit entity. The Nominal Insurer operates as a licensed workers compensation insurer. The Insurance Fund holds premiums and all other funds received. Both entities replace the WorkCover Scheme Statutory Funds.

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.

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 2006 has been authorised for issue by the Chief Executive Officer of the WorkCover Authority acting for the Nominal Insurer on 29 November 2006.

NOTE 2 Summary of significant accounting policies

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Boards and Urgent Issues Scheme Interpretations.

(b) Compliance with IFRS

Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the consolidated financial statements and notes of The NSW WorkCover Scheme comply with International Financial Reporting Standards (IFRSs).

As these financial statements are the first to be prepared for the newly formed NSW WorkCover Scheme, there will be no comparatives. Note 25 shows a comparison to the former scheme.

These financial statements have been prepared under the historical cost convention, except that investments (Note 13) are valued at fair value and outstanding claims and recoveries are included at fair value. Income and expenditure have been brought to account on an accrual basis.

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 2 Summary of significant accounting policies (continued)

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Scheme's accounting policies. Judgements, key assumptions and estimations management has made, are disclosed in the relevant notes to the financial report.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) 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 18) and recoveries receivable (Note 9) are based on estimates provided by WorkCover's consulting actuary, PriceWaterhouseCoopers Actuarial Pty Ltd. Finity Consulting Pty Limited, 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 2006 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 expenses) which is affected by factors arising during the period to settlement. The provision includes \$748m for claims handling expenses and a risk margin of \$245.4m (see Note 18).

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 18. All financial information has been provided in accordance with the Deed and applicable legislation.

- 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.

(d) 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.

(e) Taxation

A tax opinion was obtained in 1989 from the Australian Taxation Office for the former Statutory Fund Scheme, which states that the former State Compensation Board (the predecessor to the WorkCover Authority) held a vested interest in the income of the statutory funds and as such the income was exempt from income tax in terms of section 23(d) of the *Income Tax Assessment Act*. The former Scheme has been replaced by the Nominal Insurer and Insurance Fund structure (refer to Note 1 for details). As a result of these legislative changes the Income tax position of the NSW WorkCover Scheme is currently under review. Tax specialists have been engaged to provide advice on the tax position with a view to maintaining the tax exempt status of the Scheme. At the date of signing the Directors' Declaration for the Scheme Financial Statements, the tax specialists' advice have not been completed to enable the tax status of the Scheme to be resolved with certainty.

(f) 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.

(g) 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.

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 2 Summary of significant accounting policies (continued)

Regular 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.

(h) 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 various derivative financial instruments used for hedging purposes are disclosed in Note 13.

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.

(i) 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.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using the 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.

(j) 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.

(k) 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.

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 2 Summary of significant accounting policies (continued)

(l) 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. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(m) New Accounting Standards

The following Australian Accounting Standards are being early adopted. Any initial impacts on the first time adoption are detailed in the Statement of Changes in Equity and Note 23.

AASB amendment	Affected standards
2005-4	AASB 139: Financial Instruments: Recognition and Measurement. Issued 2005.

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
2005 -1	AASB 139: Financial Instruments: Recognition and Measurement.
2005 -5	AASB 1 First-time adoption of AIFRS. AASB 139: Financial Instruments: Recognition and Measurement.
2005 -9	AASB 4 Insurance Contracts. AASB 139: Financial Instruments: Recognition and Measurement. AASB 1023 General Insurance Contracts.
2005 -10	AASB 4 Insurance Contracts. AASB 132 Financial Instruments: Presentation. AASB 139: Financial Instruments: Recognition and Measurement. AASB 1023 General Insurance Contracts.
2005 -11	AASB 139: Financial Instruments: Recognition and Measurement.
2005 -12	AASB 1023 General Insurance Contracts.
2006 -1	AASB 121 The Effects of Changes in Foreign Exchange Rates
AASB 7	AASB 7 Financial Instruments: Disclosures. Issued August 2005.

All AASB amendments above are applicable for the year commencing 1 July 2006 with the exception of AASB 7 which is applicable for the year commencing 1 July 2007. No assessment has been made of the change in accounting policy in the year of change, or the financial impact of adoption of any of the amendments above.

NOTE 3 Underwriting result

	Note	2006 \$'000
Gross premiums		2,924,920
Less:		
Claims incurred		(981,502)
Recoveries revenue		166,183
Net claims incurred	5	(815,319)
Underwriting result		2,109,601
Underwriting result excluding statutory levies		
Less : Statutory levies		
WorkCover Authority fund		(147,490)
Dust diseases contributions		(54,959)
Total statutory levies		(202,449)
		1,907,152

NOTE 4 Investment Income

	Note	2006 \$'000
Dividends		373,224
Interest		166,780
Realised gain on sale of investments		559,305
Unrealised gain/(loss)		(171,145)
Investment income		928,164

NOTE 5 Net Claims Incurred

	Current year \$m	Prior years \$m	2006 Total \$m
Direct business			
Gross claims incurred and related expenses – undiscounted	2,961	(1,171)	1,790
Reinsurance and other recoveries - undiscounted	(164)	(34)	(198)
Net claims incurred - undiscounted	2,797	(1,205)	1,592
Discount and discount movement- gross claims incurred	(931)	125	(806)
Discount and discount movement - reinsurance and other recoveries	38	(9)	29
Net discount movement	(893)	116	(777)
Net claims incurred	1,904	(1,089)	815

Explanation of material variances – prior years

The net decrease in the gross claims incurred from prior years of \$1,171m is essentially due to a reduction by the Scheme's consulting actuaries in the estimated level of future compensation payments for weekly benefits, legal costs, permanent impairment, pain and suffering, medical and rehabilitation costs that were partially offset by a strengthening in investigation costs.

The increase in discount and discount movement from prior years of \$125m is due to the decrease in the time to payment partially offset by an increase in the yield curve resulting in a higher discount applied to the gross outstanding claims, as calculated by the Scheme's consulting actuaries.

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 6 Expenses

	2006 \$'000
Surplus includes the following specific expenses	
<i>Depreciation</i>	
Buildings	5
Total depreciation	5
<i>Wage audit fees</i>	37,656
Professional fees paid to WorkCover external wage audit panel members for the examination of wages paid by employers.	

NOTE 7 Remuneration of auditors

	2006 \$'000
The Auditor General of NSW	
Audit or review of the financial report	122
External Auditors of Scheme Agents	
Audit or review of agent's reports	1,472
Taxation services	45
Other non-audit services	383
Total	1,900
Total as per Income Statement	2,022
The auditor for the NSW WorkCover Scheme is the Auditor-General of NSW.	

NOTE 8 Cash and cash equivalents

	2006 \$'000
Cash at bank	332,038

(a) Reconciliation to cash at the end of the year

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

	2006 \$'000
Cash asset	203,515
Money market deposit	128,523
Total cash at bank	332,038
Bank overdraft	(12,058)
Balances as per statement of cash flows	319,980

(b) Cash at bank

The cash at bank bears interest at a floating rate, receiving between 5.37 per cent and 5.66 per cent during the financial year.

NOTE 9 Recoveries receivable

	Note	2006 \$'000
Current		
Actuarial assessment of recoveries		103,268
GST recoveries receivable		79,823
Less: Allowance for doubtful recoveries		(23)
Additional GST recoveries	18(d)	79,800
Total current recoveries		183,068
Non-current		
Actuarial assessment of recoveries		354,520
Total actuarial assessment of recoveries	18(b)	457,788

NOTE 10 Trade and other receivable

	2006 \$'000
Current	
Premiums receivable	637,207
Interest and dividends receivable	43,937
Other receivables	50,712
	731,856
Less: Allowance for doubtful debts	(47,890)
Total other receivables	683,966

(a) Bad and doubtful premiums receivable

The Scheme has recognised a loss of \$11.162m in respect of bad and doubtful premiums receivables during the year ended 30 June 2006. The loss has been included in 'Bad Debts written off' and movement in Doubtful Debts Provision in the income statement.

NOTE 11 Other assets

	2006 \$'000
Current	
Prepayments	40,173

NOTE 12 Financial assets

	2006 \$'000
Current	
Fixed interest securities	197,707
Indexed securities	1,271,440
Australian equities	1,741,729
International equities	734,902
Domestic trusts	1,331,234
Australian property trusts	55,171
International trusts	1,463,245
Foreign exchange positions	(31,121)
Exchange traded futures	(588)
	6,763,719
Non-current	
Fixed interest securities	2,360,769
Total financial assets – investments	9,124,488

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 13 Financial instruments

Terms, conditions and accounting policies

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

Recognised Financial Instrument	Balance Sheet Notes	Accounting Policies	Terms and conditions
Financial assets			
Cash and Cash Equivalents	8	Cash assets are stated at net realisable values.	Cash assets are at call.
Receivables	9,10	Premiums receivable are recognised at nominal amounts due, less allowance for doubtful debts. There is a specific allowance raised for all debts owed by employers in receivership, liquidation or bankruptcy and any other debts in excess of \$100,000 where recovery is considered doubtful.	During 2005/06 employers whose basic tariff rate applied to estimated wages for the forthcoming year of cover results in a tariff premium exceeding \$3,000 may elect to pay the premium by 3 instalments. The full premium is payable by all other employers within one month of a premium demand by the Scheme Agent.
Investments	12	Investments are valued at bid price at the reporting date. Derivative instruments are recognised at their date of acquisition and are marked to market.	-
Financial liabilities			
Payables	15	Liabilities are recognised for amounts to be paid in the future for goods and services received.	Agents management fees and statutory levies are payable on dates specified in agreements with Scheme Agents.
Borrowings	16	Bank overdrafts are carried at the principal amount.	These are mainly unrepresented cheques.

Interest rate risk

The scheme has interest rate exposures from the holding of financial assets and liabilities in the normal course of business. The exposure to interest rate risk and the effective interest rates of financial assets and liabilities are summarised in the following table:

	Note	Weighted average effective rate (%)	Floating Interest Rate \$'000	2006 Fixed Interest Rate Maturing In						Non- Interest Bearing	Total \$'000
				1 yr or Less \$'000	In more than 1 yr but not more than 2 yrs	2 years< less than 3	3 years< less than 4	4 years< less than 5	>5 years		
Financial assets											
Cash and cash equivalents		5.43%	332,038				-	-	-	-	332,038
Other receivables	10	-	-		-		-		-	683,966	683,966
Recoveries	9	-	-		-		-		-	537,588	537,588
Investments	12	3.22%	-	326,719	194,026	303,699	211,956	458,217	2,497,688	5,132,183	9,124,488
Financial liabilities											
Borrowings	16	-	-		-		-		-	12,058	12,058
Payables	15	-	-		-		-		-	1,105,039	1,105,039

In accordance with market practice financial instruments exposed to interest rate price risk have been grouped by periods to maturity.

Investments

BNP Paribas Fund Services Australasia Pty Limited is the custodian of the Nominal Insurer with the terms and conditions regarding custody of investments being covered under a master custodian arrangement.

Market risk

The Nominal Insurer's master custodian continuously monitors physical and derivative positions and asset allocations. The Custodian ensures that the investment managers operate within the Investment Management Agreements (IMAs) and associated mandates set by the Nominal Insurer. These mandates place restrictions on the securities and products that a particular investment manager may trade in.

i. Foreign currency risk management

The Scheme undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts and currency swap agreements.

ii. Price risk

The Scheme is exposed to equity securities price risk. This arises from investments held by the Scheme and classified on the balance sheet at fair value through profit or loss.

Credit risk

The Workers Compensation Insurance Fund invests in debt instruments, over the counter and exchange-traded derivatives. Investments are made in accordance with each Investment

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 13 Financial instruments (continued)

Mandate provided by the Workers Compensation Nominal Insurer. Debt investments must satisfy minimum credit rating requirements for each instrument. The source of all credit ratings is either Standard and Poors or Moody's. Derivative transactions must satisfy minimum credit rating requirements for each counter party.

Fair values

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 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.

Derivatives

Derivates mean any of the following:

- swaps
- forward rate agreements
- spot, swap and forward foreign exchange agreements
- futures contracts
- options of any kind
- Other financial arrangements which would be generally accepted in the Australian financial markets as constituting derivatives
- any other type of contract or arrangement, which the Nominal Insurer notifies the manager in writing is a derivative contract, and to which the manager does not object.

Investment managers are permitted to deal in derivatives in accordance with specified rules outlined in the investment management agreements. Generally, derivatives can be used:

- to produce financial exposures which match or closely resemble those exposures otherwise obtainable through the use of authorised physical securities in the absence of leverage;
- as a hedging instrument;
- as a means of increasing or decreasing exposure to a particular asset sector, without gearing a portfolio; and
- to facilitate the effective management of a portfolio.

The market value of derivatives held is shown in the table below. The market value includes the amount of unrealised gains and losses.

	2006 \$'000
Australian bond futures	1,138
Australian bank accepted bill futures	-
Australian options on bank accepted bill futures	-
Australian share price index futures	-
Australian exchange traded options	-
	1,138

NOTE 14 Property, plant and equipment

	Freehold buildings \$'000
Gross carrying amount	
Balance as at 1 July 2005	-
Additions	405
Disposals	-
Balance as at 30 June 2006	405
Accumulated depreciation	
Balance as at 1 July 2005	-
Disposals	-
Depreciation expense	5
Balance as at 30 June 2006	5
Net book value	
As at 1 July 2005	-
As at 30 June 2006	400

Aggregate depreciation allocated during the financial year is recognised as an expense and disclosed in note 6 to the financial statements.

NOTE 15 Payables

	2006 \$'000
Trade and other payables	1,099,877
Statutory levies payable	5,162
Total payables	1,105,039

NOTE 16 Borrowings

	2006 \$'000
Current	
Unsecured	
Bank overdrafts	12,058
Total current borrowings	12,058

(a) Interest rate risk exposure

Details of the Scheme's exposure to interest rate changes on borrowings are set out in note 13.

(b) Fair value disclosures

The fair value of borrowings is the carrying amount.

NOTE 17 Unearned premiums

	2006 \$'000
Unearned premiums	634,495

Scheme Agents provided information in their audited statements to identify, in respect of premiums written, the amount of unearned premiums which relate to the next financial year. The total of these amounts makes up the unearned premiums. Unearned premium is determined using the pro-rata method.

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 18 Outstanding claims

	2006 \$'000
(a) Expected future gross claims	
payments (undiscounted)	14,127,878
Discount to present value	(5,245,948)
Liability for outstanding claims	8,881,930
Current	1,581,179
Non-current	7,300,751
	8,881,930
(b) Expected future actuarial assessment of recoveries	
(undiscounted)	592,528
Discount to present value	(134,740)
Discounted actuarial assessment of recoveries	457,788
(c) Net outstanding claims per actuarial report	8,424,142
(d) Additional GST recoveries	(79,800)
(e) Net outstanding claims	8,344,342

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 9.5 per cent.

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 2006 based on a probability of adequacy of 60%. The risk margin for the Scheme as at 30 June 2006 was 3 per cent. In arriving at this decision, the Board took into account the special circumstances of the Scheme such as the legislative provisions to set and retrospectively adjust premiums, employers required to fund deficit as part of future premiums and the reducing level of uncertainty in actuarial assessment of outstanding claims liability. The financial impact of including a risk margin in the current year is a \$245.4m increase in net outstanding claims and a corresponding increase in net claims incurred.

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 this uncertainty is compounded by uncertainty surrounding the outcome of the various reforms made to the Scheme in recent years, in particular the 2001 reforms and the closure of the Compensation Court from 31 December 2003 and more recently the move from a licensed insurer structure to contractual Scheme Agent arrangements. However, this uncertainty is reduced

compared to this time last year and from the situation at the time the reforms were introduced, as the consequences of the reforms have started to emerge.

This level of uncertainty will continue to decline with further claim development. Some critically important assumptions have been adjusted by the actuaries in line with the experience emerging from the reforms. Detailed monitoring of these assumptions is being undertaken to examine the appropriateness of these assumptions going forward.

Based on the consulting actuaries assessment of the Scheme's exposure to asbestos claims, an explicit provision of \$92 million for such claims has been included in the overall outstanding claims liability.

The following average inflation and discount rates were used in the measurement of outstanding claims:

	2006 %pa
For the succeeding year	
Inflation rate	4.00
Discount rate	6.00
For subsequent years	
Inflation rate	4.00
Discount rate	5.80-5.86

The weighted average discounted expected term from the balance date to settlement of the outstanding claims is estimated to be 6.3 years.

NOTE 19 Contingent liabilities

There are no known material contingent liabilities not already reflected in the financial statements.

NOTE 20 Accumulated surplus

	\$'000
Transfer from former WorkCover Scheme Statutory Funds	(1,998,100)
Adjustment on adoption of AASB 132 and AASB 139 to retained profits	18,548
Restated accumulated deficit at the beginning of the financial year	(1,979,552)
Surplus for the year	2,064,683
Accumulated surplus at the end of the financial year	85,131

Notes to and forming part of the FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 21 Reconciliation of net cash provided by operating activities to surplus from ordinary activities

	2006 \$'000
Surplus from ordinary activities	2,064,683
Depreciation expense	5
Bad debts written off	37,656
Decrease/(Increase) in operating assets	
Premiums receivable	(274,274)
Recoveries receivable	(63,211)
Interest and dividends receivable	(13,643)
Trade debtors and prepayments	(37,118)
(Decrease)/Increase in operating liabilities	
Provision for doubtful debts	(26,496)
Management fees payable	(199,641)
Statutory levies payable	(24,162)
Other creditors and accruals	645,035
Provision for outstanding claims	(571,395)
Unearned premiums provision	194,056
Realised (gain) on sale of investments	(559,305)
Unrealised (gain) on investments	171,145
Net cash provided by operating activities	1,343,335

NOTE 22 Segment reporting

The Scheme operates solely within one industry segment, provision of Workers Compensation insurance to employers with employees within New South Wales.

NOTE 23 Impacts of adoption of Australian equivalents to international financial reporting standards

The Scheme set its accounting policies on 1 July 2005 to comply with Australian equivalents to International Financial Reporting Standards (A-IFRS). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards'.

Adoption of AASB 132 and AASB 139 has resulted in a change in the valuation methodology applied to the investments of the Scheme. The effect of this change in valuation methodology is reflected in the Statement of changes in equity.

NOTE 24 Balances transferred in

On 1 July 2005 the following balances were transferred from the former WorkCover Scheme Statutory Funds to the NSW WorkCover Scheme:

	1 July 2005 \$'000
Current assets	
Cash and cash equivalents	156,963
Recoveries receivable	110,035
Trade and other receivables	428,197
Financial assets	509,089
	1,204,284
Non-current assets	
Recoveries receivable	364,365
Financial assets	6,617,818
	6,982,183
Total assets	8,186,467

NOTE 24 Balances transferred in (continued)

Current liabilities	
Trade and other payables	283,993
Unearned Premium provision	440,439
Outstanding claims	1,705,583
	2,430,015
Non-current liabilities	
Outstanding claims	7,754,552
Total liabilities	10,184,567
Net liabilities	(1,998,100)

NOTE 25 Comparison to the former scheme

A comparison with the former Scheme appears below:

Income statement	Current Scheme 2006 \$'000	Former Scheme 2005 \$'000
Gross premiums	2,924,920	2,915,887
Other revenue	1,125,830	1,118,563
	4,050,750	4,034,450
Claims incurred	981,502	3,040,439
Other expenses	1,004,565	639,006
	1,986,067	3,679,445
Net income	2,064,683	355,005
Balance sheet		
Investments	9,124,488	7,126,907
Other assets	1,594,165	1,059,560
	10,718,653	8,186,467
Outstanding claims	8,881,930	9,460,135
Other liabilities	1,751,592	724,432
	10,633,522	10,184,567
	85,131	(1,998,100)

NOTE 26 Subsequent events

On 28 September 2006 the Government announced a further 5 per cent reduction, in addition to the 10 per cent and 5 per cent reductions announced in March 2006 and November 2005, in workers compensation premium rates for all NSW businesses and a 10 per cent increase to permanent impairment benefits to a maximum of \$231,000 under s66 of the *Workers Compensation Act 1987*. The Government also announced a \$74 million incentive scheme to increase the employment of apprentices. The 5 per cent premium rate reduction applies to policies issued or renewed on or after 31 December 2006, and the apprentice incentive scheme also commences from that date. The benefits increase applies to injuries incurred on or after 1 January 2007.

NOTE 27 Related party transactions

WorkCover Authority of NSW is not a related party to the NSW WorkCover Scheme, in accordance with Section 154A of the *Workers Compensation Act 1987*. Therefore, there are no related party transactions.

NOTE 28 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 NSW

Workplace Injury Management and Workers Compensation Act 1998

Occupational Health and Safety

Occupational Health and Safety Act 2000

Explosives Act 2003

Rural Workers Accommodation Act 1969

Road and Rail Transport (Dangerous Goods) Act 1997
(jointly with the Environmental Protection Authority)

Workers Compensation

Workplace Injury Management and Workers Compensation Act 1998

Workers Compensation Act 1987

Workers' Compensation (Brucellosis) Act 1979

Workers Compensation (Bush Fire, Emergency and Rescue Services) Act 1987

Workers' Compensation (Dust Diseases) Act 1942

Workmen's Compensation (Lead Poisoning – Broken Hill) Act 1922

Associated General Contractors Insurance Company Limited Act 1980

Bishopsgate Insurance Australia Limited Act 1983

The Standard Insurance Company Limited and Certain Other Insurance Companies Act 1963

Other

Sporting Injuries Insurance Act 1978

REGULATIONS

Occupational Health and Safety Act 2000

Occupational Health and Safety Regulation 2001

Occupational Health and Safety (Clothing Factory Registration) Regulation 2001

Explosives Act 2003

Explosives Regulation 2005

Workplace Injury Management and Workers Compensation Act 1998 and Workers Compensation Act 1987

Workers Compensation Regulation 2003

Workplace Injury Management and Workers Compensation Regulation 2002

Workers Compensation Commission Rules 2003

Workers Compensation (Bush Fire, Emergency and Rescue Services) Act 1987

Workers Compensation (Bush Fire, Emergency and Rescue Services) Regulation 2002

Workers' Compensation (Dust Diseases) Act 1942

Workers' Compensation (Dust Diseases) Regulation 2003

Sporting Injuries Insurance Act 1978

Sporting Injuries Insurance Regulation 2004

Sporting Injuries Insurance Rule 1997

CHANGES TO ACTS

Workers Compensation and Other Legislation Amendment Act 2004 No. 111

This Act made a number of miscellaneous amendments to legislation dealing with workers compensation and occupational health and safety.

These amendments commenced on assent on 15 December 2004 except in relation to stop work orders. The stop work orders amendment inserted section 163B into the *Workers Compensation Act 1987* and commenced on 16 September 2005.

Workers Compensation Amendment (Insurance Reform) Act 2003 No. 81

The uncommenced provisions of the *Workers Compensation Amendment (Insurance Reform) Act 2003* commenced on 1 July 2005 except for amendments relating to the Uninsured Liability and Indemnity Scheme.

Workers Compensation Legislation Amendment (Miscellaneous Provisions) Act 2005 No. 113

These amendments to the *Workplace Injury Management and Workers Compensation Act 1998* and the *Workers Compensation Act 1987* related to outworkers and contractors deemed to be workers and the rate of interest for late payment of insurance premiums. The amendments also relate to dispute resolution procedures.

The amendments were assented to on 7 December 2005.

The savings and transitional amendments commenced upon assent, the amendments relating to outworkers and contractors deemed to be workers, the increase in compensation for permanent impairment of the back and the rate of interest for late payment of premiums commenced on 1 January 2006. The remaining provisions are expected to commence on 1 November 2006.

Workers Compensation Legislation Amendment Act 2006 No. 25

This Act makes further provision with respect to the grouping of employers for workers compensation insurance purposes and to provide for contributions to the WorkCover Authority Fund by certain employers licensed under Commonwealth workers compensation legislation.

Assented to on 17 May 2006. Commenced 2 June 2006 except for sections 175G, 175H and 175J, which commenced on 30 June 2006.

Workers Compensation Legislation Amendment Act 2002 No. 124

The amendments in this Act relating to cross-border matters were commenced on 1 January 2006.

Workers Compensation Legislation Amendment Act 2003 No. 29

The amendments relating to section 65 of the *Occupational Health and Safety Act 2000* relating to the protection against self-incrimination commenced on 1 February 2006.

Rural Workers Accommodation Amendment Act 2005 No. 37

This Act amends the *Rural Workers Accommodation Act 1969* to provide for a rural workers accommodation regulatory regime that is consistent with the regulatory regime of the *Occupational Health and Safety Act 2000* ("OHS Act"). The Act also makes consequential amendments to the OHS Act to provide that the *Rural Workers Accommodation Act 1969* is no longer "associated occupational health and safety legislation" for the purposes of the OHS Act.

The amendments were assented to on 15 June 2005 and commenced on 1 July 2006.

Occupational Health and Safety Amendment (Dangerous Goods) Act 2003 and Explosives Act 2003

The *Occupational Health and Safety Amendment (Dangerous Goods) Act 2003* extends the operation of the *Occupational Health and Safety Act 2000* to the regulation of dangerous goods whether or not at places of work. The extension of the operation of the OHS Act allows regulations to be made under the OHS Act that adopt the duty of care and performance based approach of regulation of the storage and handling of dangerous goods as outlined in the former National Occupational Health and Safety Commission's national standard relating to the storage and handling of workplace dangerous goods. The Act repeals the *Dangerous Goods Act 1975* and the *Dangerous Goods (General) Regulation 1999*. The Act continues the operation of the *Dangerous Goods (Gas Installations) Regulation 1998* by deeming it to be a regulation under the *Gas Supply Act 1996*.

The *Explosives Act 2003* continues the licensing regime for the handling of explosives. It also allows explosives precursors and other dangerous goods to be regulated in the interests of public safety.

The *Occupational Health and Safety Amendment (Dangerous Goods) Act 2003* and the *Explosives Act 2003* commenced on 1 September 2005.

NEW REGULATIONS

Explosives Regulation 2005

The *Explosives Regulation 2005* is made under the *Explosives Act 2003*. The *Explosives Regulation* provides for matters relating to licences under the *Explosives Act*, including the types of licences, requirements for obtaining licences and prescribed licence conditions, as well as specific control measures relating to the safe and secure handling of explosives. The *Explosives Regulation* prescribes security sensitive ammonium nitrate as an explosive precursor for the purpose of the Act, and contains provisions giving effect to the *Principles for the Regulation of Ammonium Nitrate*, declared by the Council of Australian Governments.

The Regulations (and the Acts under which they were made) commenced on 1 September 2005.

CHANGES TO REGULATIONS

Regulation amendments made under the Occupational Health and Safety Act 2000

Occupational Health and Safety Amendment (Dangerous Goods) Regulation 2005

The Occupational Health and Safety Amendment

(*Dangerous Goods*) Regulation is made under the *Occupational Health and Safety Amendment (Dangerous Goods) Act 2003*. The Regulation amends the *Occupational Health and Safety Regulation 2001* to insert a new Chapter 6A, *Dangerous Goods*, which provides for a nationally consistent regulatory framework for the storage and handling of dangerous goods, both at workplaces and at non-workplaces. The new dangerous goods chapter adopts the hazard identification and risk assessment approach of the *National Standard for the storage and handling of workplace dangerous goods*, issued by the former National Occupational Health and Safety Commission.

The amendment commenced on 1 September 2005.

Occupational Health and Safety Amendment (Long Distance Truck Driver Fatigue) Regulation 2005 No. 221

This Regulation amends the *Occupational Health and Safety Regulation 2001* by imposing obligations on an employer whose employee drives a heavy truck that transports freight long distance to require the employer to assess the risk of harm from fatigue to the driver's health and safety and to take steps to eliminate or control that risk. A similar obligation is placed on head carriers and certain consignors and consignees of freight, including their agents and persons acting on their behalf, who enter into a contract with a self-employed carrier for the transportation of

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freight long distance by means of a heavy truck. Such persons are required to prepare driver fatigue managements plans.

The Regulation also requires certain consignors and consignees of freight not to enter a contract with a carrier for the transport of freight long distance unless they are satisfied that the delivery timetables are reasonable and each driver is covered by a driver fatigue management plan.

This amendment commenced on 1 March 2006.

Occupational Health and Safety Amendment (Electrical Equipment) Regulation 2006

This Regulation provides more precise guidance to employers in relation to the testing, inspection and maintenance of electrical installations and electrical articles at places of work.

Published in the Government Gazette and commenced on 28 April 2006.

Occupational Health and Safety Amendment (Electrical Installations) Regulation 2006

This Regulation reinstates the requirement to make and keep records in relation to electrical installations, which was removed by the *Occupational Health and Safety Amendment (Electrical Equipment) Regulation 2006*.

Commenced upon gazettal on 2 June 2006.

Occupational Health and Safety Amendment (OHS Induction Training) Regulation 2006

This Regulation extends the period for compliance for persons who undertake construction work to hold an OHS induction training certificate until 1 September 2006.

Published in the Government Gazette and commenced on 13 April 2006.

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 (Advertising) Regulation 2005 No. 223

This Regulation amends the *Workers Compensation Regulation 2003* to impose restrictions on advertising by persons other than lawyers and agents. Additionally, the Regulation makes a number of changes to the requirements on lawyers and agents by providing an exemption for advertising of services provided by community legal centres in connection with discrimination, and deeming advertising to be placed by or on behalf of a lawyer or agent in certain circumstances. The definition of *lawyer* is also expanded to include multi-disciplinary partnerships.

Gazetted on 15 June 2005 and commenced on 1 July 2005.

Workers Compensation (Insurance Excess) Regulation 2006

This Regulation provides that the excess provisions in clause 51(1) of the *Workers Compensation Regulation 2003* only apply to claims of insurance covered by a policy of insurance that takes effect on or after 4pm on 31 December 2005.

Published in the Government Gazette and commenced on 28 April 2006.

Workers Compensation Amendment (Insurance Reform) Regulation 2005

This Regulation provides for arrangements for the exercise of functions by current managed fund insurers on behalf of the Nominal Insurer as 'temporary agents' during the transition period before the appointment of scheme agents to exercise functions on behalf of the Nominal Insurer.

Commenced on 1 July 2005.

Workers Compensation Amendment (Insurance Reform – Further Transitional Provisions) Regulation 2006

This Regulation authorises GIO General Limited to act as agent for the Nominal Insurer during the transition period.

The Regulation is taken to have commenced on 1 July 2005.

Workers Compensation Amendment (Premiums Review) Regulation 2005

This Regulation amends the *Workers Compensation Regulation 2003* by prescribing amounts as the excess that an employer must repay to a workers compensation insurer after a weekly compensation claim is paid to an injured worker. The Regulation also provides for insurance premiums to be paid in instalments.

Commenced on 31 December 2005.

Workers Compensation Amendment (Costs in Compensation Matters) Regulation 2006

This Regulation makes various amendments to Schedule 6 of the *Workers Compensation Regulation 2003* to increase the maximum costs that can be recovered for certain activities and events.

Published in the Government Gazette and commenced on 17 March 2006.

Workers Compensation Amendment (Latest Index Number) Regulation 2005

This Regulation updates an index number that is used for the purposes of the indexation of benefits under the *Workers Compensation Act 1987* from 1 October 2005.

Workers Compensation Amendment (Index Number) Regulation 2006

The purpose of the Regulation is to update an index number that is used for the purposes of the indexation of benefits under the *Workers Compensation Act 1987* from 1 April 2006.

Workers Compensation Amendment (Mine Safety Cost Recovery) Regulation 2006

This Regulation provides that any Mine Safety Fund adjustment amount that is payable by an employer to an insurer is to be paid by instalments.

Published in the Government Gazette and commenced on 19 May 2006.

Workers Compensation Amendment (Insurance) Regulation 2006

This Regulation amends the *Workers Compensation Regulation 2003* to provide that in determining an individual cost of a claim or the cost of a provisional payment of compensation for the purposes of premium calculation, the amount to be deducted from that determined cost is to be determined by reference to an amount specified by the relevant insurance premiums order that applies to the policy concerned.

Published in the Government Gazette on 26 May 2006 and commenced at 4pm on 30 June 2006.

Workers Compensation Amendment (Premiums) Regulation 2006

This Regulation amends the *Workers Compensation Regulation 2003* to omit redundant provisions with respect of the prescribed excess amount payable by employers, and to exclude from the grouping provisions employers who have re-insured with a specialised insurer and employers who are insured only in relation to domestic workers employed by private households.

Published in the Government Gazette on 29 June 2006 and commenced on 30 June 2006.

NEW AND AMENDING RULES, ORDERS AND GUIDELINES UNDER THE WORKERS COMPENSATION ACT 1987 AND THE WORKPLACE INJURY MANAGEMENT AND WORKERS COMPENSATION ACT 1998

Insurance Premiums Order 2005-2006

This Order fixes the manner in which premiums payable by employers for a policy of insurance issued or renewed, so as to take effect on or after 4pm on 30 June 2005, are calculated.

Published in the Government Gazette on 22 June 2005.

Insurance Premiums Order 2005-2006 Amendment (Premiums Review) Order 2005

This Order amends the *Insurance Premiums Order 2005/2006* to provide that it is not to apply to workers compensation insurance policies, that are to be or have been issued or renewed, so as to take effect on or after 4pm on 31 December 2005. The name of the *Insurance Premiums Order 2005/2006* has been changed to the *Insurance Premiums Order (July-December) 2005*.

Published in the Government Gazette on 14 December 2005 and commenced at 4pm on 31 December 2005.

Insurance Premiums Order (January – June) 2006

This Order fixes the manner in which a premium is calculated in respect of policies that are to be or have been issued or renewed so as to take effect on or after 4pm 31 December 2005 and before 4pm on 30 June 2006.

Published in the Government Gazette on 14 December 2005 and commenced at 4pm on 31 December 2005

Insurance Premiums Order (July – December) 2005 Amendment (Mine Safety Cost Recovery) Order 2006

This order enables adjustments of mining industry employers' insurance premiums to take place in relation to policies that are to be or have been issued or renewed so as to take effect on or after 4pm on 30 June 2005 and before 4pm on 31 December 2005.

Published in the Government Gazette on 19 May 2006 and commenced on gazettal.

Insurance Premiums Order (July – December) 2005 Amendment (Mine Safety Cost Recovery) Order 2006

This order enables adjustments of mining industry employers' insurance premiums to take place in relation to policies that are to be or have been issued or renewed so as to take effect on or after 4pm on 31 December 2005 and before 4pm on 30 June 2006.

Published in the Government Gazette on 19 May 2006 and commenced on gazettal.

Insurance Premiums (January – June) 2006 Amendment (Late Payment Fees) Order

This Order specifies the interest rate to be used to calculate late payment fees and commenced at 4pm on 31 December 2005.

Insurance Premiums Order 2006/2007

This Order fixes the manner in which premiums payable by employers for a policy of insurance issued or renewed so as to take effect on or after 4pm on 30 June 2006 are calculated.

Published in the Government Gazette on 26 May 2006.

Insurance Premiums Order 2006/2007 Amending Order 2006

The amending Order makes amendments to the Insurance Premiums Order 2006/2007 as from 4 pm on 30 June 2006 to: include provisions relating to grouping; calculate experience premium where an employer exits to the ComCare scheme; prescribe the excess amount payable by employers; include a Mine Safety Fund premium adjustment; and correct an incorrect percentage in Table A.

Published in the Government Gazette on 29 June 2006.

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Workers Compensation (Medical Practitioner) Fees Order 2006

This Order sets the maximum fees for which an employer is liable under the *Workers Compensation Act 1987* for treatment by medical practitioners of an injured worker's work-related injury.

Commenced on 1 January 2006.

Workers Compensation (Orthopaedic Surgeon Fees) Order 2004 (Amendment No. 1 2006)

This Order amended the maximum fees payable for orthopaedic surgeons.

Commenced on 1 January 2006.

Workers Compensation (Public Hospital Rates) Order 2005 No. 2 (Amendment No. 1 2005)

This Order amended the public hospital rates for brain injury rehabilitation services.

Commenced on 23 December 2005.

Workers Compensation (Surgeon Fees) Order 2005 (Amendment No. 1 2006)

This Order amended the maximum fees payable for surgeons.

Commenced on 1 January 2006.

Workplace Injury Management and Workers Compensation (Injury Management Consultants) Order 2006

This Order provides for the maximum fees payable for injury management consultants.

Commenced on 1 January 2006.

Workplace Injury Management and Workers Compensation (Medical Examinations and Reports) Order 2005 (Amendment No. 1 2006)

This Order provided the rates for examination and reports by general practitioners, medical specialists, approved medical specialists and approved medical specialists on appeal panels.

Commenced on 1 January 2006.

Workers Compensation (Car Travel Allowance) Order 2005

This Order fixes the rate at which the cost of travel by private motor vehicle is to be calculated for the purposes of the inclusion of an amount in respect of that travel in the compensation payable to an injured worker.

Commenced on 1 October 2005.

Workers Compensation (Physiotherapy Fees) Order 2006

This Order sets the maximum fees for which an employer is liable under the *Workers Compensation Act 1987* for treatment by a physiotherapist of an injured worker's work related injury.

Commenced on 1 March 2006.

Notice of determination under Insurance Premiums Order

(July–December) 2005, published in the Government Gazette and commenced on 26 May 2006.

Notice of determination under Insurance Premiums Order

(January - June) 2006, published in the Government Gazette and commenced on 26 May 2006.

Notice under Workers Compensation (Dust Diseases) Act 1942, published in the Government Gazette and commenced on 26 May 2006.

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	\$301,228
Performance pay	Nil
Period in position	18 August 2003 to 30 June 2006

Highlights

- Managed the implementation of government policy, commitments and priorities for improved workplace safety, injury management including rehabilitation and return to work, and workers compensation provision.
- Implemented programs that contributed to a decline in workplace fatalities and the occurrence of injuries and illnesses in workplaces to their lowest point in 18 years.
- Continued development of the agency's provision of information, education and advice to employers and workers ensuring maximum reach of information through cost-effective and efficient systems.
- Implemented major improvements to WorkCover Scheme arrangements in NSW, including a 15 per cent decrease in workers compensation premiums and increases in benefits for injured workers.
- Implemented new arrangements for the management and investment of the Workers Compensation Insurance Fund.

Hon John Della Bosca MLC

Minister for Commerce

Name	Michael Block
Position and level	General Manager, Investment Division SES Level 5
Total remuneration package	\$237,800
Performance pay	Nil
Period in position	20 September 2004 to 30 June 2006

Highlights

- Completed transition of the Workers Compensation Insurance Fund to new investment management arrangements
- Managed the appointment of sector-specialist funds managers in accordance with the Investment Strategy and as approved by the Workers Compensation Insurance Fund Investment Board
- Developed the Investment Division's Risk and Compliance Plan
- Provided regular reporting, and high-level support and advice to the Investment Board and key stakeholders on investment strategies and performance
- Managed the operation of the Investment Division consistent with the WorkCover NSW Corporate Plan.

Jon Blackwell

Chief Executive Officer

Name	Louise Scambler
Position and level	General Manager, Corporate Services Division SES Level 5
Total remuneration package	\$225,120
Performance pay	Nil
Period in position	10 January 2005 to 30 March 2006

Highlights

- Ensured the delivery of effective corporate services to WorkCover NSW, Workers Compensation Commission and Long Service Payments Corporation.
- Strengthened the provision of workplace information and advice through the expansion of the Business Assistance Unit.
- Managed the focusing of WorkCover NSW on improved stakeholder engagement and customer service.

- Provided regular reporting, and high-level support and advice to the Minister, WorkCover Board and key stakeholders on communication and media, finance, human resources and legal matters.
- Managed the operation of the Corporate Services Division consistent with the WorkCover NSW Corporate Plan.

Jon Blackwell

Chief Executive Officer

Name	Rob Thomson
Position and level	General Manager, Workers Compensation Division SES Level 5
Total remuneration package	\$225,120
Performance pay	Nil
Period in position	9 June 2005 to 30 June 2006

Highlights

- Managed the transition to the new Workers Compensation Scheme arrangements, including tender and contract processes for new Scheme agents.
- Implemented the structure for the new Workers Compensation Division resulting from the transition from the former Insurance Division and Scheme Design Project.
- Managed the development of new Scheme IT arrangements.
- Provided regular reporting, and high-level support and advice, to the Minister, WorkCover Board and key stakeholders on injury management, return to work and workers compensation matters.
- Managed the operation of the Workers Compensation Division consistent with the WorkCover NSW Corporate Plan.

Jon Blackwell

Chief Executive Officer

Name	John Watson
Position and level	General Manager, Occupational Health and Safety Division SES Level 5
Total remuneration package	\$213,401
Performance pay	Nil
Period in position	1 April 2004 to 30 June 2006

Appendices 2005/06

Highlights

- Managed the achievement of safer workplaces through the OHS Improvement Framework
- Worked in partnership with industry, employers and workers to achieve outcomes from the 2005 Safety Summit
- Contributed to the development of the legislative reform program for dangerous goods and explosives, major hazard facilities, and the *Occupational Health and Safety Act 2000*
- Implemented business improvement strategies in WorkCover's licensing and accreditation arrangements for operators of plant and equipment
- Provided regular reporting, and high-level support and advice to the Minister, WorkCover Board and key stakeholders on occupational health and safety matters
- Managed the operation of the Occupational Health and Safety Division consistent with the WorkCover NSW Corporate Plan.

Jon Blackwell

Chief Executive Officer

APPENDIX 3

► SIGNIFICANT INTER-DEPARTMENTAL COMMITTEES

Australian Safety and Compensation Council

Chief Executive Officer: Jon Blackwell

Heads of Workers Compensation Authorities

Chief Executive Officer: Jon Blackwell

Heads of Workplace Safety Authorities

General Manager, OHS Division: John Watson

Central Coast Regional Coordination Management Group Executive

Director, Office of the Chief Executive: Murray McLachlan

Industrial Relations Taskforce

General Manager, Strategy and Policy Division: Vicki Telfer

Treasury Managed Fund Advisory Board

General Manager, Strategy and Policy Division: Vicki Telfer

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)

Rob Thomson, General Manager Workers Compensation Division (Alternate 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 Tourism, 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 2006)

Chief Executive Officer (Jon Blackwell)

Acting General Manager, Corporate Services Division (Moir Heath)

General Manager, Investment Division (Michael Block)

General Manager, Occupational Health and Safety Division (John Watson)

General Manager, Strategy and Policy Division (Vicki Telfer)

General Manager, Workers Compensation Division (Rob Thomson)

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

- corporate strategy and policy development and implementation
- planning, budget and finance, risk management and human resource provision programs
- performance against corporate priorities and key performance indicators
- communication strategies
- business development and organisational improvement programs

Capital Project Approvals and Review Board (CPARB)

The Capital Projects And Review Board is the Executive decision making body responsible for overseeing and reviewing all WorkCover NSW Capital funded projects from conception to successful delivery and maintenance. The Board is accountable for the recommended approval of Capital funded projects budget funding to the Executive, Capital funded projects review and prioritising of all Capital funded projects. The Board prioritises Capital funded projects according to corporate goals and strategies. The Board is responsible for timely decision processes and directions affecting escalated Capital funded projects issues and prioritisation. The Board reports to the Executive the progress and status of major Capital funded projects on a quarterly basis.

The following members comprised the Board as at 30 June 2006:

- Moira Heath, Acting 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
- Paul Dexter, Chief Financial Officer, Finance Branch
- Geoff Fuggle, Director, Information Management Branch
- Leonie McCouat, Director, Business Risk Management & Site Services Branch
- Rob McNulty, Manager, Project Management Office, (Secretariat)

Occupational health and safety committees

Committees operated in WorkCover NSW in the following locations:

- Gosford Head Office
- Parramatta District Office
- Blacktown District Office
- CBD South District Office
- Country South Team
- Country North Team
- TestSafe – Londonderry and Thornleigh Laboratories
- Workers Compensation Commission of NSW – Sydney
- Long Service Payments Corporation - Gosford

The committees and representatives carry out regular occupational health and safety workplace inspections to eliminate health and safety risks and to create a safer working environment.

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.

APPENDIX 6

► SIGNIFICANT COMMITTEES ESTABLISHED IN 2005/06

No significant departmental committees were established during the reporting period.

APPENDIX 7

► SIGNIFICANT COMMITTEES ABOLISHED IN 2005/06

No significant departmental committees were abolished during the reporting period.

Appendices 2005/06

APPENDIX 8

► FREEDOM OF INFORMATION

Privacy Management

WorkCover NSW 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 2005/06, an on-line privacy training course – The Privacy Tutorial – was developed for WorkCover NSW staff.

WorkCover NSW also delivered presentations across the organisation on the requirements of the *Privacy and Personal Information Protection Act 1998* and the *Health Records and Information Privacy Act 2002*.

During 2005/06, one review was conducted by, or on behalf of WorkCover NSW under Part 5 of the *Privacy and Personal Information Protection Act 1998*.

Freedom of information statistics (2005/06)

A total of 824 applications for access to documents were received under the terms of the *Freedom of Information Act*.

Of the 824 applications received, a total of six were non-personal, no requests were deferred, a total of 191 requests were granted in full and 249 were refused. The latter included instances where no documents were located, fees were not provided or applications were re-directed to other agencies. No Ministerial Certificates were issued, 42 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		
	2003/04	2004/05	2005/06	2003/04	2004/05	2005/06	2003/04	2004/05	2005/06
New (including transferred in)	666	774	818	3	4	6	669	778	824
Brought forward	33	36	27	0	0	0	33	36	27
Total to be processed	699	810	845	3	4	6	702	814	851
Completed	656	768	797	3	4	5	659	772	802
Transferred out	1	1	2	0	0	1	1	1	3
Withdrawn	2	2	2	0	0	0	2	2	2
Total processed	659	771	801	3	4	6	662	775	807
Unfinished	40	39	44	0	0	0	40	39	44

What happened to completed requests

Result of FOI request	Personal	Other
Granted in full	190	1
Granted in part	361	1
Refused	246	3
Deferred	0	0
Completed	797	5

Ministerial Certificates – number issued during the period

No Ministerial Certificates were issued during 2005/06.

Formal consultations

	Issued	Total
Number of requests requiring formal consultations	28	42

Amendment of personal records

No request for amendment of personal records received under FOI.

Notation of personal records

No requests for notation of personal records were received.

Financial hardship – non profit organisation	0	0
Totals	32	0
Significant correction of personal records	0	0

FOI requests granted in part or refused

Basis of disallowing or restricting access	Personal	Other
Application incomplete/wrongly directed	53	0
Deposit not paid	41	1
Diversion of resources	2	0
Exempt	361	1
Otherwise available	0	0
Documents not held	151	2
Deemed refused – over 21 days	0	0
Released to medical practitioner	0	0
Totals	608	4

Costs and fees of requests processed during period

	Assessed costs	FOI fees received
All completed requests	N/A	\$20,394

Discounts allowed

Type of discount allowed	Personal	Other
Public interest	22	0
Financial hardship – pensioner/child	10	0

Days to process

Elapsed time	Personal	Other
0-21 days	662	5
22-35 days	112	0
Over 35 days	23	0
Totals	797	5

Processing time

Processing hours	Personal	Other
0-10 hours	744	5
11-20 hours	44	0
21-40 hours	7	0
Over 40 hours	2	0
Totals	797	5

Reviews and appeals

Number of internal reviews finalised	12
Number of Ombudsman reviews finalised	1
Number of District Court (Administrative Decisions Tribunal) appeals finalised	1

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Basis of internal review	Personal		Other	
	Upheld	Varied	Upheld	Varied
Access refused	3	0	0	0
Access deferred	0	0	0	0
Exempt matter	2	1	0	0
Unreasonable charges	0	0	0	0
Charge unreasonably incurred	0	3	0	0
Withdrawn	0	1	0	0
Totals	5	5	0	0

During 2005/06 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 NSW is part of the NSW Public Service, and public employment carries with it an obligation to the community to conduct business professionally, efficiently, impartially and with integrity. Accordingly, WorkCover NSW has reviewed its code of conduct to ensure that WorkCover's policies on standards of behaviour, values and principles are clearly depicted and understood by all employees. To support this initiative, an extensive training program has been initiated, targeting all WorkCover NSW staff. Copies of the code of conduct are now issued with letters of offer to all prospective employees. The code of conduct forms part of the WorkCover NSW 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 NSW website.

A Statement of Business Ethics aimed at informing vendors of our expectations for their ethical behaviours in dealing with WorkCover NSW has been developed. This document will be distributed to vendors in 2006/07 and is available from the WorkCover NSW website.

APPENDIX 10

► RESPONSE TO SIGNIFICANT MATTERS RAISED IN THE OUTGOING AUDIT REPORT

During the year The Audit Office and Internal Audit Bureau conducted audits in accordance with client service and internal audit plans. WorkCover's management responded positively to the recommendations made for improvement to operational and financial processes. No significant matters were raised by audit.

APPENDIX 11

► ACCOUNT PAYMENT PERFORMANCE

Account payment performance

Amounts outstanding to suppliers at the end of each quarter of the year were:

2005/06	Sept Qtr	Dec Qtr	Mar Qtr	Jun Qtr
	\$	\$	\$	\$
CURRENT	670,100	333,031	468,119	2,164,571
<30 days overdue	1893	-968	-288	572
>30 days and				
<60 days overdue	401	-14	-2	0
>60 days and				
<90 days	33	401	0	0
90 days and over	-5812	-4666	-1493	673
Total value of accounts paid on time	15,641,641	11,732,517	12,327,397	24,941,946
Percentage paid on time	89.44	93.72	97.00	92.52
Total value of accounts paid	17,488,738	12,518,200	12,709,182	26,957,599

During 2005/06, WorkCover paid \$69.7 million in accounts of which \$64.6 million or 93 per cent were paid on time. The performance target is a minimum of 90 per cent of accounts paid on time.

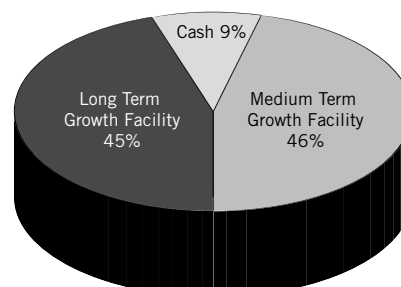
APPENDIX 12

► INVESTMENT MANAGEMENT PERFORMANCE

WorkCover's investment portfolio is held with NSW Treasury Corporation. It is invested in the medium term growth, long term growth and cash facilities and at 30 June 2006 the allocation between the facilities was as follows:

The total investment portfolio value at 30 June 2006 was \$335.1m, with \$152.1m allocated to the Long Term Growth Facility, \$153.9m in the Medium Term Growth Facility and \$29.1m held as cash. The return for the financial year for each of the facilities was 16.88 per cent for Long Term, 8.76 per cent for Medium Term and 5.69 per cent for cash

Composition of Invstment Portfolio
as at 30 June 2006



APPENDIX 13

► LIABILITY MANAGEMENT PERFORMANCE

Reporting period	2005/06	2004/05	2003/04
Workers Compensation:			
No of employees	1224	1113	1056
No of claims	36	45	54
No of claims per employee	0.029	0.04	0.05
Total cost of claims	\$307,485	\$330,143	\$473,329
Average claim cost	\$8,541	\$7,337	\$8,765
Average cost per employee	\$251	\$297	\$448
Motor vehicles:			
Vehicles	331	311	324
Number of claims	116	115	110
No of claims per vehicle	0.35	0.37	0.34
Total cost of claims	\$255,575.27	\$291,681.27	\$221,517.00
Average cost per claim	\$2,203.24	\$2,536.36	\$2,013.79
Average cost per vehicle	\$772.13	\$937.88	\$683.69
Property:			
Number of claims	6	6	7
No of claims per employee	0.005	0.005	0.007
Total cost of claims	\$101,433.63	\$30,606.00	\$524,527.00
Average cost per claim	\$16,905.61	\$5,101.00	\$74,932.43
Average cost per employee	\$82.87	\$27.50	\$496.71
Liability:			
Number of claims	Nil	Nil	Nil
Total cost of claims	Nil	Nil	Nil
Average claim	Nil	Nil	Nil
Miscellaneous:			
Number of claims	Nil	Nil	Nil
Total cost of claims	Nil	Nil	Nil
Average claim	Nil	Nil	Nil

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ULIS liability

WorkCover NSW also has outstanding workers compensation claims liabilities that arise under the Uninsured Liability and Indemnity Scheme, the Insurers' Guarantee Fund, the Bush Fire Fighters and Emergency & Rescue Workers Compensation Funds.

These liabilities are assessed by actuaries and for the last three years were:

Year	Uninsured Liability & Indemnity Scheme \$m	Insurers' Guarantee Fund \$m	Bush Fire Fighters Compensation Fund \$m	Emergency & Rescue Workers Compensation Fund \$m
2002/03	119.8	106.3	11.1	13.3
2003/04	102.1	133.8	11.4	8.8
2004/05	104.4	134.3	13.1	8.9
2005/06	93.9	108.4	11.9	9.2

Funding of the largest liabilities is by insurers' contributions and details of all liabilities are reported in the financial statements each year.

WorkCover NSW does not have any borrowings.

APPENDIX 14

► MAJOR ASSETS/LAND – DISPOSALS AND ACQUISITIONS

DISPOSALS

LOCATION	ITEM	2006 \$'000	2005 \$'000
			Nil

ACQUISITIONS

LOCATION	ITEM	2006 \$'000	2005 \$'000
Gosford Head Office	Corporate Data Repository	8,400	
Total		8,400	

APPENDIX 15

► MAJOR ASSETS OTHER THAN LAND HOLDINGS

	2005/06	2004/05	2003/04
ASSETS	\$'000	\$'000	\$'000
Buildings	3,577	3,688	4,815
Leasehold improvements	16,942	17,654	17,814
Office machines and equipment	200	306	975
Furniture and fittings	210	271	302
Computer hardware and software	23,372	13,404	15,267
Scientific, technical and mechanical equipment	2,217	2,061	1,662
Motor vehicles	136	0	0
Total	46,654	37,384	40,835

APPENDIX 16

► WORKS IN PROGRESS

	Total cost 30/6/2006 \$m	Cost overrun \$m	Estimated date of completion	Reason for significant delay	Asset/work in progress
Major computer hardware and software projects					
IT Scheme Design	8.4	0.8	Completed		Asset
TOTAL	8.4	0.8			

APPENDIX 17

► PRICE DETERMINATION METHOD

WorkCover NSW is primarily funded from statutory contributions by licensed insurers and self-insurers based on their premium income and deemed premiums respectively. The amount of contributions is determined annually by the WorkCover Board of Directors based on estimates of the total of the amounts to be paid from the WorkCover Authority Fund as well as those amounts that are to be set aside as provisions to meet expenditure in later years.

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APPENDIX 18

► CONSULTANTS

Consultants equal to or more than \$30,000

Consultant	Cost \$	Purpose
GHD Pty Ltd	91,827.50	Geotechnical advice & consulting services
Acil Tasman	90,909.09	Economic analysis project
CT & A Consulting	86,573.00	Business process design for the Scheme Design change at WorkCover NSW
Harry Neesham	71,148.69	Review of draft, briefing on tender documentation & attendance at evaluation committee meeting & evaluation of respondents
University of New South Wales	65,184.00	The UNSW's Injury Risk Management Research Centre is providing high level research and specialist advice regarding the use of existing WorkCover data to estimate the cost of injury and illness in NSW.
Independent Project	54,042.50	Probity advisor for the Scheme Design Project
GHD Pty Ltd	43,632.30	Geotechnical consulting services
Watson Wyatt Australia	41,317.00	Provide Asset Consultancy Services to WorkCover
Riley Research	39,700.00	Conduct market research concerning stakeholder engagement index
William Edward Dunn	36,349.48	Review Test Reports for High Current Branch of TestSafe
Birks Engineering	35,035.00	Training of new and existing staff for High Current Branch of TestSafe
Total greater than \$30,000	655,718.56	

Consultants less than \$30,000

During 2005/06, other consultancies were engaged in the following areas:

Consultancy area	Cost \$
Finance and accounting/tax	1,800
Information technology	30,986
Management services	41,826
Organisational review	23,042
Training	43,718
Total consultancies less than \$30,000	141,372

APPENDIX 19

► OVERSEAS TRAVEL

Person	Date	Purpose	Cost \$	Recovery \$	Net cost \$
Anthony Robinson	June 2005	Travel to New Zealand as part of the Australian & New Zealand School of Government (ANZSOG) Executive Master of Public Administration Course	953	Nil	953
Dr Robert Kenyon*	June – July 2005	To attend XIX World Allergy Organization Congress International conference in Munich, Germany the 11th World Conference on Lung Cancer in Barcelona, Spain and the 16th Sexually Transmitted Diseases Meeting in Amsterdam, Netherlands	21,789*	Nil	21,789*
Serge Morson	July 2005	Travel to Berlin, Germany to attend the International Chief Inspectors of Explosives Conference	5,027	Nil	5,027
Henry Huynh	July 2005	International Electrotechnical Commission (IEC) Explosion protection requirements surveillance auditing in South Carolina, USA	4,392	21,426	-17,034
Dr Robert Kenyon*	September 2005	To attend Dioxin International Conference in Toronto, Canada, the International meeting of Forensic Toxicologists in Seoul, Korea and Medichem in Goa, India	19,322*	Nil	19,322*
Garry Jeffery	September 2005	International Electrotechnical Commission (IEC) Explosion protection requirements surveillance auditing in Christchurch, New Zealand	883	3,150	-2,267
Dr Robert Kenyon*	October – November 2005	To attend International conference at American College of Environmental and Occupational Medicine State of the Art Conference in Chicago, USA	6,116*	Nil	6,116*
Dr Kelvin Wooller*	October 2005	To attend the American College of Occupational and Environmental Medicine State-of-the-Art International Conference in Chicago, USA	5,452*	Nil	5,452*
Ajay Maira	October 2005	International Electrotechnical Commission (IEC) Explosion protection requirements surveillance auditing in South Africa	6,495	9,040	-2,545
Alan Kerruish	October 2005	Travel to New Zealand to attend the Joint Standards Committee	2,338	Nil	2,338
John Sharpin	October – November 2005	Attendance and presentation at the New Zealand Annual Construction Conference	1,208	Nil	1,208
Jon Blackwell	November 2005	Travel to New Zealand to attend Learning Set, the Trans Tasman professional networking group	1,607	Nil	1,607
Gordana Manojlovic	December 2005	International Electrotechnical Commission (IEC) Explosion protection requirements surveillance auditing in Christchurch and Auckland, New Zealand	1,681	6,300	-4,619
James Zhao and Ajay Maira	March 2006	International Electrotechnical Commission (IEC) Explosion protection requirements surveillance auditing in China	2,676	12,480	-9,804
David Fraser	May 2006	International Electrotechnical Commission (IEC) Explosion protection requirements surveillance auditing in Christchurch, New Zealand	1,997	3,150	-1,153
John Watt	May 2006	International Electrotechnical Commission (IEC) Explosion protection requirements surveillance auditing in Brazil	1,007	8,930	-7,923
Total			82,943	64,476	18,467

* Note: WorkCover's Senior Medical Officers are employed under the Crown Employees (Medical Specialists, Various Agencies) Award. They are entitled to training, conference, education and study leave, which includes overseas travel.

Appendices 2005/06

APPENDIX 20

► CONTRACTING AND MARKET TESTING

WorkCover NSW contracting and market testing activities are carried out to conform with the NSW Procurement Policy and related legislation. Every effort is made to ensure that, when planning procurement arrangement and contract management activities, strategies being developed are compliant with appropriate delegations and adopt methodologies that provide maximum opportunity for open and effective competition in the market place.

To support procurement and contract management across WorkCover, a strategic procurement framework, including a Procurement Toolkit, has been introduced to enhance procurement activities and contribute to best value for money outcomes in support of WorkCover's service delivery. The procurement framework will include the introduction of an end-to-end electronic procurement process.

APPENDIX 21

► EVENTS THAT HAVE A SIGNIFICANT EFFECT ON THE SUCCEEDING YEAR AFTER THE BALANCE DATE

No significant events have been identified.

APPENDIX 22

► PUBLICATIONS

WorkCover NSW 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 NSW website. In meeting client demand, and taking advantage of new publishing technology, WorkCover NSW 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 NSW 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 *Nurses Manual Handling Kit* and *Safe Working at Heights Pocket Guide*.

The publications available in 2005-06 were as follows:

- A Fairer System Brochure
- A Guide for Cleaning Employers and Contractors
- A Guide for Property Owners and Managers
- Accredited Rehabilitation for Provider Case Closure Report
- Advanced RTW Coordination Participant Manual
- An Introduction to A Cleaning Employers and Contractors Guide to Health and Safety for Cleaning Contractors
- An Introduction to A Property Owners and Managers Guide to Health and Safety for Cleaning Contractors
- Analysis of Claims for the Fabricated Metal Products Industry
- Analysis of Claims in the Construction Industry
- Analysis of Industry Performance – Workplace Injuries
- Analysis of Mental Disorder Claims – Workers Compensation Statistics 1995/1996
- Application for a Certificate of Competency – Pest Management or Fumigation (PM1)
- Application for a National OHS Certificate of Competency (A1)
- Application for a NSW Explosives User's Learner's Permit (EX1)
- Application for a NSW Explosives User's Permit (EX2)
- Application for a Work Site Permit for Friable Asbestos Removal (AD3)
- Application for Assessment to an Authorised NSW Certificate Assessor (CA1)
- Application for Conversion of Existing Certificates to a National OHS Certificate (C4)
- Application for Exemption
- Application for Item Registration of Boiler/Pressure Vessel (PB1)
- Application for Item Registration of Lift/Escalator/Moving Walkway (PL2)
- Application for Item Registration of Plant Design (PD3)
- Application for Licence to Carry Out Demolition Work (AD2)
- Application for Licence to Operate as An Asbestos Contractor (AD1)
- Application for Recognition in an Equivalent Occupation (MR1)
- Application for Registration of a Clothing Factory
- Application for Renewal of a Certificate of Competency – Pest Management or Fumigation (PR2)
- Application for Replacement of a Certificate of Competency (R3)

- Application to be Exempted from Holding a Certificate of Competency (E5)
- Armed Hold-ups and Cash Handling
- Assembling and Tractor Tyres & Rims
- Attitudes and Work Practices of Electricians in the NSW Construction Industry Report Summary 2002
- Back Watch Scoreboard
- Cashiers: Health and Safety at Work
- Chainsaw Safety
- Chair Safety in Design Tool 2001
- Checklist for Evaluating Mobile Hoists (for the Health Care Industry)
- Checklist: Evaluating Beds for the Health Care Industry
- Classes of Dangerous Goods Card
- Cleaning Employers and Contractors Guide to Health and Safety for Cleaning
- Code of Practice 2001: Work in Hot & Cold Environments
- Code of Practice for the Sawmilling Industry
- Code of Practice: Amenities for Construction Work
- Code of Practice: Amenity Tree Industry
- Code of Practice: Cash in Transit
- Code of Practice: Control of Workplace Hazardous Substances
- Code of Practice: Cutting & Drilling Concrete & Other Masonry Products
- Code of Practice: Electrical Practices for Construction Work
- Code of Practice: Excavation
- Code of Practice: Formwork
- Code of Practice: Labelling of Workplace Substances
- Code of Practice: Low Voltage Electrical Work 2001
- Code of Practice: Mono-strand Post-tensioning of Concrete Buildings
- Code of Practice: Noise Management and Protection of Hearing at Work
- Code of Practice: NSW Construction No. 2 – Facade Retention
- Core Code of Practice: OHS Consultation 2001
- Code of Practice: OHS Induction Training for Construction Work
- Code of Practice: Overhead Protective Structures
- Code of Practice: Preparation of Material Safety Data Sheets
- Code of Practice: Pumping Concrete
- Code of Practice: Safe Handling & Storage of Enzymatic Detergent Powders and Liquids
- Code of Practice: Safe Use and Storage of Chemicals (Including Pesticides and Herbicides) in Agriculture
- Code of Practice: Safe Use of Pesticides (Including Herbicides) in Non-Agricultural Workplaces
- Code of Practice: Safe Work on Roofs, Part 1 – Commercial & Industrial Buildings
- Code of Practice: Safe work on Roofs, Part 2 – Residential Buildings
- Code of Practice: Safety Aspects in the Design, Manufacture and Installation of On-Farm Silos and Field Bins
- Code of Practice: Safety Line Systems
- Code of Practice: Technical Guidance 2001
- Code of Practice: Tunnels Under Construction
- Code of Practice: Wine Industry
- Code of Practice: WorkCover NSW Health & Safety Risk Assessment 2001
- Code of Practice: Workplace Amenities 2001
- Commission of Inquiry Into Workers Compensation Common Law Matters
- Contractors working in Railway Construction
- Coping with Loss and Grief at Work
- Corporate Plan 2003/06
- Demolition Licensing Regulation Brochure
- Do I Have a Noise Problem?
- Doctors & WorkCover: Approved Medical Specialist
- Doctors & WorkCover: Injury Management Consultant
- Doctors & WorkCover: Nominated Treating Doctor
- Drugs, Alcohol and the Workplace
- Due Diligence at Work
- Dust in the Workplace: How to Prevent Silicosis?
- Electrical Hazard Awareness for Operators of High Machinery
- Fact Sheet – Health and safety obligations and workers compensation employer
- Fact Sheet for Hair Dressers
- Fact Sheet No. 1 – Insurance Policy and Premiums Information for Employers
- Fact Sheet No. 2 – Injury Management and Return to Work Programs
- Fact Sheet No. 3 – What to do if there is an injury

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- Fact Sheet No. 4 – Claims and Benefits
- Fact Sheet No. 5 – Resolving Problems and Disputes about Workers Compensation
- Fact Sheet No. 6 – Service Providers and other assistance
- Fact Sheet No. 7 – Checklist for Employers
- Fact Sheet No. 8 – Getting more information
- Fact Sheet No. 9 – Information for Principal Contractors – Subcontractor Premiums
- Farm Safety Starter Kit
- Farm Safety Starter Guide
- First Aid in the Workplace – Fact Sheet 2001
- Core First Aid in the Workplace – Guide 2001
- Floors, Passageways and Stairs
- Flowchart for Injury Management – Poster
- Forklift Checklist (Making Your Forklift Work for You)
- Guide for Bridge and Gantry Drivers
- Guide for Dogging
- Guide for Explosive Power Tool Operators
- Guide for Fork Lift Truck Drivers
- Guide for Front End Loader and Excavator Drivers
- Guide for Hoist Operators
- Guide for Rigging
- Guide to Amusement Device Regulation
- Guide to Certification
- Guide to Rural Health and Safety Magazine
- Guide to the Safe Use of Tractors
- Guidelines for Employers Return to work Programs
- Guidelines for Handling Cytotoxic Drugs and Related Waste in Health Care Establishments
- Guidelines for Writing Work Method Statements in Plain English
- Handling Cytotoxic Drugs in Health Care Establishments – Training Competencies
- Hazard Identification and Risk Assessment Manual for Small Builders
- Hazpak! Making Your Workplace Safer
- Health & Safety at Work – The Waste Management and Recycling Industry
- Health & Safety at Work: Greens, Gardens and Grounds
- Health & Safety at Work: Hairdressing Book
- Health & Safety at Work: Kitchens
- Health and Safety for Cleaners: Selecting the Right Mopping Equipment
- Health & Safety Guidelines for Brothels in NSW – Guide 2001 – Chinese
- Health & Safety Guidelines for Brothels in NSW – Guide 2001 – English
- Health & Safety Guidelines for Brothels in NSW – Guide 2001 – Korean
- Health & Safety Guidelines for Brothels in NSW – Guide 2001 – Thai
- Health and Safety Notes – Hierarchy of Hazard Controls Leaflet
- Health and Safety Notes – Living With Fibro
- Health Industry Statistical Profile 1994/95
- How Many Hazards Can you Find?
- How to notify work-related incidents
- How to organise suitable duties in Local Government
- How to organise suitable duties in the Cleaning Industry
- How to organise suitable duties in the Health Industry
- How to organise suitable duties in the Retail Industry
- How to organise suitable duties in the Road Transport Industry
- How to organise suitable duties in the Wholesale Trade
- Identification Tool for Aluminium Mobile Scaffolds – Hazard Profile 2001
- Identification Tool for Bricklaying – Hazard Profile 2001
- Identification Tool for Concrete Placement – Hazard Profile 2001
- Identification Tool for Demolition – Hazard Profile 2001
- Identification Tool for Electrical – Hazard Profile 2001
- Identification Tool for Formwork – Hazard Profile 2001
- Identification Tool for Metal – Hazard Profile 2001
- Identification Tool for Steel Reinforcement Fixing – Hazard Profile 2001
- Injured Worker? What do you do next? – Brief Guide for Employers
- Injury Management & Suitable Duties Brochure
- Item Registration of Amusement Device (PA4)
- Item Registration of Mobile Crane, Tower Crane, Building Maintenance Unit (PC5)
- Jobcover Placement Program – Information for Workers
- Keyboard Workstation Assessment
- Laboratory Services Unit – Chemical Testing to assist Industry

- Laboratory Services Unit Handbook – 2003 – 5th Edition
- Lifting & Moving People: Choosing the Right Equipment
- Managing Chemical Hazards in the Workplace: Advice for Managers & Supervisors
- Managing Loss & Grief in the Aged Care Industry
- Management of Soft Tissue Injuries – General Guide Free
- Manual Handling for Nurses – training package
- Manual Handling – Workers Compensation Statistics 1995/1996
- Manual Handling of Cement Bags
- Manual Handling Resource
- Medical Certificates Pads
- Minimising Fatigue in the Health, Aged Care & Allied Industries
- Moving Plant on Construction Sites - Code of Practice
- Moving Plant on Construction Sites - Safety Guide
- National Certificates of Competency – Assessment Instruments: Advanced Boiler Operation
- National Certificates of Competency – Assessment Instruments: Advanced Rigging
- National Certificates of Competency – Assessment Instruments: Advanced Scaffolding
- National Certificates of Competency – Assessment Instruments: Basic Boiler Operation
- National Certificates of Competency – Assessment Instruments: Basic Rigging
- National Certificates of Competency – Assessment Instruments: Basic Scaffolding
- National Certificates of Competency – Assessment Instruments: Boom Type EWP
- National Certificates of Competency – Assessment Instruments: Bridge and Gantry Cranes
- National Certificates of Competency – Assessment Instruments: Concrete Placing Booms
- National Certificates of Competency – Assessment Instruments: Derrick Cranes
- National Certificates of Competency – Assessment Instruments: Dogging
- National Certificates of Competency – Assessment Instruments: Dragline
- National Certificates of Competency – Assessment Instruments: Excavator
- National Certificates of Competency – Assessment Instruments: Front End Loader
- National Certificates of Competency – Assessment Instruments: Front End Loader of the Skid Steer Type
- National Certificates of Competency – Assessment Instruments: Front End Loader/Backhoe
- National Certificates of Competency – Assessment Instruments: Intermediate Boiler Operation
- National Certificates of Competency – Assessment Instruments: Intermediate Rigging
- National Certificates of Competency – Assessment Instruments: Intermediate Scaffolding
- National Certificates of Competency – Assessment Instruments: Material Hoists
- National Certificates of Competency – Assessment Instruments: Non-Slewing Mobile Cranes
- National Certificates of Competency – Assessment Instruments: Order Picking Forklift Truck
- National Certificates of Competency – Assessment Instruments: Personnel & Material Hoists
- National Certificates of Competency – Assessment Instruments: Portal Boom Cranes
- National Certificates of Competency – Assessment Instruments: Reciprocating Steam Engine
- National Certificates of Competency – Assessment Instruments: Slewing Mobile Cranes
- National Certificates of Competency – Assessment Instruments: Tower Cranes
- National Certificates of Competency – Assessment Instruments: Turbine Operation
- National Certificates of Competency – Assessment Instruments: Vehicle Loading Cranes
- National Certificates of Competency – Assessment Instruments: Written Assessments for Cranes
- National Certificates of Competency – Assessment Instruments: Forklift Truck
- New OHS Powers for Authorised Officers
- Noise at Work Brochure
- Noise Regulation: Hospitality & Entertainment Industry
- OHS Certificate of Competency – Formwork, Explosive Power Tool Operator (S6)
- OHS Management System for Small Transport & Storage Business
- Outline of the NSW Workers Compensation Premium Scheme (2002–2003)
- Paralympic Sponsorship Program

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- Passive Smoking in the Workplace – Policy and Control
- Plant Hire and Lease – What Suppliers Must Know, Fact Sheet 2001
- Plant, Guide 2001
- Pregnancy and Work Guide
- Preventing Violence in the Accommodation Services of the Social & Community Services Industry
- Principles of Machine Guarding
- Protecting Young Workers from Workplace Hazards
- Read It! Know It! Control It! Watch out for hazardous substances – Poster
- Reading Labels & Material Safety Data Sheets – How to find out about chemicals used at your workplace?
- Rehabilitation Providers & WorkCover – What to Expect From Your Rehabilitation Provider
- Relocation, Change of Ownership/Control or Disposal of Registered Plant
- Restaurants, Hotels & Clubs – Employment Injuries
- Retail – Steps for Return to Work After Injury
- Retail Industry Return to Work Kit for Employers
- Retail Industry Return to Work Kit for Workers
- Return to Work Packages – Participants Kit
- Risk Management – Guide 2001
- Robbery & Violence in Retail Industry
- Rollover Protection System Application Form (ROPS)
- Rural Safety Information Package
- Safe Use of Solvents at Work
- Safe Working at Heights Guide 2004
- Safety at Work: A Guide for Young Workers in Hospitality
- Core Safety Checklist – Checking out your workplace
- Safety in Forest Harvesting Operations
- Safety Meter: A Positive Performance Measurement Tool 2001
- Safety Standard Required for Higher Voltage Lithium Batteries
- Security Sensitive Dangerous Goods application
- Shearing Guide 2002
- Shearsafety – Worm Drive Upgrade Rebate Brochure
- Shiftwork: How to Devise an Effective Roster
- Shiftwork: How to Manage Shiftwork
- Short Guide to Working with Asbestos
- Should Your Chemical Storage Be Licensed?
- Skin Cancer and Outdoor Workers: A Guide for Employers – which will cost you more
- Skin Cancer and Outdoor Workers: A Guide for Workers – the choice is yours
- Small Business Assistance leaflet
- Small Business Safety Starter Kit – Guide 2001
- Spray Painting – Guide 2001
- Spray Painting – What apprentices need to know? – Fact Sheet 2001
- Standard Return to Work Program
- Starting Work – Know Your Legal Rights
- Starting Work – Know Your Legal Rights Poster
- Stay Alive by Working Dead Brochure
- Stress, the Workplace & the Individual
- Subby Pack
- Summary of the *Occupational Health & Safety Act 2000*
- Summary of the *Occupational Health & Safety Regulations 2001*
- Suppliers of Chemicals to Workplaces – How Do the New Laws Affect You?
- Talk safety with us (CD)
- Teachers Kit – Safety First or Expect the Worst
- The Community Services Safety Pack
- The Community Services Safety Pack (CD)
- The Fifteen Minute Farm Safety Check
- Toxic Gas in Confined Spaces
- Tractors and Farm Machinery – Suppliers Must Know – Fact Sheet 2001
- Training & Employment Programs for Injured Workers
- Training Logbook for Users & Operators of Industrial Equipment
- Transporting Small Gas Cylinders – Fact Sheet 2002
- Utilities Manual Handling Kit
- Utilities Manual Handling Kit (Hearing Impaired Version)
- Violence and Robbery – Bottle Shops
- Violence and Robbery – Convenience Store and Newsagencies
- Violence and Robbery – Pharmacies
- Violence and Robbery – Service Stations
- Violence and Robbery – Supermarkets and Department Stores
- Violence in the Workplace – Guide 2002
- Wages Definition Manual

- Watching Out for You – Poster
- What Managers Can Do – OHS and Safety and the Multilingual Workforce
- What WorkCover Means for Injured Workers
- When an Inspector Calls – Guide 2002
- Work in Cold Environments – Fact Sheet
- Work in Hot Environments – Fact Sheet
- Work Injury Management Systems – Case Studies – Volume 1
- Work Related Injuries – Good practice guide for workers
- WorkCover Compliance & Prosecution Policy
- WorkCover Guide for the Evaluation of Permanent Impairment and Disability
- WorkCover News
- WorkCover NSW Annual Report (2002/2003) CD
- Workers Compensation Changes – What you need to know
- Workers Compensation Statistical Bulletin 2003/2004
- Working from Home
- Workplace Safety Kit – Guide 2001
- Workplace Safety Kit – Guide 2001 – A step by step guide for safety for business
- Your Guide to WorkCover Brochure
- Your Guide to Workplace Health and Safety – English
- Your Guide to Workplace Health and Safety – Greek
- Your Guide to Workplace Health and Safety – Maltese
- Your Guide to Workplace Health and Safety – Serbian
- Your Guide to Workplace Health and Safety – Spanish
- Your Guide to Workplace Health and Safety – Tagalog
- Your Guide to Workplace Health and Safety – Vietnamese

APPENDIX 23

► GRANTS TO NON GOVERNMENT ORGANISATIONS

Organisation	Project brief	Funds
Australasian Meat Industry Employees Union Newcastle and Northern Branch	Continue with and build on the success of the 1,800 Workers Compensation Advisory Line by recording data pertaining to the nature of illness/injury sustained by members in the workplace; further develop consultation mechanisms by conducting a training conference.	\$131,250.00
Australasian Meat Industry Employees' Union New South Wales Branch	Develop and implement a 'model' anti-bullying policy and set of practical guidelines and tools across the industry.	\$100,000.00
Aged and Community Services Association of NSW & ACT and Aged Care Association Australia - NSW	Continued upgrade and expansion of www.agedcare.ohs.info with particular focus on workplace bullying and harassment and return to work and injury management assistance; further delivery of the 'Effective Case Coordination' course for experienced return to work coordinators developed under the 2003 Assist grant; further enhancement and delivery of the BoardSafe program including advanced program; and Further development and delivery of the 'Identifying and Managing Hazards in and Around the Home' program for providers of community care.	\$100,000.00
Australian Meat Industry Council	Provide information for Retail Butcher Shop and Meat Wholesale members to understand, implement and comply with the return to work/injury management provisions.	\$95,000.00
Australian Manufacturing Workers Union	Deliver a program of education and training, skills development, practical resources and individual support.	\$169,100.00
Association of Wall & Ceiling Industries of New South Wales	Train contractors in the implementation of an 'Action Pack' and its daily on site operation verifiable to WorkCover standards.	\$29,475.00
Australian Business Industrial (ABI)	Deliver practical training workshops focused on the risk assessment and consultation processes.	\$99,000.00
Australian Industry Group	Improve the OHS Consultation effectiveness of small to medium enterprises.	\$99,400.00

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Australian Retailers Association NSW	Provide one-on-one consultation sessions for small business retailers with OHS Advisors, assisting the retail operator to develop and implement customised OHS practices.	\$90,000.00
Australian Workers' Union, New South Wales	Examine and develop strategies on the issue of worker impairment that can have an adverse effect on workplace injuries.	\$65,000.00
Baking Industry Association (NSW)	Provide return to work and injury management assistance in the form of a job dictionary for bakery/patisserie roles and case studies. Tailor manual handling guidance material. Write up generic Safe Working procedures for key hazardous tasks in the Baking Industry in a simple poster format. Attendance at baking industry forums by OHS experts.	\$50,000.00
Building Service Contractors Association of Australia	1. Educate small business (security) in current legislative requirements 2. Undertake risk assessments of guarding and crowd control tasks 3. Develop appropriate risk control planning 4. Develop an OHS system to meet small business needs (security, guarding and crowd control) 5. Provide training.	\$84,898.00
CFMEU (Construction & General)	Engage an officer to dedicate their time to provide comprehensive workers compensation assistance to injured building workers, including over the phone assistance, liaising with employers and insurers to ensure good injury management/return to work outcomes for injured workers and their employers.	\$66,021.76
CFMEU FFPD NSW Branch	Development of training package for CFMEU organisers; development of best practice consultation solutions; development of industry case studies on bullying and harassment; delivery of 'train the trainer' information to organisers; training of delegates; follow up workshops involving organisers and delegates; guidance and mentoring service for delegates and affected employees.	\$85,000.00
Association of Quality Child Care Centres of NSW Inc. (trading as Child Care New South Wales)	Provide support for centre directors/managers and child care workers and provide opportunities for meaningful consultation and risk management. Revise existing online learning program to ensure currency and applicability and to make the program operational. Provide employers and centre management with tools to determine what they need to do to be compliant with both Occupational Health and Safety and Injury Management legislation. Child Care NSW (CCNSW) intends to continue support for the online learning program after the term of this project.	\$74,000.00
Liquor Miscellaneous Hospitality Workers Union with TAFE NSW - Hunter Institute	This project is to deliver quality, relevant training, free of charge, to people with a disability, at their work site, that is, not for profit Business Services throughout NSW. This program is designed to raise awareness of occupational health and safety legislation and identification of safe work practices.	\$40,000.00
Local Government Association of NSW and Shires Association of NSW (LGSA)	Address bullying and harassment in council workplaces through training of employees, managers and supervisors. Training will focus on the responsibility to identify psychological hazards and prevent bullying and harassment in the workplace. Offer Train the Trainer workshops to assist the rollout of bullying and harassment training in councils.	\$59,542.00
Master Builders Association NSW	Production of a DVD, training packages and an advisory service for small business owners and young workers in the NSW building and construction industry, specifically targeting bullying and harassment and effective processes of consultation between young workers and their employers.	\$92,500.00
Master Fish Merchants Association of Australia	(1) Develop post harvest specific guide to assist businesses identify and address common hazards in the workplace, including a hazard checklist. (2) Promote and facilitate the MFMA OHS Management System (OHSMS) Handbook in the post harvest sector. (3) Ongoing training of seafood businesses in OHS issues and OHSMS implementation through frequent micro-workshops (3-4 businesses) and face to face briefings.(4) Data collection and analysis focusing on business compliance with OHSMS elements and requirements under OHS regulations.	\$73,280.00

Master Plumbers Association of New South Wales	Deliver training courses: (1) Master Plumbers Safety and Consultation System for the Plumbing Industry (Contractor Safety Management System Course). (2) Master Plumbers OH&S Basic Awareness Seminars (Safety Awareness course for Plumbing and Service Industry employees). (3) Master Plumbers Advanced Course on Implementing Risk Controls and Workplace Consultation (Safe Work Method Statement Course). (4) Master Plumbers Pre-employment OH&S course (A course for new entrants into the Plumbing and Service industries).	\$64,500.00
Motor Traders' Association of NSW	Implement an automotive bullying and harassment awareness strategy that encompasses recognition and prevention. This strategy will be achieved through the development of an industry toolkit, web based resources, marketing strategies and industry briefings.	\$86,956.00
National Fire Industry Association NSW	(1) Assess NFIA members' current OHS systems through completion of safety audits. (2) Develop training material on OHS.	\$55,790.00
Newcastle Trades Hall Council	Mentor a selection of workplace OHS Committees to achieve greater relevance in the workplace. Develop strategies in the workplace through the improvement of communication processes for key personnel, both employee and employer. Develop a systematic approach to risk management that includes participation as a key component of the process. Develop a consultation policy ensuring the implementation of that policy. Review existing documentation to ensure consultation takes place through all current and future procedures with the object of shifting consultation from being an end in the process to a means of delivering outcomes.	\$90,000.00
NSW Chamber of Fruit and Vegetable Industries Inc	(1) Create a pocket-sized safety guide to Sydney Markets in 3 separate formats. One will be tailored for wholesalers, one for retailers and one for growers. Each of the guides will include important and specific OHS information tailored to the three groups. (2) Produce, in association with Sydney Markets Ltd., a safety video for Sydney Markets that will provide an audio-visual accompaniment to the markets pocket safety guide. The video is to be distributed to the businesses in Sydney Markets to use as an induction tool for new staff, and as a refresher for existing staff. The safety guide would be issued to staff at the completion of the video.	\$76,300.00
NSW Dental Assistants' Association	OHS education, information and assistance program for dental health workers and employers in private practice (small business). Continue the training of the members of the NSW Dental Assistants' Association in the metropolitan area and in at least four regional areas, possibly with the co-operation of regional dental employer groups. Develop an assessable Unit of Competence in OHS for a Statement of Attainment to be recognised for RPL for the Certificate III in Dental Assisting.	\$44,800.00
NSW Teachers Federation	The purpose of the project is to build upon the achievements of the earlier WCAssist projects and continue to meet identified OHS needs. The project involves: (1) Developing and delivering a program of seminars to OHS delegates. (2) Enhancing the OHS section of the Federation's website to provide more effective, interactive support for teachers. (3) Developing resources and providing training to Federation staff to improve telephone support on OHS matters. (4) Developing a database of OHS representatives in DET workplaces to facilitate improved communication and support. (5) Developing joint activities with the Department of Education and Training, where appropriate.	\$105,190.00
NSW/ACT Independent Education Union	Deliver training package to the non-government school sector, addressing consultation, risk assessment and conflict resolution in the workplace.	\$97,320.00

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Pharmacy Guild of Australia (NSW)	The first stage involves distributing a survey to all members to establish their OH&S needs. Once the information is collated, an extensive OHS Training Needs Analysis will be developed. This will form the basis for the training workshops. The second stage will provide a comprehensive training program aimed at addressing problem areas identified in the Members' survey. Finally, the on-site OH&S specialist assistance will identify any deficiencies at the ground level.	\$81,112.00
Police Association of NSW	The purpose of this project is: 1. To assist NSW Police employees in developing knowledge, awareness and understanding of the changes to the workplace safety laws and to provide them with appropriate tools and information for distribution to their work colleagues with the aim of both pre-empting and being able to deal with safety issues in their local workplace. 2. To distribute knowledge and skills for implementation throughout NSW Police of the legislative requirements and best practices regarding workers compensation, rehabilitation, injury management and return to work programs.	\$120,000.00
Public Service Association NSW	This project is aimed at building on the solid foundation of OHS and WC knowledge, support and resources successfully established by The Public Service Association of NSW under previous WorkCover Assist Grants (2002-2004). It will continue to develop, deliver and provide practical information and support to PSA members on the current NSW Occupational Health & Safety and Workers' Compensation legislation. This project will also extend the current partnership with Premiers Department (PEO) and Unions NSW by including a short program designed to raise awareness (using the Dignity and Respect in the Workplace Charter) and promote proactive strategies designed to prevent and eliminate bullying and harassment.	\$100,000.00
Rail Tram & Bus Union (NSW)	As a result of the Waterfall Inquiry, strict new OHS requirements have been introduced into the NSW Rail Industry. The purpose of the project is to provide union delegates, OHS representatives and other interested employees with the knowledge, skills and practical resources to implement the OHS, Workers Compensation and consultation procedures as set out under the requirements in the OHS and Workers Compensation Acts.	\$82,890.00
Screen Producers Association of Australia	This project entails the development and delivery of strategies for small businesses in film and television production (production companies) to systematically manage their OHS compliance particularly with regards to the changes in OHS laws announced in 2003 for small businesses with less than 20 employees to identify foreseeable workplace hazards, assess the risk of harm from those hazards, then eliminate or control the risks.	\$98,000.00
The Textile Clothing & Footwear Union of Australia (New South Wales Branch)	The aim of this project is to provide information and advice to those TCF employers who give out (or receive) orders for the production of TCF manufacturing work. In particular, the aim of this project is to provide those employers with information and advice about their obligations following the introduction of the newly operative principal contractor provisions enacted as section 175B of the <i>Workers Compensation Act 1987</i> and also their obligations arising from the recently introduced <i>Occupational Health and Safety (Clothing Factory Registration) Regulation 2001</i> .	\$129,499.44

Timber Trade Industrial Association (TTIA)	TTIA already has a telephone assistance service in place for OHS and workers compensation questions, however, many companies require extra assistance besides information over the telephone. Consequently, TTIA will provide an on-site assistance service to both Member and non-Member Companies throughout the Timber Industry. As part of the assistance service, TTIA will conduct briefing sessions on Workers' Compensation, Injury Management and Return to Work in nine locations throughout New South Wales. These briefings will not only highlight the new NSW Workers Compensation reforms to be effective in 2005/2006, but will also outline practical ways to manage workers compensation claims to get injured workers back to their pre-injury work as soon as practical. TTIA will develop a return to work program and a suitable duties register for the logging, saw milling, frame and truss and timber dressing sectors of the Timber Industry. The return to work program will follow WorkCover and the insurance company guidelines but will be industry sector specific.	\$107,045.20
Unions NSW	Continuation and revision of Unions NSW OHS and workers compensation resources. Update of website and continuation of the train the trainer program, holding seminars and conferences, continue to harness and pilot workplace partnership arrangements and develop strategy for managing workplace bullying and harassment.	\$110,000.00
New South Wales Local Government, Clerical, Administrative, Energy, Airlines & Utilities Union	Project 1 – Bullying and Harassment Prevention Strategies for Managers, Supervisors and Employees; Project 2 – To add the factor of sustainability to the Bullying and Harassment training. Train the Trainer workshops will be conducted at major regional cities. This package will then be used as a regular event in the councils' OHS training calendar. Project 3 – The training delegates will receive an awareness package addressing the correct method on entering and exiting from work vehicles (trucks).	\$86,800.00
Australian Business Industrial	OHS and Workers Compensation Accountant Education and Assistance Pilot Program, to provide education to accountants who deliver information to small to medium sized businesses in key areas of OH&S and Workers Compensation Legislation. This will be achieved through the development of materials, tools and resources to form an educational training program for their members. The materials will be delivered via a web-based platform in conjunction with an online registered training organisation.	\$150,000.00
CFMEU (NSW Branch)	Occupational Health and Safety Workers Compensation Project for Korean Speaking Building Workers. The project is designed to enhance consultation with and education of Korean workers and to raise awareness and enhance knowledge, and ensure compliance in relation to occupational health and safety, injury management and workers compensation for Korean workers. This will be achieved through distribution of 'toolbox talk' and training materials that have been translated into Korean. Distribution methods will include direct mail and workplace visits.	\$99,100.00
Funeral and Allied Industries Union of NSW	Confined Spaces and Manual Handling Training for Cemetery and Crematoria. A targeted union/safety representative competency-based educational program targeting manual handling and confined spaces (issues relevant to cemeteries and crematoria). In achieving the goal the project will develop a training resource (DVD) to target an audience with low literacy levels and will be accessible to those disadvantaged by distance.	\$99,811.00

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NSW/ACT Independent Education Union	Embedding OHS in the education workplace. The key objectives for the project are: (1) To advise school based IEU Representatives of the critical role they play in ensuring the workplace is safe for everyone. (2) To provide IEU Representatives with the skills to be able to handle the OH&S agenda strategically and expeditiously in their schools. (3) To extend the knowledge base of IEU Representatives through the production of high standard printed materials.	\$28,000.00
Restaurant and Catering Industry Association of NSW	Safety Skills OHS Essentials Training Program for Employees in small restaurants, catering & café businesses. The project will deliver face-to-face workshops training throughout NSW and will provide trainees with an interactive CD ROM for ongoing self-learning and instruction in the workplace.	\$100,000.00
Australasian Meat Industry Employees Union, Newcastle and Northern Branch	Building Skills & Knowledge for Effective Workplace Return to Work Plans: A Training Program for Supervisors and Frontline Managers Development of a training program that will enhance the skills and knowledge of Supervisors and Front Line Managers as a key stakeholder to more effectively communicate and facilitate the delivery of workplace return to work plans.	\$150,000.00
Australian Retailers Association (NSW)	OHS and Workers Compensation Essentials for Small Business Retailers Development of training for small business employers in the retail sector, focused on OHS risk management for managers and supervisors, manual handling, and workplace injury management and workers compensation. Training would be in regional and metropolitan locations. Funds would also be used to promote previously developed material on RTW and workers compensation obligations.	\$112,000.00
Total		\$3,878,580.40

APPENDIX 24

► CREDIT CARD

It is affirmed that for the 2005/06 financial year credit card use within WorkCover was in accordance with Premier's Memoranda and Treasurer's Directions.

Credit card use

Credit card use with WorkCover is largely limited to:

- Expenses incurred in connection with travel on official business.
- The purchase of minor stores and services.
- Meeting the cost of official out-of-pocket expenses (including certain approved entertainment/hospitality costs) covered, from time to time, by the Premier's policy guidelines.

Documenting credit card use

The following measures are used to monitor the use of credit cards within the Authority.

- The Authority's credit card policy requires monthly reconciliation of invoices against Premier's memorandum and Treasury guidelines.
- In line with ongoing risk management policy, in 2006/07 WorkCover will revise its credit card policy.

APPENDIX 25

► LICENSED AND SELF-INSURERS

Self-insurers

- Bankstown City Council
- BOC Limited
- Bonds Industries Pty Limited
- Campbelltown City Council
- Collex Pty Ltd
- Commonwealth Steel Company Limited
- 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
- Effem Foods Pty Ltd
- Electrolux Home Products Pty Ltd
- EnergyAustralia
- 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
- Johnson & Johnson Pty Limited
- Liverpool City Council
- Mobil Oil Australia Pty Limited
- National Australia Bank Limited
- Pacific National (NSW) Pty Ltd
- Prestige Property Services Pty Ltd
- Qantas Airways Limited
- Rail Corporation New South Wales
- Rocla Pty Limited
- Shoalhaven City Council
- Star City Pty Limited
- State Transit Authority of New South Wales
- Sutherland Shire Council
- 3M Australia Pty Limited
- Toll Pty Limited
- Transfield Services (Australia) Pty Limited
- TransGrid
- Unilever Australia Limited
- United Group Rail Services Limited
- University of New South Wales
- University of Wollongong
- Warringah Council
- Westpac Banking Corporation
- Wyong Shire Council

Group self-insurers

- Australia and New Zealand Banking Group Limited
- Brambles Industries Limited
- BHP Billiton Limited
- Bluescope Steel Limited
- Cadbury Schweppes Australia Limited
- Coles Myer Limited

- Commonwealth Bank of Australia
- CSR Limited
- McDonald's Australia Holdings Limited
- Northern Co-operative Meat Company Limited
- NSW Treasury Managed Fund
- OneSteel Limited
- Rail Infrastructure Corporation
- Rinker Group Limited
- Skilled Group Limited
- State Rail Authority of New South Wales
- Sydney Water Corporation
- Symbion Health Limited
- Woolworths Limited

Specialised insurers

- Catholic Church Insurances Limited
- Coal Mines Insurance Pty Ltd
- Guild Insurance Limited
- North Insurances Pty Ltd
- StateCover Mutual Limited
- Racing NSW

Specialised domestic insurers

- Allianz Australia Insurance Limited
- Australian Unity General Insurance Limited
- CGU Insurance Limited
- Chubb Insurance Company of Australia Limited
- Commonwealth Insurance Limited
- EIG-Ansvar Limited
- Elders Insurance Limited
- GIO General Limited
- Insurance Australia Limited
- Lumley General Insurance Limited
- Mercantile Mutual Insurance (Australia) Limited
- NZI Insurance Australia Limited
- Vero Insurance Limited
- QBE Insurance (Australia) Limited
- Westpac General Insurance Limited
- Zurich Australian Insurance Limited

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APPENDIX 26

► PRODUCTION NOTES

The WorkCover NSW Annual Report 2005/06 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 total external production cost for the 2005/06 Annual Report was \$50,000.

Production team

Project Management by WorkCover NSW – Planning Performance and Research Unit, Communications Group

Design and printing by Leo Burnett Sydney

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