

**WHATEVER
WORK YOU
DO, WE ARE
HERE TO
ASSIST YOU.**

SAFE, SECURE AND PRODUCTIVE WORKPLACES
ANNUAL REPORT 2006/07



New South Wales Government



CORPORATE PLAN 2006-09

Vision

WHAT WE ASPIRE TO

**Safe, Secure
Workplaces**

Mission

THE WAY WE GET THERE:

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

Objectives

WHAT WE DELIVER

**Injury and Illness Prevention
Effective Workers Compensation System**

Enablers

CRITICAL SUCCESS FACTORS WITHOUT WHICH WE WILL NOT ACHIEVE OUR OBJECTIVES

**Stakeholder Engagement
Organisational Capability**

Strategies & Success:

KNOW WHAT WE DELIVER AND HOW

KEY STRATEGIES AND OUTCOMES

Injury and Illness Prevention

Assist NSW 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

Stakeholder Engagement

Effective Stakeholder Relationships

Positively Driving the National Agenda

Actively Assist SMEs to Improve OHS & Workers Compensation Outcomes

Effective Workers Compensation System

- Financial Viability
- Improved Health Outcomes and Return to Work
- Effective System Management
- Funds Management

Effectively Manage New / Emerging Issues

Organisational Capability

Motivated, appropriately skilled and resourced staff, embracing corporate organisational culture

Promote Leadership profile and accompanying skills throughout WorkCover

Systems, Policies, Processes, Procedures, Risk Management, Infrastructure and Knowledge to Support the Business

Organisational Culture

Commitment

Work together to promote and achieve WorkCover'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

CONTENTS

Corporate Plan	IFC
Letter to the Minister	1
About WorkCover	2
Future Outlook	4
Chief Executive Officer's Report	6
Year In Review	8
Board of Directors and Senior Management	10
Organisational Structure	14
Injury and Illness Prevention	15
Effective Workers Compensation System.....	24
Stakeholder Engagement.....	31
Organisational Capability.....	38
Financial Statements.....	49
Appendices.....	150
Index	177

LETTER TO THE MINISTER

30 NOVEMBER 2007

The Hon John Della Bosca MLC
Minister for Education and Training
Minister for Industrial Relations
Minister for the Central Coast
Minister Assisting the Minister for Finance
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 2007.

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

Yours sincerely



Jon Blackwell
Chief Executive Officer
WORKCOVER NSW



VISION

**SAFE, SECURE AND
PRODUCTIVE WORKPLACES**

MISSION

**TO WORK IN PARTNERSHIP WITH
NSW EMPLOYERS, EMPLOYEES
AND THE NSW COMMUNITY TO
ACHIEVE SAFER AND MORE
PRODUCTIVE WORKPLACES,
EFFECTIVE RECOVERY, RETURN
TO WORK AND SECURITY FOR
INJURED WORKERS.**



WHO WE ARE

HISTORY

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

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 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 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 acts on its behalf and exercises the powers of the Nominal Insurer.

ROLE

WorkCover monitors the workers compensation system, licenses self and specialised insurers to provide workers compensation insurance and assists insurers meet all statutory requirements. WorkCover also promotes compliance with workplace safety legislation through the provision of 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 ensures high workplace safety providing advice, inspections, investigation of incidents and complaints, mediation of disputes and, when necessary, penalties and prosecutions. Key roles of WorkCover include:

- provide information, education, advice and assistance to workplaces, enabling them to provide a safe and healthy environment and prevent work related injury and disease
- promoting prompt, efficient and effective management of injuries to persons injured 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 is responsible to the Hon John Della Bosca MLC, Minister for Industrial Relations and Minister Assisting the Minister for Finance.

LEGISLATION

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

CORPORATE DIRECTION AND REPORTING

This 2006/07 Annual Report is structured against the 2006-09 WorkCover Corporate Plan. The information is presented under the Plan's four key objectives of 'injury and illness prevention, effective workers compensation system, stakeholder engagement and organisational capability', and covers outcomes for the whole organisation. The Financial Statements contain the audited financial statements for the year ended 30 June 2007.

The Appendices present additional information required under the *Annual Reports (Statutory Bodies) Act 1984* and its Regulations, the *Freedom of Information Act 1989*, Treasury Circulars and Premier's Memoranda.

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 2006/07 WorkCover Annual Report.

WORKERS COMPENSATION INSURANCE 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 established in July 2005, and is managed independently by the Workers Compensation Insurance Fund Investment Board. The Board is responsible for:

- determining investment policies for the investment of the Investment Fund, and
- reporting to the Minister on the investment performance of the Investment Fund.

Additional detail relating to the activities of the WCIF in 2006/07 commences on page 28. Financial Statements for the WCIF 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. These commence on page 88.

OFFICE OF THE WORKCOVER AUTHORITY

The enactment of the *Public Sector Employment Legislation Amendment Bill 2006*, transfers public sector employees to employment by the Government of New South Wales in the service of the Crown. From 17 March 2006, employees from WorkCover, the Building and Construction Industry Long Service Payments Corporation, Dust Diseases Board, Sporting Injuries Committee and the Workers Compensation Commission have become employees of the Office of the WorkCover Authority. As the Office of the WorkCover Authority is a department under the *Public Finance and Audit Act 1983*, financial statements are required to be prepared and commence on page 105.

FUTURE OUTLOOK 2007-2010

WorkCover NSW developed a Corporate Plan to guide the organisation from 2007 to 2010. The 2007/08 Annual Report will measure the organisation's progress against the Plan's key outcomes, strategies, performance measures and priorities in the areas of:

- Illness and Injury Prevention
- Effective Workers Compensation System
- Effective Stakeholder Relationships, and
- Organisational Capability.

VISION

A safe workplace is a productive workplace. WorkCover NSW has expanded its vision to reflect the influence a safe workplace has on improving an organisation's productivity. WorkCover management and staff are committed to working towards a vision of: Safe secure and productive workplaces.

MISSION

WorkCover has also expanded its mission to reflect our role in improving workplace productivity and recognise that our key stakeholders are the New South Wales employers and employees. Our enhanced mission is:

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

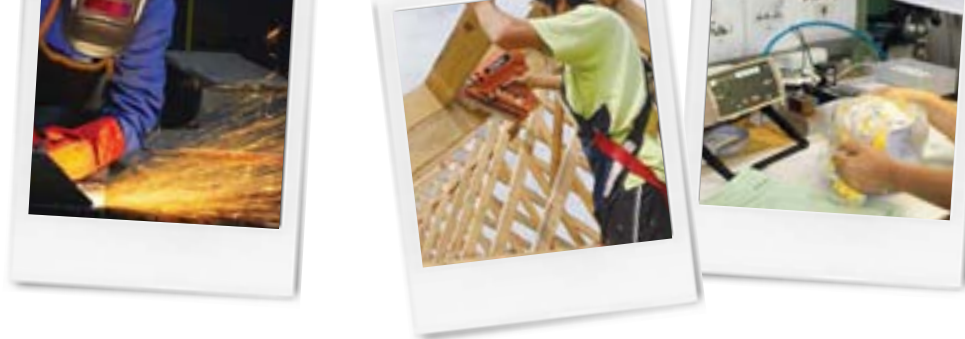
ORGANISATIONAL CULTURE

WorkCover promotes a positive culture, which values its employees and the contribution they make towards achieving the organisation's goals and objectives. Our desired organisational culture is delivered through key values, which are:

- **Commitment** – Work together in a safe and productive environment to improve our services, striving for excellence in services and products we deliver to assist New South Wales achieve safe, secure and productive workplaces.
- **Customer service** – Listen to and value our customers, understand their needs and ensure we deliver clear, responsive, efficient and consistent services and advice to our customers.
- **Ethical behaviour** – Foster and promote an organisation with unyielding integrity, which values honesty, full disclosure and transparency, and maintains high standards of conduct in all we do.
- **Accountability** – The organisation will continue to improve performance through empowered, accountable staff that make considered decisions and take responsibility for their actions.



LIFESAVING
PILOT PROGRAM



OBJECTIVES – WHAT WE DELIVER

WorkCover has reviewed the objectives from the 2006-09 Plan and refocused its strategies and performance measures to better reflect the changing environment in which we work as follows:

➤ Injury and illness prevention

Assist New South Wales to achieve safer and more productive workplaces through:

- balanced provision of information, assistance, education, advice and application of sanctions
- an effective and efficient legislative framework
- enabling employers to undertake risk elimination and minimisation

Measured through:

- reduction in incidence rates of 40 per cent and fatalities of 20 per cent by 2012
- ratio of advisory notices to total notices
- 90 per cent of those surveyed indicate that Confirmation of Advice Records notices provide meaningful advice
- TestSafe Activities maintain an 80 per cent level of cost recovery.

➤ Effective workers compensation system

New South Wales employers and employees are provided with effective and affordable workers compensation through:

- a financially balanced system and Scheme
- improved health outcomes and return to work
- an effective disputes system
- manage and oversee agents, insurers, investment managers and service providers
- review of agent's contracts that supports the needs of the Scheme
- engagement and education of System participants
- effective funds management

Measured through:

- premium collection rate is at least 98 per cent of premium written
- maintaining a funding ratio above 100 per cent
- improvement in agents/insurer continuance rates: 13, 26, 52 and 108 weeks
- number of disputes reduced by 5 per cent per annum
- 3 per cent improvement per annum in claims reported within seven days

- 100 per cent of self/specialised insurers have sufficient financial resources to meet liabilities
- a 10 per cent reduction in the number of self insurers on 12 month licence renewal cycle
- agents comply with 98 per cent of contractual requirements
- agent contract review completed by October 2008
- long term investment returns exceed growth in liabilities.

CRITICAL SUCCESS FACTORS

The WorkCover enablers from the 2006-09 plan have been re-labelled as "critical success factors". It is recognised that delivery of our core objectives is dependent upon our capacity to develop effective stakeholder relationships, and to continually improve our internal organisational capabilities.

➤ Effective stakeholder relationships

Strategies supporting WorkCover's ability to maintain effective stakeholder relationships 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 occupational health and safety, and workers compensation priorities identified by the NSW Government 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, and
- effectively and proactively manage current and emerging issues affecting the organisation's ability to provide continually improving workplace safety and deliver an effective workers compensation system.

➤ Organisational capability

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

- developing motivated and appropriately skilled staff that are effectively resourced
- developing and promoting leadership and management skills throughout the organisation, and
- providing effective governance, risk management and support systems that deliver appropriate and robust business outcomes.

CHIEF EXECUTIVE OFFICER'S REPORT

CEO FOREWORD

"The lowest injury rates in twenty years."

"Further reductions in workers compensation premiums and increases in injured worker benefits."

"Continued strong investment performance."

"An organisation constantly evaluating and adapting its interactions with stakeholders."

While these may appear to be newspaper headlines, they are in fact descriptive of the achievements of WorkCover NSW in the past 12 months. It has indeed been another year of significant achievement for WorkCover in implementing the Government's reform agenda, enabling the organisation to continue to improve occupational health and safety, injury management and workers compensation outcomes for NSW employers and employees.



JON BLACKWELL
CHIEF EXECUTIVE OFFICER

WORKCOVER NSW CORPORATE PLAN

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

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

Injury and Illness Prevention

WorkCover is committed to achieving the national workplace health and safety targets aimed at reducing workplace injury by 40 per cent, and workplace fatalities by 20 per cent by 2012. NSW is on track to achieving these targets through:

- Playing a prominent role in supporting initiatives from the NSW Workplace Safety Summit held in 2005. WorkCover and other agencies have rolled out the rural safety package, manual handling and falls priority projects. WorkCover also coordinates the "Working Together" strategy to improve public sector health and safety, and injury management
- The provision of incentives for workplace safety, including rural and farm safety rebates. Rebates totalling \$116,065 have been provided to assist farmers improve tractor and silo safety on farms. Small Business Safety Solutions Rebate provides small businesses half the cost up to \$500 of adopting an effective solution to a safety problem in their workplace
- The WorkCover Assist program continues to provide \$5 million per annum to support registered NSW trade unions and employer associations understand and adopt key requirements of Occupational Health and Safety and workers compensation legislation
- Continuing to help businesses understand their workplace safety responsibilities through the provision of advice, education and targeted interventions. Our shift of focus towards the provision of advice while continuing to maintain a strong enforcement role has been successful, with industry embracing the new way we do business.

Effective workers compensation system

Following the Government's major reforms to Workers Compensation in 2001, an independent valuation of the Workers Compensation Scheme in June 2006 revealed a surplus for the first time since the early 1990s. Maintaining this



surplus is a major priority for WorkCover to ensure a financially balanced workers compensation Scheme and system, while:

- continuing to improve return to work outcomes for injured workers
- continuing our premium reforms program, and
- developing Scheme agent and provider arrangements to continue to improve performance.

Positive investment returns and improved business efficiencies have provided long term viability of the Workers Compensation Scheme, with a surplus of \$812 million as at June 2007. The financial stability of the system has enabled the Government to pass on the efficiency gains to employers and workers. There have been five premium rate reductions since late 2005, providing a 30 per cent or \$785 million per annum saving for employers. In addition, lump sum payments to injured workers have increased, and a further \$250 million has been set aside to provide targeted services to injured workers.

Proactive injury management, return to work and dispute resolution processes have seen new guidance material for service providers, employers and employees being developed, including case management standards. Reforms have contributed to the number of disputes dropping and return to work rates improving. This means that injured workers receive fast and appropriate management of their injuries and appropriate financial assistance.

Effective stakeholder engagement

Our relationships with our stakeholders and customers are central to our success. Along with the continued support to employers and employees through our national award winning Information Centre and Claims Assistance Service, we continue to develop strategic and effective stakeholder partnerships with industry and workers. Initiatives to enable business to improve their workplace safety performance are seen as a positive method of engaging industry in Occupational Health and Safety, including the:

- expansion of the successful Business Assistance Branch through the establishment of ten regional small business advisory groups across NSW
- *WorkCover NSW Safe Business is Good Business Mentor Program*, which involves 13 organisations from the construction and manufacturing industries acting as mentors to almost 70 businesses across NSW

- *WorkCover NSW Safe Work Awards*, which promote and recognise individuals and organisations in achieving safer workplaces. The awards also provide the opportunity to share learning so that proven initiatives can find their way into more widespread practical use.

WorkCover also plays a significant role in the development of nationally harmonised, best practice occupational health and safety arrangements, and workers compensation systems.

Organisational capability

Appropriate internal systems and resources are an integral component of our success in delivering improved work safety and workers compensation outcomes. Initiatives and improvement throughout the year have included the: new Corporate Data Repository, new Intranet, streamlining of systems including electronic purchasing, business risk management planning including disaster recovery and business continuity plans, strategic financial framework to increase accountability and ensure that financial management is more strategically linked across the organisation, integration of licensing databases into an integrated licensing system, and the introduction of photo licenses for National Certificates of Competency.

In addition, our extensive staff development programs, including the Corporate Leadership Development Program, are helping staff to make the adjustment to our new way of doing business, and to further develop the skills necessary to perform their work.

Looking forward

'65 per cent of staff have indicated WorkCover is a great place to work.'

This 'headline' from our 2007 staff survey is a clear indication of why WorkCover is increasingly a place where people want to work. I'm sure that one of the reasons for this is the socially important work that we do as individuals and as a team.

I thank all the staff in our organisation who are committed to safer workplaces. I am proud of your efforts, and to be a part of WorkCover.

Jon Blackwell
Chief Executive Officer

INJURY AND ILLNESS PREVENTION

AIM

- REDUCTION IN INCIDENCE RATES OF 40 PER CENT OF FATALITIES OF 20 PER CENT BY 2012 (2001/02 BASELINE)

Outcomes and Performance

- Employment fatalities continue to trend downward from 177 in 2001/02 to 146 in 2005/06 (latest data available).
- The incidence rate of fatalities has halved in the last 20 years.
- Major workplace injury rates are at their lowest in 20 years, and have decreased 18 per cent from 13.4 per 1000 employees in 2004/05 to 11.0 per 1000 employees in 2005/06.
- To June 2007 WorkCover has paid \$186,770 in rebates to farmers to install Power Take Off guards to tractors and \$59,502 to improve silo safety.
- Issued 1127 prohibition notices.
- Issued 13243 improvement notices.
- Issued 726 penalty notices.
- Issued 1217 Customer Advisory Response notices.
- Successfully prosecuted 300 defendants for breaches of occupational health and safety legislation resulting in \$11 million in penalties.
- Undertook Priority Programs in the areas of Falls, Manual Handling, Rural and Farm Safety and Plant.
- Amendments to the *Occupational Health and Safety Regulation 2001* have been made to improve safety for the handling of bonded asbestos. The amendments reduce the licensing thresholds for the removal or disturbance of bonded asbestos.
- To date WorkCover has issued over 27,000 National Certificates of Competency photo licences, with 95 per cent being issued within 10 business days.

What Next?

- Continue to undertake strategic interventions in high risk, key priority program areas such as Falls, Manual handling, Plant and Rural and Farm.
- Continue implementing the program of advice and assistance to workplaces.

EFFECTIVE WORKERS COMPENSATION SYSTEM

AIM

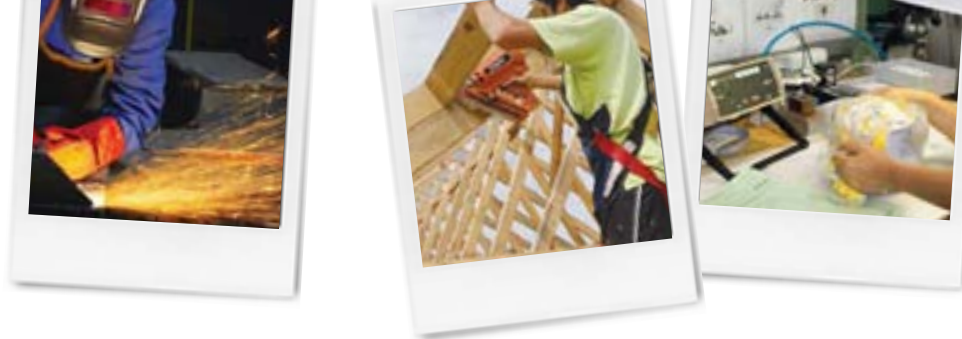
- A FULLY FUNDED NSW WORKERS COMPENSATION SCHEME BY 2008

Outcomes and Performance

- Funding ratio increased from 80 per cent in June 2005 to 107 per cent in June 2007.
- Scheme surplus has increased by \$727 million to \$812 million over the past 12 months.
- Scheme assets increased from \$10.7 billion at June 2006 to \$12.5 billion at June 2007.
- Liabilities increased from \$10.6 billion to \$11.7 billion in the 2006/07 financial year.
- The Scheme results mean that NSW Employers will benefit from further reduction in premium rates. The latest premium reduction equates to a 30 per cent reduction for the average premium and represents a saving of \$785 million per annum to employers in NSW.
- The target collection rate for the NSW WorkCover Scheme will also be reduced to 1.77 per cent, down from 2.57 per cent in 2005.
- Injured workers also benefit from the sustained Scheme performance through an increase in lump sum compensation for permanent impairment, with the maximum amount rising by more than 38 per cent to \$390,000.
- Lump sum payments for those workers who die from a work related incident have increased by more than 28 per cent to \$425,000.
- The WCIF returned 13.5 per cent over the financial year, outperforming the liability portfolio by 10.9 per cent or approximately \$971 million.

What Next?

- Appropriately manage Scheme agent business models, service plans and contract obligations to achieve desired outcomes.
- The new target premium collection rate from 31 December 2007 will be 1.77 per cent.



STAKEHOLDER ENGAGEMENT

AIM

- DEVELOP RELEVANT CONSULTATIVE COMMUNICATION MECHANISMS TO RESPOND TO ISSUES IDENTIFIED.

Outcomes and Performance

- Approximately 110 stakeholders and customers participated in nine stakeholder workshops, and 10 one-on-one stakeholder interviews to develop WorkCover's initial 'Stakeholder Index' baseline.
- WorkCover was a Principal Sponsor of the Safety Conference, Sydney 2006, held at Sydney Olympic Park in October 2006. The conference was held in conjunction with the Safety Show, Sydney 2006.
- In 2006/07 the Claims Assistance Service handled 4678 cases with an average monthly resolution rate of 82.6 per cent, up from 77 per cent in 2005/06.
- The WorkCover Assist grants program made available \$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 continued its sponsorship of five Australian Paralympians who were injured in the workplace. In 2006/07 the athletes appeared at 107 workplace safety related events across NSW.
- WorkCover is a member of national OHS and Workers Compensation committees, including the Australian Safety and Compensation Council, Heads of Workplace Safety Authorities and Heads of Workplace Compensation Authorities.
- WorkCover has supported a range of national initiatives, including those undertaken through the Council for the Australian Federation.

What Next?

- The WorkCover Assist grants program will provide a further \$5 million dollars in 2007/08 to improve workplace safety.
- Continue working directly with employers and workers.

ORGANISATIONAL CAPABILITY

AIM

- DEVELOP A CHARTER OF SERVICE, AND A CHARTER OF MANAGEMENT COMMITMENT.

Outcomes and Performance

- WorkCover's internal OHS performance continues to improve with:
 - 113 managers training in workplace safety and return to work
 - stabilising claims numbers to around 40 claims per year for the last three years
 - minimising time lost due to workplace injuries and illness. Over the past five years the average time lost per claim has reduced from 18 days to nine
- Following on from last year's training of 28 of WorkCover's highest-level managers, a further 74 managers participated in the 2006/07 Corporate Leadership Development Program.
- Three hundred and twenty six learning events were conducted.
- WorkCover's Registered Training Organisation graduated 17 new inspectors over the 2006/07 period, accrediting them with the internally delivered Graduate Diploma of Government (Workplace Inspection).
- Three WorkCover staff were sponsored to undertake the Public Sector Management Program.
- As part of its commitment to sustained energy management, WorkCover has reduced its overall greenhouse gas emissions by 2.5 per cent in 2006/07.
- A *Charter of Management Commitment* has been developed to enable managers to embody the organisation's corporate values and to compliment WorkCover's *Charter of Customer Service*, also developed in 2006/07.

What Next?

- Make WorkCover an employer of choice through improved flexible work practices.
- Continue to improve system and staff core capabilities through enhanced technologies and targeted training initiatives.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT



WORKCOVER
HEAD OFFICE
GOSFORD

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

Under the Act:

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

The Board was reappointed on 30 May 2007 for a 3 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 Executive, the WorkCover Board and the Workers Compensation and Workplace Occupational Health and Safety Council.

INTERNAL AUDIT UNIT

The Internal Audit Unit provides overall management and control of WorkCover 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 2007

Chief Executive Officer

Jon Blackwell, BA, MA

General Manager, Corporate Services Division

Robert Gray, MMgt

General Manager, Investment Division

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

General Manager, Occupational Health and Safety Division

John Watson PSM, Assoc Dip OHS

General Manager, Strategy and Policy Division

Vicki Telfer, BSc, DipEd, MPA

General Manager, Workers Compensation Division

Rob Thomson, BBus

Director, Office of the Chief Executive

Murray McLachlan, BA, DipEd, GDTL, MPubPol

DIRECTORS' MEETINGS

During 2006/07 the meetings held and attendances by directors were:

Board	Number eligible to attend	Number attended
J Blackwell	11	10
S Clark	11	9
G Keating	11	11
G McCarthy	11	11
M Raftery	11	7
J Robertson	10	0
D Staunton	11	11
D Wright	11	10
M Lennon*	11	8

* Appointed as a director on 30 May 2007. Formerly Deputy for J Robertson.

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

* J Blackwell as Chief Executive Officer is a standing invitee of the Audit Committee and attended three of the four meetings during the year ended 30 June 2007.

**Alternate for absent member

BOARD OF DIRECTORS AND SENIOR MANAGEMENT



Greg McCarthy AAI



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

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

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

Greg's current roles include the following:

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

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

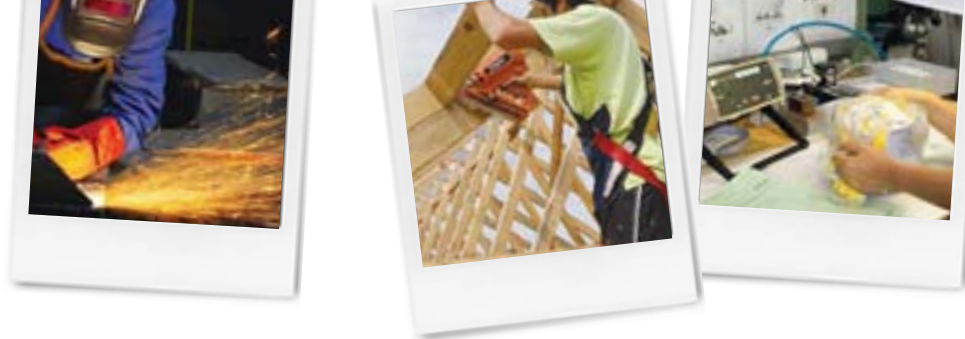
Jon Blackwell BA, MA



Jon Blackwell commenced as WorkCover NSW Chief Executive Officer on 18 August 2003. He is responsible for the operation of the workplace safety and workers compensation systems in New South Wales. In addition to his position as CEO of WorkCover 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 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.

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

Greg Keating DIPLAW



Greg Keating 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.

Mark Lennon BCOMM, LLB



Mark Lennon is currently Assistant Secretary of Unions NSW and was appointed to that position in June 2001. Mark joined Unions NSW (formerly the Labor Council of NSW) in 1988 and has held the positions of OH&S training officer, industrial officer and organiser prior to becoming Assistant Secretary.

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

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 sporting 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.

Donna Staunton BA, LLB



Donna Staunton works for The Strategic Counsel. 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 holds legal qualifications and 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

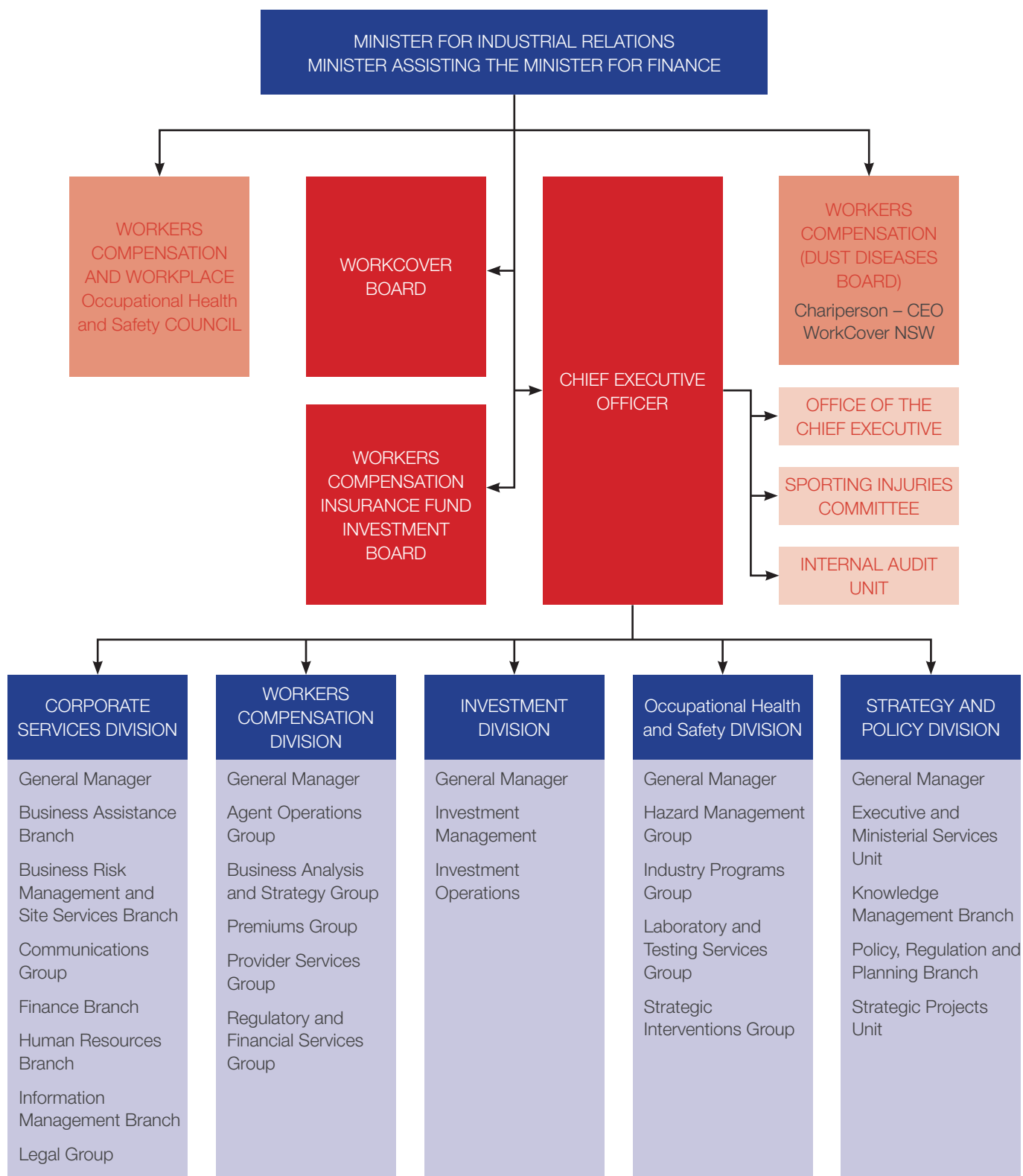


Doug Wright is a former Director of the Metal Trades Industry Association (NSW Branch), and a member of the TAFE Commission Board, NSW Building and Construction Industry Long Service Leave Payments Committee, the Board of the Vocational Education and Training Accreditation Agency, and the Board of the

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

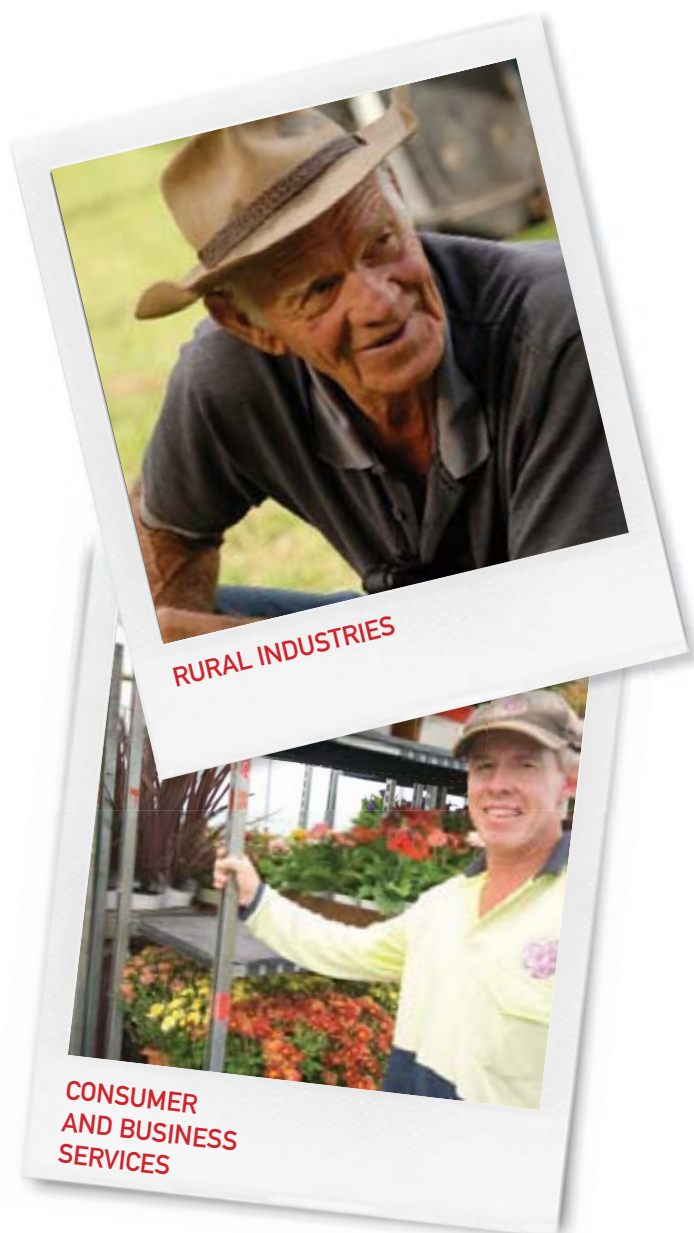
ORGANISATIONAL STRUCTURE ON 30 JUNE 2007



INJURY AND ILLNESS PREVENTION

WorkCover administers NSW Occupational Health and Safety Legislation through education, the provision of assistance and advice, workplace inspections, investigations into workplace incidents and complaints, and where necessary the application of sanctions.

The effectiveness of WorkCover NSW interventions to reduce injury and illness in the workplace is measured through major injury incidence rates and workplace fatalities. The most recent figures show that work related injuries in New South Wales have dropped to their lowest levels since the State's workers compensation scheme began in 1987.

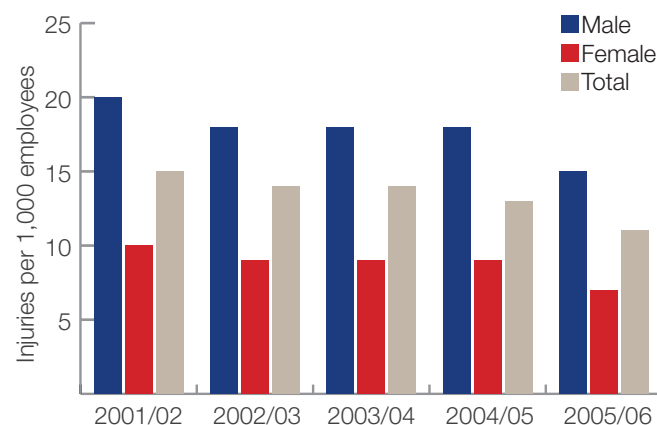


WORKPLACE INJURIES

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

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

WORKPLACE INCIDENCE RATES – MAJOR INJURIES



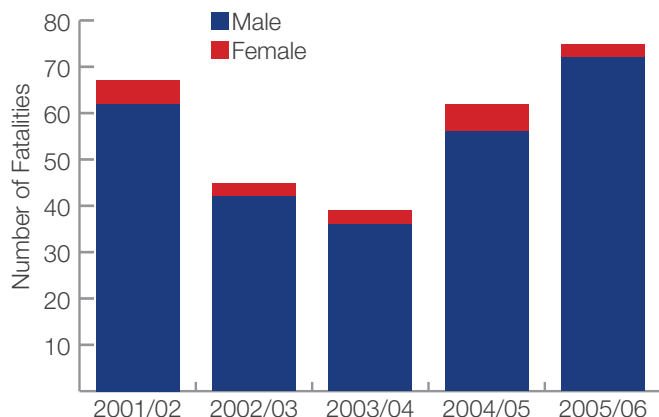
There were a total of 31,613 major workplace injuries reported in 2005/06 (latest data available), a reduction of 13 per cent from the 36,150 reported in 2004/05. Major workplace injury incidence rates (major workplace injuries per 1000 employees) decreased by 18 per cent from 13.4 in 2004/05 to 11.0 in 2005/06. This decrease is significant considering the reclassification of road traffic accidents in 2004/05.

Between 2003/04 and 2005/06 the number of fatalities resulting from road traffic accidents while at work have fluctuated from 25 in 2003/04 to eight in 2004/05 and 22 in 2005/06.

In 2005/06 there were 75 workplace fatalities involving 72 males and three females. Each workplace fatality was scrutinised to determine if there were any discernable pattern of causation, occupation or industry. No such pattern was found.

INJURY AND ILLNESS PREVENTION

WORKPLACE FATALITIES



Since 1996/97, workers compensation claims for injuries resulting in permanent disabilities have dropped by 4,611 or 30 per cent. Claims for temporary disability injuries dropped by 11,458 or 26 per cent during the same period.

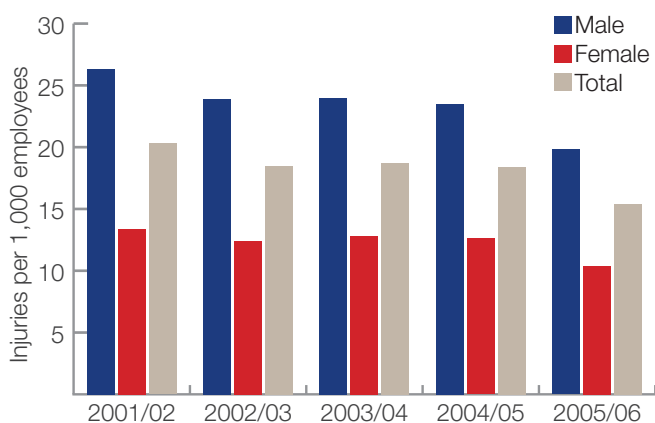
There were 146 fatalities resulting from work related injury and disease reported during 2005/06 (latest data available), a reduction of 30 per cent since the workers compensation scheme commenced in 1997/98. Of these:

- 75 occurred as a result of traumatic injury while the person was at work (including 22 fatalities resulting from road traffic accidents while at work)
- 16 resulted from diseases contracted or aggravated as a result of employment, and
- 55 occurred while the person was away from their place of work (for example commuting to or from work).

EMPLOYMENT INJURIES

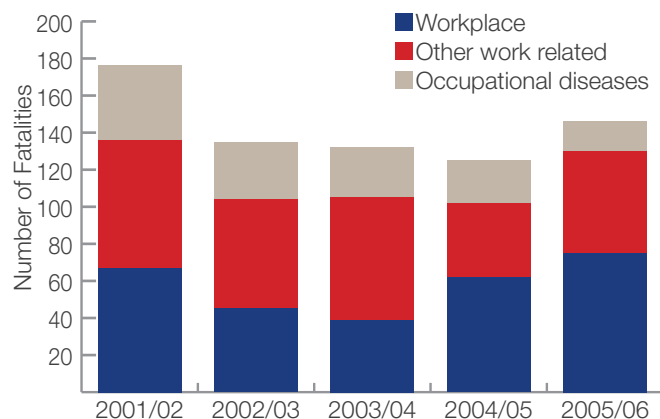
Employment injuries comprise all injuries resulting from incidents and all occupational diseases contracted or aggravated in the course of a worker's employment. Total employment injuries include all claims whether or not they incurred any time lost from work and include claims for medical costs only. There were a total of 141,240 employment injuries reported in 2005/06, a reduction of 6 per cent from 150,114 in 2004/05. There was an 11 per cent reduction in the incidence rate (total employment injuries per 1,000 employees) of 55.5 in 2004/05 to 49.3 in 2005/06.

MAJOR EMPLOYMENT INJURIES



Major Incidence rates (major employment injuries per 1000 employees) have continued to decrease in 2005/06, having reduced from 23.1 in 1998/99 to 15.4 in 2005/06 (latest data available). This represents a reduction of 12 per cent since 2004/05 and 33.3 per cent since 1998/99.

EMPLOYMENT FATALITIES

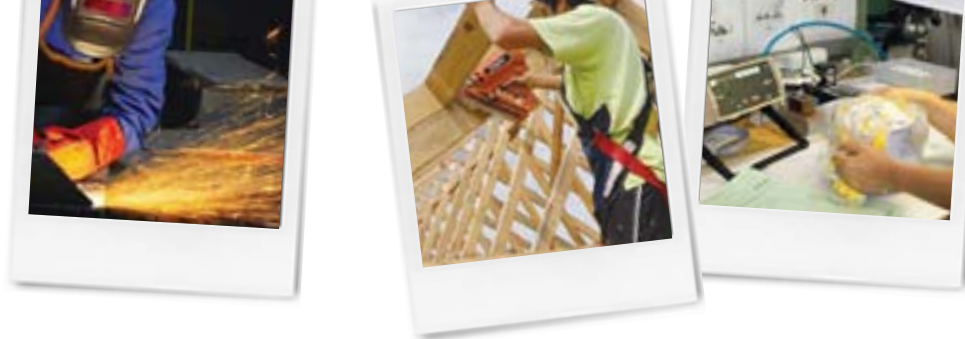


PROVISION OF INFORMATION, ADVICE AND RECOGNITION OF COMPLIANCE

WorkCover provides information, advice and educational services through its inspectorate, project teams, Business Assistance Branch and ongoing business activity, to assist employers in complying with their workplace safety obligations.

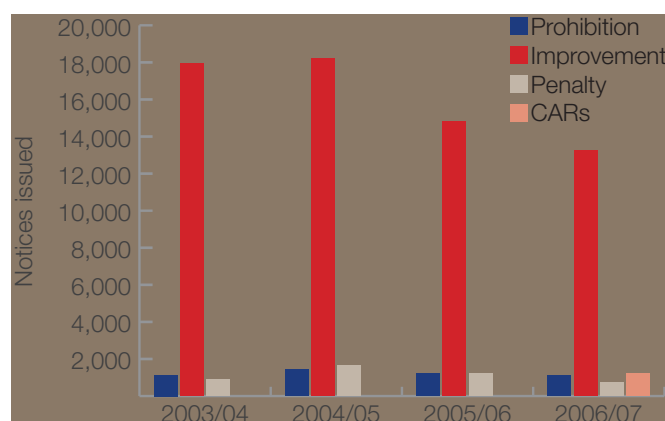
This service is delivered to New South Wales employers through advice and education programs, individual site visits and industry reference groups, targeted intervention and rebate programs.

Occupational health and safety advice and education is also provided to industry through the many seminars and workshops held throughout the State.



In 2006/07, WorkCover inspectors conducted 20,917 workplace visits. These visits resulted in the issue of 1,217 Confirmation of Advice Records (CARs), 726 penalty notices, 1127 prohibition notices and 13,243 improvement notices for non-compliance with workplace safety legislation.

NOTICES ISSUED



WorkCover's renewed focus on the provision of information and advice, has seen a reduction in the number of enforcement (prohibition and penalty) notices issued, as evidenced in the above graph. Improvement Notices and the new CARs notices provide advice to employers on how to improve their workplace safety, without the issuing of formal enforcement notices.

Industry Solutions Program

Commencing in August 2006, the Industry Solutions Program has established consultative committees comprising representatives from WorkCover, key industry experts, worker and employer groups, manufacturers, designers, suppliers and end users. The committees address key safety issues across a range of industries and recommend practical and innovative solutions to specific safety hazards.

To date, key initiatives have been undertaken with peak bodies from the construction and rural industries.

These committees are developing practical solutions to long-standing issues that were otherwise considered to be in the 'too hard basket'. Positive results have already been achieved through the Program, including the development of three industry safety standards relating to the safe erection of timber roof trusses, grain augers and post drivers. These standards were placed on the WorkCover website in April 2007.

To assist industry adapt to the new standards, transitional arrangements have been introduced for the period 30 April 2007 to 30 October 2007. Throughout this period, WorkCover

will provide advice and assistance to manufacturers, designers, users and other duty holders on implementing the requirements of the industry safety standards. Following the transitional period, WorkCover will verify that the safety measures in the industry safety standard have been adopted and will report back to industry on the outcomes of its verification activities.

CONSTRUCTION INDUSTRY

Between 2002 and 2005, 180 people were seriously injured from falls from heights in the housing construction industry. In response, the 'Erection of Timber Roof Trusses Industry Safety Standard' has been developed in partnership with experts and industry representatives to provide practical guidance on the prevention of injury to people who erect prefabricated timber roof trusses.

RURAL INDUSTRY

In the 4 years to June 2005, there were some serious incidents involving grain augers. A national compliance program in 2005 found that only 60 per cent of new grain augers and 33 per cent of used grain augers in New South Wales had fitted guards and safety devices. Farmers and other users face serious injuries through coming into contact with rotating augers that are not properly guarded.

In the same period, there were also some serious incidents involving post drivers. Guards designed for use with post drivers have so far been limited in their success due to the way in which post drivers are required to function. Farmers and other users face serious injuries through coming into contact with post drivers that are not properly guarded.

Workcover has worked with industry to develop new post guard designs and issued safety standards on design and use.

A further review of industry safety standards will be undertaken in April 2008. Additional committees will also be formed to address key safety issues relating to scaffolding and log splitters.



INJURY AND ILLNESS PREVENTION

NSW Fireworks Consultative Committee

In November 2005 the NSW Fireworks Consultative Committee was established between the NSW Pyrotechnicians Industry Association of Australia and WorkCover.

The Committee was formed to seek consensus and industry involvement during the regulatory reform process following the introduction of the *Explosives Act 2003* and *Explosives Regulation 2005*. It is currently working towards self-regulation of the Fireworks Industry.

To date, the Committee has undertaken work on the authorisation of fireworks and achieved conciliation in relation to the use of fireworks in the public arena. NSW Police and WorkCover have established a shared responsibility agreement in relation to the verification of fireworks import, transport, use and disposal. The Committee has also streamlined procedural activities, particularly in relation to licensing and notification requirements.

Ammonium Nitrate Verification

Selected NSW workplaces have been visited to ensure Security Sensitive Products are being used and stored in accordance with the Explosives Act and Regulation. The visits are used to carry out verification of licence compliance in relation to the use of Security Sensitive Ammonium Nitrate and associated conditions.

To date 140 licence applicants have been verified, with further compliance activities continuing into the new financial year. Verification activities ensure compliance with regulatory and licensing conditions, safety and security, and assist key stakeholders with practical compliance information and advice.

Safer Silos Program

Significant risks are associated with on-farm silos, including falls from ladders, falls into silos (usually containing grain), and confined spaces risks such as fire, explosion and asphyxiation. Poorly designed or inadequately maintained silos may also collapse, causing injury to users or bystanders.

New South Wales is the only jurisdiction to have a Code of Practice for safety aspects in the design of silos. The Code was revised in 2005 and is supplemented by a *Code of Practice for safe use of silos*.

A series of seminars for silo manufacturers, suppliers and farmers were held across New South Wales from November 2006 to December 2006. A total of 26 farmers, manufacturers and industry representatives attended the seminars.

A total of \$750,000 funding is also available under WorkCover's Safer Silo Program. Farmers are able to claim a dollar for dollar rebate, up to a total of \$750, towards the cost of improving the safety of their silo operations.

As at 30 June 2007, 396 silos have been upgraded under the program, with rebates totalling \$59,502 being paid to 96 properties. The total of pre-approved upgrade works is \$127,421.

WorkCover is working extensively with silo designers, manufacturers and suppliers to ensure all new silos meet the Code of Practice and other New South Wales silo safety standards.

Power Take Off Rebate Program

Power Take-Offs (PTOs) on tractors and other farm machinery pose a significant risk of major injury and fatality to farmers. Tractor operators or nearby workers are at risk of having their hair or clothing entangled in unguarded PTOs. Fitting a guard can eliminate this risk.

WorkCover has allocated \$1 million dollars in rebates to farmers who fit PTO guards to their tractors. The program commenced on 25 August 2005 and provides a full cost rebate of up to \$200 per farm for the purchase of PTO guards. To 30 June 2007, 1385 farmers have received rebates totalling \$186,770 under this Program.

Fostering Local Farm Safety (formerly Farm Safety Resource)

WorkCover has implemented the Fostering Local Farm Safety program to update and simplify farm safety information and to ensure delivery to farming communities.

The program involves the cataloguing of all of the State's farm safety resources from the Department of Primary Industries, NSW Farmer's Industrial Association, FarmSafe and WorkCover. A set of approximately 12 simple Fact Sheets (including Safety Checklists) are being developed for farmers to address key risk areas and machinery safety.

Presentations covering general farm safety risk management, as well as key risks such as tractor use, grain auger use and electrical risks will be delivered to farmers at on-farm and local venues.



Farm Safety Solutions Campaign – Farm Safety Field Days 2006

Throughout 2006, WorkCover conducted Farm Safety Field Days across rural NSW, showcasing practical and cost effective solutions to hazardous farming activities.

The Field Days address high risk farming issues such as farm machinery, electrical safety and chemical safety. Demonstrations are provided on safe All Terrain Vehicle (ATV) use, best practice shearing and chainsaw safety. A fuel tank and a silo fitted with safety devices are also displayed.

The Farm Safety Field Days were very well received with approximately 1150 visitors attending the nine field days held from May 2006. Primary and secondary schools, as well as local Council staff also visited the displays. In several towns, the primary industries/agriculture teacher conducted further farm safety classes in the weeks following the Field Day based on the safety information provided by WorkCover and relevant stakeholders.

Local media also embraced the Field Days, with local television networks, radio stations and newspapers covering the program. The ABC covered several of the days on its Country Hour program.

All Terrain Vehicles (Quad Bike) Safety Project

Since its inception in 2004, over 6000 people have watched the ATV safety demonstrations sponsored by WorkCover. In 2007/08, WorkCover will again sponsor the Stephen Gall's ATV Safe Riding Institute demonstrations at the 2007 Rural Field Days. The program will also be expanded to deliver a full day's training to high school agriculture studies students at a number of schools in regional New South Wales. The training will include seminars and practical riding lessons.

Noise Management Memorandum of Understanding

Noise Induced Hearing Loss (NIHL) is a major health issue for employers and employees in New South Wales, with construction workers being among the most affected by industrial deafness.

In February 2007, 13 members of the Construction Safety Alliance and five industry partners signed a memorandum of understanding (MOU) with WorkCover committing their support to a program of noise management strategies.

The 12 month project involves partnering with construction organisations from regional businesses and large national operations, and three New South Wales Government agencies to develop long-term noise safety solutions.

The project is being run in three stages:

1. initial audit and a WorkCover noise seminar for staff of the individual organisations
2. liaison with hirers of plant to encourage their commitment to providing quiet plant where possible, and
3. liaison with manufacturers and suppliers of equipment, urging them to use engineering and redesign techniques to reduce noise emissions and to provide information to industry about the noise levels their machines emit.

Throughout the program, WorkCover will audit each business three times. The audits will help to identify ways that builders can eliminate or reduce noise levels on construction sites. Innovative and effective approaches to on-site noise management observed during the audits will be used to educate and influence similar businesses.

HOW DO YOU IDENTIFY IF YOU HAVE A NOISE PROBLEM ON YOUR SITE?

Calculate your response to the following questions:

- In your workplace, is a raised voice needed to communicate with someone about one metre away?
- Do people in the area notice a reduction in hearing over the course of a day?
- Do workers ask to repeat things already said?
- Do workers experience any of the following:
- Ringing in the ears (tinnitus)?
- The same sound having a different tone in each ear?
- Blurred hearing?
- Are any long-term workers hard of hearing?
- Do any workers operate noisy machinery for long periods?

If you answered, "yes" to any of the above questions, the chances are that your workplace could be putting worker's hearing at risk.



INJURY AND ILLNESS PREVENTION

Plant Priority Program

For the purpose of the program, High-Risk Plant (HRP) is defined as any item of plant that in the event of an incident is likely to lead to consequences that are severe and/or catastrophic. WorkCover's Plant Priority Program is a verification program for items of registered plant with a focus on high-risk plant. The Program will target amusement devices, boilers, concrete placing units, cranes (mobile & tower), escalators and moving walkways, lifts, LGP vessels and pressure vessels.

The Program is comprised of three key projects:

1. **Plant Safety Verification** – a compliance initiative targeting HRP across the State's workplaces. WorkCover inspectors conducted approximately 200 employer visits targeting verification and compliance for 639 items of plant.
2. **Suppliers** – a compliance and education initiative that seeks to improve understanding of Occupational Health and Safety legislative obligations of all parties involved with the supply-chain process of high-risk plant.
3. **Registration** – an initiative to identify unregistered items of plant that are required to be registered under the legislation.

The Plant Safety Verification project has been completed with a final report scheduled for late 2007. The other two projects will continue through to 2008. Preliminary results from this project indicate that WorkCover will need to continue to monitor industry safety in a range of areas related to HRP.

Falls Priority Program

Falls on the same level and falls from a height are the second and third highest costs to the New South Wales Workers Compensation Scheme and the community. WorkCover's *Falls Priority Program* will develop, implement and evaluate strategies and actions that will assist industry to identify and address fall hazards and risks.

There are three key areas of activity under the *Falls Program*;

1. Falls From a Height
2. Falls on the Same Level, and
3. Building WorkCover's Capability to Assist Industry.

Falls From a Height

The WorkCover NSW Research Centre of Excellence, based at the University of Newcastle Ourimbah Campus, has been contracted to undertake a *Falls From a Height Interventions Study*. The research will measure the effectiveness of different types of interventions on employer awareness of 'falls from a height' hazards, risks and controls. The construction, rural,

manufacturing and wholesale, retail and storage industries are targeted by this intervention.

Four different locations, using different intervention techniques are being used in this study:

1. North Coast – radio and newspaper advertisements
2. Riverina – educational workshops
3. Hunter-New England – inspector compliance assistance visits
4. Central West – control group location with no intervention.

Falls on the Same Level

Inspectors assess 'falls on the same level' hazards, risks and control measures in the workplace before and after an advisory visit. An assessment tool is used to provide better information on the effectiveness of falls safety management and the best ways for inspectors to assist industry improve their safety performance.

Building Capability

The *Preventing Slips, Trips And Falls Guide* and *Fact Sheet* was published in late 2006 and will now be integrated into all falls related programs. In early 2007, Workplace Health and Safety Queensland re-badged both of these publications as a part of its harmonisation program with New South Wales.

Activities will continue to be undertaken throughout 2007 aimed at improving industry's capability to manage the risk of falls.

Manual Handling – Smart Move

WorkCover aims to achieve a significant improvement in workplace and community levels of recognition, knowledge and skills relevant to manual handling. The Manual Handling Summit Response Program (MHSRP) aims to reduce manual handling injuries.

Promotions

In February 2007, the *Safe Manual Handling – Smart Move* program was launched. A mime artist was used as part of an extensive program branding to give the program launch a unique character.

A *Safe Manual Handling – Smart Move Conference* was held in June 2007.

An \$800,000 *Smart Move* advertising campaign will be run from September to October 2007 to coincide with the launch of the new *Smart Move* website currently under construction.



Partnerships

Strategic partnerships will enable WorkCover to engage with industry, through employer and professional associations, unions and other key stakeholders, to target particular manual handling issues and develop practical manual handling solutions and resources.

Interventions

Throughout 2006/07 WorkCover has targeted manual handling 'black spots'. A range of advisory interventions has been conducted in high-risk industries and occupations aimed at improving levels of awareness and management of manual handling issues. These interventions have resulted in the determination of baseline manual handling awareness data and the development of industry 'black spot' fact sheets. A Manual Handling Risk Guide will provide support for the industry fact sheets.

In addition to working with targeted industries, WorkCover participated in the Heads of Workplace Safety Authorities' Manual Handling in Manufacturing Project, undertaking telephone surveys, workshops and visits.

New South Wales 2005 Workplace Safety Summit

The 2005 Workplace Safety Summit was held in Orange in August 2005 and followed on from the highly successful 2002 Workplace Safety Summit. With over 250 attendees, the Summit resulted in an unprecedented recognition of the importance of coordinating the efforts of employers, employees and government to reduce workplace safety risks.

The New South Wales Government's response to the Industry Action Plans (IAPs) and the recommendations arising from the 2005 Summit were published in the *New South Wales Workplace Health and Safety Strategy 2005-2008* (the NSW Strategy).

The New South Wales Workplace Health and Safety Strategy Review Committee was established by the then Minister for Commerce, the Hon. John Della Bosca MLC, to oversee the implementation of the NSW Strategy, and to review the IAPs for consistency and currency. The Review Committee is chaired by the Chief Executive Officer of WorkCover and consists of 15 members representing Government agencies, employers and unions.

To date, the Review Committee has:

- reported on the progress made against the Government initiatives outlined in the NSW Strategy
- convened working groups to lead the review and implementation of the Construction, Transport, Rural, Manufacturing and Health and Community Services IAPs
- commenced the development of progress reports that provide an overview of what is being undertaken by employer associations, unions and government agencies to support the NSW Strategy and the IAPs
- reviewed injury and disease data to ensure that strategies continue to target the most vulnerable workers and high-risk work activities, and are considering options for new priority issues.

The Review Committee will oversee further meetings of the IAP Working Groups, including the launch of the education, consumer and business services, retail, wholesale and storage and utilities working groups, and the review of the public sector IAP.





INJURY AND ILLNESS PREVENTION

AN EFFICIENT AND EFFECTIVE LEGISLATIVE FRAMEWORK

Changes to Thresholds for Licensing Categories for Handling Bonded Asbestos

Amendments to the *Occupational Health and Safety Regulation 2001* have been made to improve safety for the handling of bonded asbestos. The amendments reduce the licensing thresholds for the removal or disturbance of bonded asbestos. The changes are being implemented in two stages.

Prior to these legislative amendments, a WorkCover asbestos licence was required to remove 200 square metres or more of bonded asbestos. From 1 July 2007, this threshold will be reduced to 50 square metres of bonded asbestos and reduced further to ten square metres of bonded asbestos from 1 January 2008.

These changes harmonise New South Wales legislation with other Australian jurisdictions.

Approximately 570 stakeholders attended the 17 seminars that were held statewide to inform industry members and the general public about the changes to asbestos removal laws and what contractors need to do to obtain a licence.

A second round of seminars will be held in November and December 2007 to advise stakeholders of the further reduction to the threshold that will come into effect on 1 January 2008.

Review of the *Occupational Health and Safety Act 2000*

In June 2005, WorkCover commenced a five year statutory review of the *Occupational Health and Safety Act 2000* to determine whether its provisions remain appropriate. The review included an extensive public consultation process, involving industry, employer and employee representatives and other interested parties.

The Report on the Review of the *Occupational Health and Safety Act 2000* was tabled in Parliament on 2 May 2006. The Report and its recommendations were subsequently referred to the Hon Paul Stein AM QC, for review. Mr Stein was asked to examine the existing laws and the proposed changes, with particular attention to elements where no consensus had emerged. The Government received Mr Stein's report in April 2007 and is currently reviewing his findings and recommendations.

Review of the *Occupational Health and Safety Regulation 2001*

Following the finalisation of the *Occupational Health and Safety Act 2000* review, WorkCover will commence a review of the *Occupational Health and Safety Regulation 2001* pursuant to the *Subordinate Legislation Act*. It is envisaged that the outcome of the Act review will determine the nature and scope of the review of the *Occupational Health and Safety Regulation 2001*.

Preparation of the draft *Major Hazard Facilities Regulation*

This Regulation will implement the National Standard for the Control of Major Hazard Facilities. WorkCover has facilitated ongoing industry consultation regarding the draft Regulation, which will form part of the *Occupational Health and Safety Regulation 2001*.

National Certificates of Competency Licences

WorkCover has implemented business improvements relating to National Certificates of Competency (NCOC) licences. The licensing improvements will increase corruption resistance, reduce processing times and restore public confidence in WorkCover's licensing systems.

In September 2006, WorkCover engaged Australia Post to provide an independent lodgement service and electronic delivery of applications for NCOC licences. Following a public tendering process, the program has seen the introduction of NCOC photo licences being made available through 1,022 Australia Post outlets in New South Wales.

To date over 27,000 photo licences have been issued by WorkCover, with 95 per cent being issued within ten business days.



Appropriate Application of Sanctions

WorkCover undertakes workplace improvement programs that provide an appropriate mix of advice and sanctions to secure appropriate workplace safety outcomes.

Key to the delivery of these programs is WorkCover's renewed focus on its advisory and educational roles to assist workplaces to understand and comply with current workplace safety laws. Although the organisation's focus has shifted towards a more advisory role, WorkCover remains the regulator of the State's workplace safety laws and still applies sanctions in instances where breaches occur. WorkCover continues to apply sanctions to improve workplace safety where it should, not because it can. This is not regulation for regulation's sake; rather it is a legitimate public expectation.

In 2006/07 WorkCover successfully prosecuted 300 defendants for breaches of Occupational Health and Safety legislation, resulting in penalties of over \$11 million.

A total of 213 defendants were charged for breaches of the legislation in 2006/07.

At 30 June 2007, WorkCover had 207 defendants before the courts in prosecutions for breaches of Occupational Health and Safety Legislation. This does not include matters before the coroner or under investigation.

Seizure of Illegal Fireworks

WorkCover inspectors discovered illegal fireworks at a Belmont Forest property in April 2007. The discovery came as a result of routine fireworks verification activities, and in response to a complaint received regarding the prohibited fireworks.

Approximately two tonnes of fireworks were seized with an estimated street value of \$100,000.

The Belmont Forest discovery is the second major illegal fireworks seizure in the past 18 months, following the Wallacia seizure in 2006. Combined, these seizures have removed over five tonnes of illegal fireworks off New South Wales streets.

WorkCover continues to work in conjunction with the NSW Police, Pyrotechnics Industry Association of Australia and explosives regulators in other jurisdictions to reduce the incidence of illegal fireworks activities.

EFFECTIVE WORKERS COMPENSATION SYSTEM

Reforms to the NSW Workers Compensation system since 2001 have led to a major turnaround in its performance. The Scheme Design project achieved improved claims management, better outcomes and services for injured workers and a more affordable workers compensation system.

As a result of continuing strong Scheme performance:

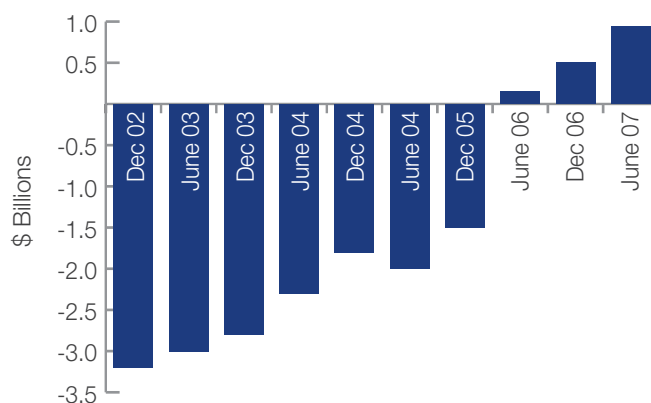
- The Scheme's financial position has improved from a deficit of \$3.2 billion in 2002 to a surplus of \$812 million as at June 2007.
- Reductions in premiums rates totalling 30 per cent since November 2005 have been announced, giving the New South Wales economy a \$785 million annual boost.
- Lump sum payments to injured workers for permanent impairment and pain and suffering have been increased to \$390,000.
- WorkCover NSW has also set aside \$250 million from the Scheme surplus to improve services for injured workers.

FINANCIAL VIABILITY

The latest independent workers compensation valuation shows that the WorkCover Scheme recorded a \$727 million improvement in the Scheme surplus in the 12 months to 30 June 2007.

PricewaterhouseCoopers estimates the NSW WorkCover Scheme to be in surplus by \$812 million, compared to a \$3.2 billion deficit in December 2002. The graph below shows the continuing improvement in the Scheme valuation from December 2002 as a result of sustained Scheme performance.

**NSW WORKCOVER SCHEME: DEFICIT/SURPLUS
ACTUARIAL VALUATION JUNE 2007**



Workers Compensation Premium Rate Reductions and Benefits Increases

Following the release of the June 2007 Scheme valuation in October 2007, the Government announced an average 5 per cent reduction in workers compensation premium target collection rate for policies commencing on or after 31 December 2007. The reduction applies to all WorkCover Industry Classification rates.

This will be the fifth premium rate reduction since December 2005 and equates to an average 30 per cent reduction in premium rates over the last 24 months. Combined, these reductions will result in savings to New South Wales employers of \$785 million per year.

The target collection rate for the NSW WorkCover Scheme will be reduced to 1.77 per cent, down from 2.57 per cent in 2005.

Other premium reforms include grouping related employers and an installment option for premium payments. In addition, employers whose annual policy exceeds the minimum \$175 policy also receive a further 3 per cent discount if they pay their premium in full in advance.



MANUFACTURING INDUSTRIES



Injured workers will also benefit from the sustained Scheme performance through an increase in lump sum compensation for permanent impairment, with the maximum amount rising by more than 38 per cent to \$390,000. The maximum amount will also be available to a greater number of severely injured workers. Permanent impairment payments will be indexed to ensure their value is maintained over time.

In addition all workers sustaining a compensable permanent impairment injury will receive an additional amount for the pain and suffering arising from their injuries.

Lump sum payments for those workers who die from a work related incident will increase by more than 28 per cent to \$425,000.

Apprentice Incentive Scheme Update

The Apprentice Incentive Scheme commenced on 31 December 2006 and applies to new or renewed policies commencing on or after this date. The Scheme provides workers compensation premium concessions for employers of apprentices in New South Wales.

For new and renewed policies commencing on or after 31 December 2006, employers will receive a workers compensation premium reduction based on the wages of apprentices they employ.

To be eligible for the premium concession, an employer must have a valid new or renewed workers compensation policy that commenced on or after 31 December 2006, and have entered into a New South Wales Department of Education and Training approved 'Apprenticeship Contract' with the apprentice(s) in a designated trade vocation. The apprentice(s) must also be identified in the apprenticeship contract.

The Scheme is being introduced in two phases. During the first year of the Apprentice Incentive Scheme, the premium saving will be included in the final premium calculated by an employer's agent at the end of the policy period using actual declared wages. The Scheme Agent will rebate any credit owing as a result of the adjustment. In subsequent years, the exemption for apprentices will apply at the beginning of the policy period based on estimated wages, as well as being incorporated into the premium adjustment at the end of the policy period.

Worker Status Rulings – WorkCover Advice Service

The changing nature of employment relationships has meant some employers have had difficulty understanding whose wages should be included in the calculation of their workers compensation premium.

Following a review of the 'definition of a worker' in 2005, WorkCover worked with employers, unions and associated groups to create a dedicated worker status service to help employers determine whose wages should be included in calculating their workers compensation premium.

Employers can now contact a WorkCover dedicated worker status service for assistance. This new service commenced on 13 October 2006 and is supported by:

- a dedicated worker status rulings branch within WorkCover to provide specialised assistance to employers
- a dedicated toll-free hotline number for employers (1800 024 205)
- a self-assessment tool on the WorkCover website to help employers determine the status of their workers for premium calculation purposes
- a provision for employers to apply to WorkCover to issue a prospective private ruling as to whether a person, or class of persons, is a worker for premium calculation purposes. A private ruling is a binding notice that states whether a person, or group of persons, are workers or contactors for the purpose of including wages for workers compensation premium calculations.

The table below describes the volume of enquiries processed by the service to 30 June 2007.

Visitors to Website

Unique visitors	6,047
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Visitors to Self Assessment Tool

Unique visitors	1,104
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Hotline Inquiries since 13/10/2006	541
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DEFINING A WORKER

Employers having difficulty understanding whose wages to include when calculating their workers compensation premium can now contact WorkCover's dedicated workers status service for assistance. This service began in October 2006 and is supported by a dedicated toll-free number for employers and a self-assessment tool on the WorkCover website. Employers can also contact WorkCover's status rulings branch for assistance.

EFFECTIVE WORKERS COMPENSATION SYSTEM

RETURN TO WORK AND HEALTH OUTCOMES

WorkCover has developed a number of injury management, return to work and dispute resolution education and advisory programs. These programs have been supported by new guidance material for service providers, employers and workers including case management standards, and the General Practitioner education program.

Return to work performance

The Scheme's return to work performance is measured through continuance rates. Continuance rates measure the percentage of claimants continuing on weekly benefits for specified periods of time from the reporting date (ie 13, 26, 52 and 108 weeks). The continuance rate is calculated as a three month rolling average.

The proportion of claimants on weekly benefits is used as a proxy measure for monitoring return to work for the Nominal Insurer. The graphs below show a considerable improvement in continuance rates. WorkCover, in partnership with workers compensation participants, is working towards reducing the proportion of claimants on long-term benefits.

Summary of NSW results: Return to Work (RTW) Monitor 2006/07

The 2006/07 Australia and New Zealand Return to Work Monitor is based on a sample survey of 3019 injured workers in Australian and New Zealand workers' compensation jurisdictions. Of this total, the New South Wales sample size was 600.

In 2006/07, 86 per cent of New South Wales injured workers had returned to work for some period within the first six months of their claim.

The durable RTW rate is the proportion of injured workers who have returned to work and were still working at the time of interview. The durable RTW rate for injured workers covered by New South Wales was 78 per cent compared to a national average of 77 per cent. The average length of time back at work estimated by New South Wales injured workers who were working at the time of interview was 155 days, compared to a national average of 146 days.

In New South Wales 86 per cent of injured workers who returned to work, returned to work with the employer they were working for when they sustained their injury. 79 per cent of New South Wales injured workers who had returned to work were doing the same duties at the time of interview (or when they stopped working) as they were doing before they were injured, compared to a national average of 75 per cent.

Reducing Disputes in Workers Compensation

Changes to improve dispute prevention and resolution commenced on 1 November 2006. The changes were designed to address unnecessary or inappropriate disputes that impede the return to work and recovery of injured workers. The changes included:

Improving claims management decision-making and communication practices

Insurers are now required to provide injured workers with a copy of all evidence used in making any decision in relation to their claim. This includes stating the reasons for the decision and all relevant documents. The insurer must also conduct a compulsory internal review prior to advising an injured worker of the decision. The injured worker can also request a review of the insurer's decision.

Injured workers are also able to seek advice from the Claims Assistance Service (CAS) if an insurer has not responded to a claim by the worker. The CAS will contact the insurer to provide a response within five days, advising of action taken or to be taken. If the insurer does not then respond within the next seven days, the worker can make an application to the Workers Compensation Commission to resolve the dispute.

Where a dispute is in relation to the level of permanent impairment, an Approved Medical Specialist will review all medical evidence, assess the worker and make a final determination on the level of permanent impairment for a lump sum compensation payment. This ensures that decisions are made by qualified and independent experts.

A revised fee schedule for legal practitioners that appropriately remunerates the profession for resolving disputes about workers' claims in a timely manner has also commenced.



**INJURY MANAGEMENT &
REHABILITATION**



↘ Review of Guidelines

WorkCover has also reviewed a number of guidelines to assist injured workers and medical professionals better understand the workers compensation payments, benefits and dispute processes, including:

- WorkCover Guidelines for Claiming Compensation Benefits.
- WorkCover Guidelines on Independent Medical Examinations and Reports.
- WorkCover Guides for Evaluation of Whole Person Impairment.
- Interim Payment Direction Guidelines.
- Medical Assessment Guidelines.

↘ STREAMLINING DISPUTE RESOLUTION PROCEDURES

The streamlining of dispute resolution procedures has included a review of the Workers Compensation Commission (WCC) rules and the updating of WCC forms and practice directions, as well as the training of WCC staff, arbitrators and approved medical specialists in the new procedures.

EFFECTIVE SYSTEM MANAGEMENT

NSW WorkCover Scheme Arrangements & Performance

From 1 January 2006, the new NSW WorkCover Scheme arrangements commenced with seven Scheme Agents delivering workers compensation claims and policy services under commercial contracts with the Nominal Insurer for a three year period. The Nominal Insurer replaced the previous managed fund licensees and is now the only insurer of the Scheme, outsourcing to Agents the responsibility for delivering the services. Under these arrangements, performance based contracts with seven Agents replaced the six former insurer licences to introduce competition and improved service delivery to injured workers and employers across the Scheme. The contracts require the Agents to meet various performance standards and thus are remunerated on improving return to work and financial management outcomes.

WorkCover, acting for the Nominal Insurer, oversees the operation and performance of these Scheme Agents in their delivery of workers compensation services in the Scheme. The beginning of the 2006/07 year saw the completion of the

transition period to the new arrangements, and allowed an increased focus on improving claims management services across the Scheme ensuring injured workers received more immediate medical care, financial support and assistance to return to work and other improved health outcomes.

Improved services to employers were introduced such as e-business solutions offering on-line policy and injury notification services. Together with improved claims management services and health outcomes for injured workers, these service initiatives have helped reduce costs for employers while still ensuring the long term sustainability of the NSW WorkCover Scheme.

Regulation and Compliance

To protect workers and their employers in the event of a work related injury or disease, all New South Wales employers must have a workers compensation policy. An employer is a business (including an individual) that employs or hires workers on a full time, part time or casual basis, under an oral or written contract of service or apprenticeship. The policy cover issued must reflect the remuneration paid to workers and the industries in which the employer operates, and must cover all workers at all times.

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

WorkCover regulatory function aims to ensure compliance by employers in relation to their workers compensation statutory responsibilities. WorkCover also investigates and actively pursues any potential instances of fraud identified against employers, workers, providers and insurers.

As a result of compliance activities undertaken in 2006/07:

- WorkCover received 294 referrals of alleged fraudulent activity, all of which were investigated.
- 34 matters were referred to WorkCover's Legal Group to consider prosecution action.
- 14 prosecutions were finalised, with 13 resulting in a conviction or a finding of guilt not leading to a conviction.
- Ten cautions were issued by WorkCover in lieu of Prosecutions.



EFFECTIVE WORKERS COMPENSATION SYSTEM

In 2006/07 WorkCover completed 11,995 wage audits identifying \$40.1 million in additional premiums and also returning \$9.6 million to employers for over-declaration of wages.

FUNDS MANAGEMENT

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

Workers Compensation Insurance Fund

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

- determining investment policies for the investment of the Investment Fund; and
- reporting to the Minister on the investment performance of the Investment Fund.

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

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

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

Fund Developments

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

Improve the efficiency of inflation-linked bond mandates

Inflation-linked bonds are fixed interest securities that pay a coupon linked to inflation movements. 40 per cent of the WCIF is held in Australian and global inflation-linked bonds. Inflation-linked bonds are attractive for the WCIF as the liabilities of the Fund increase at a rate linked to that of inflation, albeit slightly faster. Over the year, the Board made amendments to all inflation-linked bond mandates, allowing greater flexibility in each mandate to provide investment managers the ability to hold a portion of their portfolios in cash or nominal fixed interest where inflation-linked bonds are considered expensive. These changes added an opportunity of making a higher return, compared to holding a relatively passive portfolio of inflation linked bonds only.

Reduced Equity Exposure

The Australian Equity market has provided significant returns over the last four consecutive years. Following a Board decision, the WCIF sold \$500 million of Australian equities at a premium of \$10 million (2 per cent), by selling upside over a 17 per cent market return. This option was considered to be an appropriate strategy because:

- Where the Australian equity market provides a return of 17 per cent or less, the portfolio return would be enhanced by the premium received on the \$500 million call option sold, and
- Where the Australian equity market provides a return higher than 17 per cent, the upside would be capped at 17 per cent (plus the premium received).

The remaining WCIF's broader Australian equity portfolio (over \$1.3 billion) will continue to appreciate in line with the market plus any value added by the investment managers. Overall, this strategy reduces downside on a portion of the Fund's equity portfolio by the amount of the premium received.

Review of WCIF's Australian Fixed Interest Portfolio

Historically, the WCIF and its predecessor funds have held a significant proportion of the available supply of Australian Inflation Linked Bonds. The proportion of the Fund's assets in Australian Inflation Linked Bonds was previously constrained by the limited market size. Substitute investments were used in the form of hedged Global Inflation Linked Bonds and a greater quantity of traditional Australian Fixed Interest investments. The introduction of swaps in the Australian Inflation Linked Bond market during the course of the last year has given the Fund the ability to increase its holdings in this asset category.



The Fund implemented a number of enhancements regarding the WCIF's Australian fixed interest portfolio. The main enhancements were to:

- reduce exposure to Australian fixed interest from 15 per cent to 10 per cent, in favour of Australian inflation-linked bonds
- terminate all existing active Australian fixed interest managers (see 'Investment Managers' for manager details) and replace them with synthetic exposure to bonds using derivatives (futures)
- increase the duration of Australian fixed interest, in line with the duration of WCIF's liabilities (ie around 6.5-7 years).

The advantage of these recommendations were to:

- increase the percentage of the assets that are invested in securities that have similar characteristics to the Fund's liabilities
- manage the duration of Australian fixed interest in line with the duration of WCIF's liabilities (aim to immunise a portion of the portfolio)
- remove credit exposure and, therefore, credit risk
- build a portfolio structure that would allow the Investment Division and the Board the ability to enhance the return of the passive Australian fixed interest derivative using alpha transport strategies at some stage in the future
- reduce the cost of managing Australian fixed interest.

Review WCIF's Property exposure

The Workers Compensation Investment Fund Investment Board (WCIFIB) held the view that the Australian and Global listed property markets were overvalued. As a result, the Board reduced the Fund's allocation to Australian and Global listed property in favour of Australian unlisted property funded through the sale of overvalued listed property. The strategic allocation changes to property are shown in Table 2 below.

Table 2: Property strategic asset changes

Property	Before	After
Australian Listed	3.3%	2.5%
Global Listed	3.3%	2.5%
Australian Unlisted	3.3%	5.0%

The Australian and global listed property markets have fallen in value since this change was implemented.

Absolute Return Funds

The Board selected an absolute return fund manager in December 2006 to manage a small portion of the WCIF. The Barclays Global Investors Multi-Opportunity Fund was selected following a review by WorkCover, consultant Watson Wyatt and the WCIFIB. Absolute return funds have a broad universe of securities to trade, can employ a wide set of strategies and can use leverage to increase the potential return.

The main advantages of including an absolute return fund in the WCIF are as follows:

- diversification, through low correlation with bonds and equities
- similar returns to equities, with lower risk
- similar risk to bonds, but with higher return
- provision of positive absolute returns in down markets; and
- improvement in fund efficiency.

Asset allocation

Changes to the WCIF's strategic asset allocation over the year aimed to reduce risk and immunise a portion of the WCIF against its liabilities. The main changes were a reduction to equities and Australian fixed interest and an increase to Australian inflation-linked bonds and absolute return strategies. Table 3 below details the WCIF's strategic asset allocation as at June 2007.

Table 3: The strategic asset allocation of the WCIF

Asset class	SAA
Australian Equities	17.5
International Equities ¹	17.5
Property	10.0
Australian Fixed Interest Bonds	10.0
Australian Inflation-Linked Bonds	20.0
Absolute Return	5.0
Global Inflation-linked Bonds	20.0

1. Developed market currency exposure 75 per cent hedged

Custodian

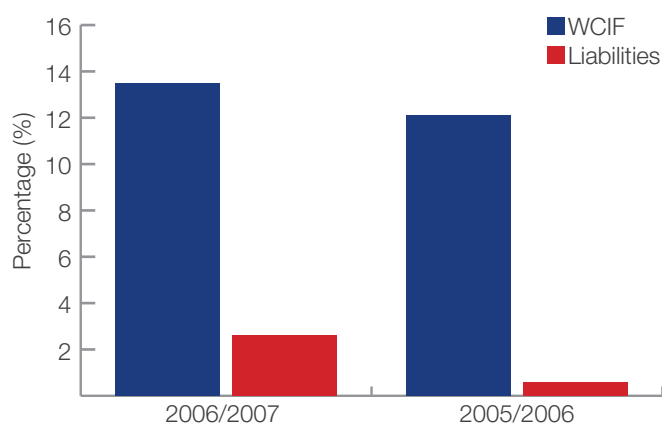
The master custodian of the WCIF is currently BNP Paribas Securities Services. The Board conducted a tender for master custody and related services throughout 2006 and 2007, with State Street Bank & Trust being the successful party. A transition of assets and services will take place in the fourth quarter of 2007.

EFFECTIVE WORKERS COMPENSATION SYSTEM

Investment performance and market information

The WCIF earned a return of 13.5 per cent over the financial year ending June 2007. Performance over the period exceeded investment benchmarks by 0.8 per cent (approximately \$71 million) and WCIF's liabilities by 10.9 per cent or \$971 million.

RATE OF RETURN FOR THE LAST TWO FINANCIAL YEARS - TOTAL WCIF



All listed growth assets provided double-digit returns over the year, lead by Australian equities with a benchmark return of 29.5 per cent. The market was buoyed by positive economic fundamentals, demand from Asia, especially China and significant activity from private equity managers over the year.

Strong investor demand aided Australian listed properties to provide a strong return of 26.3 per cent over the financial year. This return was due to strong growth in the first eight months of the year, as the listed property market has trended downward since February 2007.

Australian unlisted property provided a good return for the year. Generally market capitalisation rates tightened over the year, resulting in capital appreciation. At a sector level, low vacancies combined with the capitalisation rate compression resulted in the office sector providing very strong returns over the year.

Fixed interest markets both in Australia and internationally provided low single digit returns over the year. Demand for inflation-linked bond assets increased the breakeven inflation rate, ie making these assets more expensive. The liquidity of the swap market in Australian inflation-linked bonds increased significantly over the year, and it is expected that the liquidity in this market will increase.

In late April the WCIF increased the duration on Australian fixed interest from around 3.6 years to over 6.5 years. Ten year bond yields to the end of June increased, therefore reducing their value.

STAKEHOLDER ENGAGEMENT

Effective engagement with our stakeholders is seen as essential to WorkCover providing best practice Occupational Health and Safety arrangements, and workers compensation systems.

Four key strategies are identified in the 2006-09 Corporate Plan to improve our engagement with stakeholders:

- effective stakeholder relationships
- positively driving the national agenda
- actively assist small and medium enterprises to improve Occupational Health and Safety and workers compensation outcomes, and
- effectively manage new and emerging issues.



TEAM FROM
PARALYMPIAN SPEAKERS
PROGRAM



THE SAFETY SHOW
HELD IN OCTOBER
ANNUALLY

EFFECTIVE STAKEHOLDER RELATIONSHIPS

Stakeholder Index

Many modern organisations analyse who their stakeholders are, what they think about them and how they get their information. WorkCover has taken that a step further and is creating a series of indices that will help us to understand and address our stakeholder and customer needs, as well as their frustrations and what they value.

The project will produce WorkCover's first series of stakeholder indices. The indices will provide a quantifiable measure of the service experienced by our stakeholders and customers. This will assist WorkCover in planning for future consultation, service strategies and organisational directions.

Approximately 110 stakeholders and customers, including employers, workers, agents, self-insurers, legal and medical providers, accredited trainers and assessors, and government agencies have participated in nine stakeholder workshops, supplemented by ten one-on-one stakeholder interviews. Workshop participants provided very open and honest insights into their interactions with WorkCover and how they believe Occupational Health and Safety, injury management and workers compensation should be delivered.

The final report to be delivered in August 2007 will detail stakeholder hierarchies of values and irritants, measures of performance, importance and frequency for WorkCover's stakeholders. The indices and the stakeholder model will provide a key resource for the organisation's strategic planning for achieving safer, secure and more productive workplaces in partnership with employers, employees and the NSW community.

Working Together

Working Together is a strategy to secure improvements in the public sector's health and safety performance with a specific focus on injury management. It builds on the occupational health and safety injury management policy and WorkCover's guidelines *Taking Safety Seriously*, which cover all New South Wales public sector agencies, departments and corporations, including self-insured agencies. Under the strategy, ministers and senior executives are to implement a framework of workplace safety and injury management responsibilities. occupational health and safety outcomes are to be incorporated into the performance agreements of executives, who in turn are to incorporate occupational health and safety performance into their management cycle.

The strategy provides a series of workplace safety and injury management targets for agencies to achieve. WorkCover's activities aim to encourage government departments and agencies to meet these key deliverables.

WorkCover provides agencies with six monthly reports on their progress against the *Working Together* targets. WorkCover and the Treasury Managed Fund continue to make improvements to the *Working Together* target reports in response to feedback provided by agencies.

A number of key targets for the public sector established at the commencement of the *Working Together* strategy have already been achieved, including:

- A 10 per cent improvement in the proportion of injured workers still off work at 8, 12 and 26 weeks.
- The target of a 15 per cent reduction in the average cost of workers compensation claims has been surpassed with an average 20 per cent reduction being achieved.

In addition to these targets, the overall rate of claims for public sector workplace injuries has decreased by around 13 per cent since June 2002.

WorkCover leads and supports a number of initiatives to support the public sector to achieve its deliverables under *Working Together*. This includes the review of the *Occupational Health and Safety Improvement Standard* (the NSW Government's Occupational Health and Safety audit tool for the public sector) and supporting the development and implementation of a policy to promote the role of leadership in the prevention and management of psychological injuries in the New South Wales public sector.

Research and Grants Programs

In 2006/07, WorkCover continued its successful WorkCover Assist grants program. The program provides grants to support registered trade unions and employer associations to assist their members implement Occupational Health and Safety and workers compensation legislation. In 2006/07, the program made available:

- \$3.25 million in WorkCover Assist general grants
- \$750,000 in commissioned education grants, and
- \$1 million in applied research grants.

WorkCover also provides research grants to independent organisations to undertake commissioned research into occupational health and safety and injury management issues. The *Small Business Longitudinal Study* highlighted on page 37 is an example of the type of work carried out under this program.

The WorkCover NSW Research Centre of Excellence was established in 2004/05 in conjunction with the University of Newcastle at its Ourimbah campus. The Centre, which is funded by a WorkCover grant continues to provide and encourage excellence in workplace safety, injury management and return to work research.

Disability Services Safety Improvement Program (DSSIP) Grants Scheme

WorkCover has recently finalised the allocation of funds to successful applicants under the Disability Services Safety Improvement Program (DSSIP) grants scheme. The program extends the work of the Disability Services Occupational Health and Safety Project that was completed in August 2006, and reviewed the diverse range of workplace safety risk management practices within the disability services sector and developed targeted and practical guidance material.

WorkCover administered the funds provided by the Department of Ageing, Disability and Home Care under the direction of a multi-agency panel. In total, funding of more than \$480,000 has been allocated to small and medium sized disability service providers across rural, regional and metropolitan New South Wales.

The program offered organisations the opportunity to apply for funding through two different schemes. The Skills Enhancement Incentive (SEI) scheme provided organisations up to \$5000 to fund identified staff training needs to reduce the incidence of manual handling injuries in the disability services sector. The Workplace Improvement Incentive (WII) scheme offered funding on a dollar for dollar basis up to \$5000 for the purchase of equipment to assist with identified manual handling risks.

Nearly \$330,000 will go directly towards training staff in the disability services sector, with the remaining funds to be used to purchase equipment such as hoists, slings and mobile ramps.

The distribution of funds will be completed by 31 August 2007.

Customer Service

The WorkCover Assistance Service, comprising the Information Centre and the Claims Assistance Service, 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 specific information and assistance to injured workers and employers about claims for workers compensation, particularly the resolution of potential disputes.

The 2005/06 year saw a substantial increase in enquiry volumes due to licensing and premium reforms, the Scheme transition and promotion of the Business Assistance Branch. The small but continued increase of enquiries seen in 2006/07 may be attributed to the tail effect of these reforms and campaigns.



In 2006/07 there were a total of 296,234 telephone, email and counter contacts to the Information Centre, an increase of approximately two per cent over the previous year.

In 2006/07, the Claims Assistance Service handled 4,678 cases (5323 in 2005/06), achieving an average monthly resolution rate of 82.6 per cent, up from 77 per cent in 2005/06. 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, and
- difficulties in making a notification to the insurer.

In addition the Claims Assistance Service handled 4019 of the new 'No Response' matters.

WORKCOVER NSW WINS NATIONAL CONTACT CENTRE AWARD

The WorkCover NSW Information Centre has been recognised nationally for its work as the Best Government Contact Centre operation with less than 30 employees. The award acknowledges the achievements of all of the WorkCover Assistance Service and Information Centre staff that on a daily basis provide a positive and important public service for our organisation.

Customer Service Charter

A strong customer service focus is central to WorkCover's success in providing information, education and advice to assist employers improve workplace safety throughout New South Wales. Our new *Customer Service Charter* has been developed as a guide for staff when dealing with both internal and external customers.

The Charter has been developed to inform our customers of the standard of service they can expect when dealing with anyone from WorkCover. It forms part of our commitment to working together to maintain and build on our organisation's positive image.

The customer service principles of WorkCover recognise the need to work cooperatively with our customers to achieve the best possible outcomes for workplace safety and workers

compensation. It further recognises the needs of individuals to be valued and treated with respect, courtesy and fairness.

The Charter is supported by WorkCover's *Charter of Management Commitment* (see page 44) and will also be supported by the *Feedback and Complaints Policy* as part of the overall strategy to improve organisational capability.

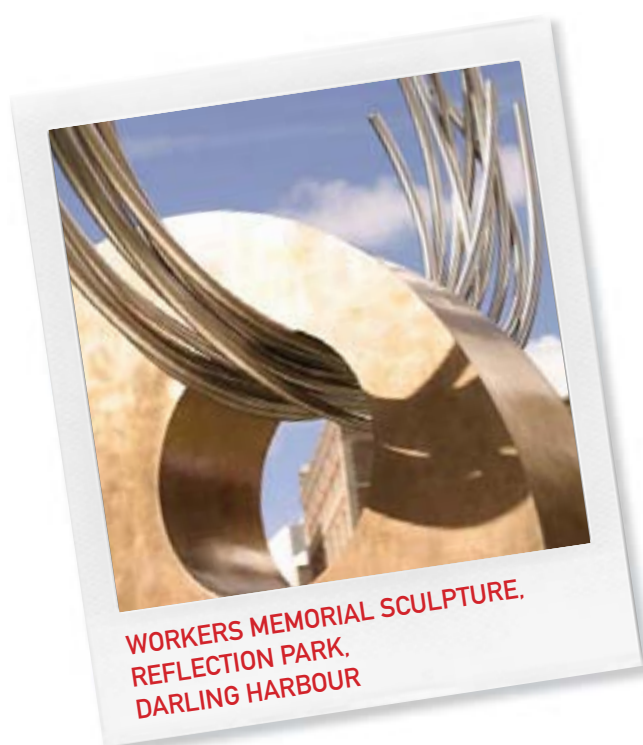
The Charter is available on WorkCover's website and all staff have received a copy of the Charter, together with a personally addressed letter from the Chief Executive Officer, informing them of his personal commitment to customer service.

Co-ordinator Counselling and Liaison

The Co-ordinator Counselling and Liaison (CCL) provides information, referral and support to families of workers killed in a workplace incident. The Co-ordinator maintains contact with families on a regular basis updating them on WorkCover's role in the investigation of the incident and ensuring all family members, including children, have access to grief support to assist them in their recovery. In 2006/07, the CCL has provided support to 182 families for matters that occurred in the current and previous financial years.

International Day of Mourning

The International Day of Mourning is held each year on 28th April. It is acknowledged internationally as a day to mourn, honour and pay respect to the lives lost in workplace incidents. In partnership with Unions NSW, WorkCover NSW hosts an annual Sydney service at the workers memorial sculpture in Reflection Park, Darling Harbour.



**WORKERS MEMORIAL SCULPTURE,
REFLECTION PARK,
DARLING HARBOUR**

The sculpture commissioned by Unions NSW and WorkCover symbolises the life cycle, the space that is left when someone we love is no longer with us, and our memories. Both the park and the sculpture encourage reflection and contemplation, encouraging all visitors to deepen their awareness of workplace safety.

It has become a tradition on the International Day of Mourning each year for family members to attach a photograph of their loved one to the sculpture. Family members come from interstate and rural and remote New South Wales to attend the day and represent their loved ones. Family members who cannot attend the day may have a photograph of their loved one attached to the sculpture on their behalf by WorkCover staff.

Safe Work Awards

The annual WorkCover NSW Safe Work Awards have been an ongoing success since their establishment in 2004. The 2006 awards were no exception, with more than 100 entries being received in five categories. Winners were announced during the Safety Show and conference during Safe Work Australia Week in October 2006. Category winners were:

- Best Workplace Health and Safety Management System – William Carey Christian School
- Best Solution to an Identified Workplace Health and Safety Issue – JLG Prolift Pty Ltd
- Best Workplace Health and Safety Practices in Small Business – Platinum Freight Management Pty Ltd
- Public Sector Leadership Award for Injury Prevention and Management – RailCorp – Service Delivery Group Inner West/Bankstown
- Best Individual Contribution to Workplace Health and Safety – Robert Petrovski – TNT Australia – t/a TNT Express

The award winners were also entered in their respective category in the National Safe Work Australia Awards held in April 2007. New South Wales was among the winners, with TNT employee Robert Petrovski winning the national award for Best Individual Contribution to Workplace Health and Safety for implementing a number of initiatives to improve safety performance.

WorkCover is the principal sponsor of the October Safety Show and Conference. WorkCover's exhibition stand features interactive displays, with staff providing safety advice and information. The Conference features Australian and international guest speakers and includes a WorkCover Hypothetical.

The awards are an integral part of WorkCover's efforts to promote and recognise innovation and improvements in workplace safety through:

- promoting and recognising high standards of Occupational Health and Safety in workplaces around New South Wales
- seeking to recognise leadership by individuals or organisations that contribute towards achieving safe and healthy workplaces in New South Wales
- encouraging public and private workplaces throughout New South Wales to develop and implement initiatives that help achieve a safer work environment
- sharing learning so that proven initiatives can find their way into widespread practical application in workplaces around New South Wales.

Entries demonstrated a high level of innovation and understanding in their approach to workplace safety solutions. Cutting edge solutions to workplace safety were among the winners and included a fall from heights prevention device, innovative Occupational Health and Safety risk assessment tools and injury prevention strategies.

Homecomings Campaign

In 2007 WorkCover launched a compelling advertising campaign that focused on the broader impact that workplace injuries can have on home and family. The powerful campaign brought home the message about the importance of staying safe at work in order to return home to your family safely.

The campaign's theme, workplace safety doesn't just affect you at work – *it affects your whole family*, personalises the importance of placing a high value on workplace safety.

Adapted for New South Wales from a successful *WorkSafe Victoria* campaign, the campaign aired on television across the State and was supported by radio, posters and print advertisements in metropolitan, regional and ethnic media.

The campaign's print advertisement and a comprehensive range of workplace safety information can be viewed at: www.workcover.nsw.gov.au.

The WorkCover NSW Paralympian Sponsorship Program

The WorkCover NSW Paralympian Sponsorship Program has been in place since July 2001. The Program is designed to develop better relationships with industry and the community. It also promotes the WorkCover message of injury prevention, injury management and return to work. Elements of the sponsorship program include public appearances at workplaces and other safety related events by the athletes.



During 2006/07 the five sponsored athletes made 107 appearances across New South Wales, including participating in the 2006 Safety Show and Conference at Sydney Olympic Park, Homebush.

Organisations accessing the program attribute its success to the use of real people, injured in real workplace incidents as a way of delivering work safety and rehabilitation messages. This gives the audience an opportunity to gain insight into the reality of an injured person's situation, making the message so much more compelling.

Feedback and testimonials received from participating organisations indicate the success of the Paralympian Sponsorship Program in delivering the workplace safety and return to work/return to life message for WorkCover.

There has been considerable interest from other states wishing to know more about the workings of the program and the opportunities that may exist for a harmonised Australia-wide program.

The 2007/08 year is already looking positive with the expansion of the program to seven speakers and many advance bookings made. WorkCover is proud to welcome two new speakers, wheelchair basketball paralympian Leisl Tesch and sit skier paralympian Shannon Dallas to the program. Both of these athletes will broaden the scope of the WorkCover Speakers team. Leisl will bring the message that one can return to work and have a productive life after trauma and Shannon, who was injured on a construction site at the young age of 22, will be an excellent ambassador for WorkCover in the construction industry with his return to work and life story.

Young Workers Competition

In 2006 WorkCover invited students aged 15 to 25, to help prevent young workers being injured in the workplace by designing a work safety awareness poster.

The inaugural poster competition provided a practical way for young people to help spread the safety message to their peers and their employers. The competition was promoted via a dedicated website, advertising and visits to schools and TAFE colleges.

Students around the State submitted a total of 331 entries. Winners in both the High School and Tertiary competitions were awarded prizes, including cash and iPods. Six of the winning entries are now available free to workplaces and schools and can be ordered online at www.youngworkers.com.au.

POSITIVELY DRIVING THE NATIONAL AGENDA

Harmonisation Project

In August 2006, workplace relations Ministers from New South Wales and Victoria endorsed a ten point action plan for harmonising workers compensation administrative processes and maintaining high quality occupational health and safety standards.

In October 2006, the Council for the Australian Federation (CAF) endorsed an Intergovernmental Agreement based on the New South Wales and Victorian ten point action plan. The CAF is chaired by South Australian Premier Mike Rann and comprises every Australian State Premier and Territory Chief Minister. It was created as a means for States and Territories to work together to improve the delivery of many key services that affect Australians' daily lives.

CAF endorsement of the Intergovernmental Agreement (ten-point action plan) constitutes an intergovernmental commitment to harmonisation of key areas of workers compensation and occupational health and safety schemes across Australia. Key achievements to date include:

- Mutual recognition of Construction Induction Cards between New South Wales, Victoria and Queensland. Arrangements are in place to allow the recognition of Plant Design Registration across States.
- The *Serious About Safe Business* safety pack for small and medium sized business has been harmonised across New South Wales, Victoria, Queensland and South Australia.
- Work towards greater alignment of regulatory approaches in the domestic construction industry has seen the development of joint guidance notes between New South Wales, Victoria and Queensland. These guidance notes are in relation to supervision, site fencing and amenities. Following consultation with unions and employer groups, work on these notes will continue during 2007.
- The Victorian 'Homecomings' media campaign was successfully adapted and released in New South Wales (see page 34).

In further support of the plan, the New South Wales Government announced two additional measures to cut red tape and streamline workers compensation arrangements:

- Removal of the requirement for employers to have a tax agent certify wage declarations prior to purchasing a workers compensation policy. This will generate savings of \$15 million per annum for New South Wales businesses and speed up the lodgment process.

- Allowing an employer's workers compensation certificate of currency to be valid for 12 months instead of four months, from 1 July 2007. This will generate a \$6 million saving for New South Wales businesses and bring New South Wales and Victorian requirements into alignment.

Additional national campaigns that WorkCover has supported over the past financial year include:

- The National Mobile Plant in Civil Construction Project campaign, in which New South Wales was the lead agency. The project aims to improve the safety of people working around large moving plant. In two months of field visits, over 600 workplaces were visited nationwide.
- The National Labour Hire Pilot Compliance Campaign. This project targets labour hire agencies and host employers in the Food Industry and includes the development and dissemination of nationally consistent guidance material through information sessions and workplace visits.
- The National Manual Handling in the Manufacturing Industry Intervention Campaign, which focuses on reducing injuries caused by heavy lifting, repetitive tasks and sustained awkward postures. In New South Wales, the campaign focussed on the non-metallic mineral products manufacturing industry.
- The National Amusement Devices Campaign. This project aims to increase national coordination and information sharing about amusement devices and incidents involving amusement devices. A major outcome of the project has been the development of inspector training and an audit tool specifically for amusement devices.

The phased implementation of a National Occupational Health and Safety Audit Tool for auditing self-insurers will also begin from 1 July 2007.

In accordance with the ten-point action plan, the New South Wales Government and WorkCover will continue to pursue practical harmonisation opportunities.

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

The Serious About Safe Business Small Business Program

WorkCover recognises the unique challenges that small businesses face in effectively managing their workplace safety obligations. Small business operators are often unclear of what it means for them to comply with the management system approach required by occupational health and safety legislation and need practical guidance on what to do.

WorkCover's small business advisory capacity has been augmented

WorkCover established its Business Assistance Branch (BAB) to provide greater drive and visibility to its small business initiatives. The Branch's professional Business Advisory Officers are at the forefront of this new emphasis on the provision of assistance and advice. The Officers undertake free on site visits to help businesses improve their occupational health and safety and workers compensation management capabilities.

To further support this initiative, WorkCover Inspectors are now providing Confirmation of Advice Records (CARs) that capture and systematise the advice they provide to business operators on safety management within their workplaces. CARs facilitate a problem solving interaction between business operators and Inspectors during workplace visits.

In 2006/07 the Business Assistance Branch:

- provided 302 workshops to 3364 participants across the state
- attended 60 events and held 17 advisory forums
- held 216 Workplace Advisory visits
- rolled out the *WorkCover NSW Safe Business is Good Business Mentor Program*, which involves 13 organisations from the construction and manufacturing industries acting as mentors to almost 70 businesses across NSW.

Small business specific products and services

WorkCover has also launched its innovative *Serious about Safe Business* series of products and services. The products and services are interlinked and provide a sequential progression that allows small businesses to progressively improve their level of workplace safety management. They also allow businesses to choose between face-to-face interaction with WorkCover or indirect interaction through agents or the Internet.

The *Serious about Safe Business* Safety Pack is a diagnostic tool that enables small business operators to judge their level of workplace safety compliance and identify how they can improve. The Pack is designed for use alone, or with the assistance of a safety consultant or Inspector. Over 18,000 copies were distributed across New South Wales in the seven months to May 2007. The Pack has been particularly popular in country areas where access to occupational health and safety advice is limited for geographical reasons. Other jurisdictions have also expressed strong interest in the Pack and harmonisation of the initiative is being coordinated with Victoria, Queensland and South Australia.



The *Managing for Safety Workshop* is a more intensive option suitable for all small business operators. The workshops aim to build workplace safety skills and the capability of small businesses to develop basic safety management systems, tools and action plans. WorkCover provides approximately ten free workshops each month across metropolitan, regional and rural New South Wales. The *Managing for Safety Workshop* model has also been adapted for use in the National and State *Manual Handling* programs and the *Falls from Heights* program.

Small Business Safety Solutions Rebate Program

The *Small Business Safety Solutions Rebate Program* was launched by the Government in February 2007.

The three year, \$5 million incentive scheme, encourages small business operators to work with their employees to identify safety problems and fix them. Participants are eligible for a rebate of up to \$500 to reimburse up to half the cost of implementing an effective workplace safety solution.

To be eligible to apply for a rebate, organisations must be a small business employing at least one and up to 20 fulltime (or the part time equivalent) employees and hold a current workers compensation policy.

The business owner, or a manager or employee, who is responsible for safety must attend a *Managing for Safety Workshop* or participate in an advisory visit from a WorkCover Business Advisory Officer. Using advice or information obtained during the workshop or advisory visit, the organisation must develop an action plan in consultation with employees that will effectively address a safety issue or issues in their workplace. Following implementation, the organisation will be reimbursed the approved rebate.

Small Business Longitudinal Study

WorkCover has contracted an independent firm to conduct a three year study to measure the effectiveness of WorkCover small business interventions and improve its engagement with small businesses at varying stages of maturity.

The project will identify best option interventions that initiate positive Occupational Health and Safety and workers compensation action in small business as they move through the business cycle from start up to establishment, growth and exit.

Safety Bus

WorkCover has purchased a second Safety Bus designed to provide mobile information and advice to small to medium businesses throughout New South Wales. The bus has been fitted out with the latest technology, which provides the necessary mediums to conduct workshops and advisory sessions at a time and location that best suits businesses, such as on a farm or at an industrial estate.

NEW/EMERGING BUSINESS AREAS

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

In 2006/07, executive policy workshops were held to develop an organisational position on:

- the impact of new federal legislation
- comparative performance monitoring
- nanotechnology.

Executive policy workshops scheduled for 2007/08 include:

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



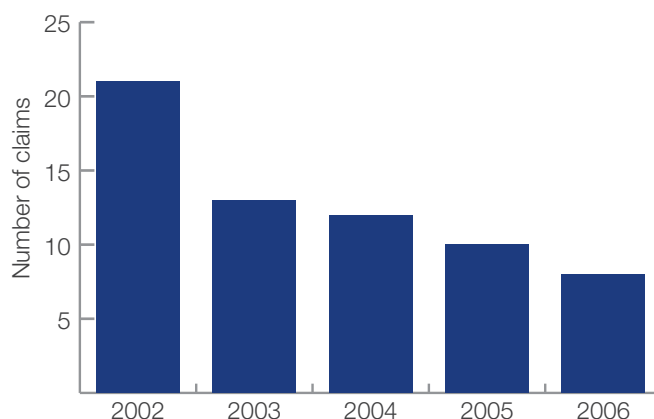
OUR PEOPLE

WorkCover NSW OHS and Workers Compensation Performance

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

WorkCover has seen a continuing decline in the number of significant injury claims over the past five fund years from 21 in 2002/03 to eight in 2006/07. Supporting the reduction in injuries, WorkCover has seen an increase in hazard identification and reporting, reflecting an improved awareness across the organisation of safety policies, workplace safety responsibilities and risk management.

SIGNIFICANT INJURY CLAIMS



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

- regularly reviewing safety policies and procedures and reminding all staff of their responsibilities to report any identified hazards
- increasing awareness of workplace safety and return to work (RTW) among all staff, but particularly through a training program that targeted 113 managers in 2006/07
- stabilising claim numbers for the past three years at around 40 claims per year, despite an increase in staff numbers
- minimising time lost due to workplace injury and illness through a consistent focus on early reporting and proactive RTW action. Of the 44 new claims in 2006/07, only six were significant injuries (more than five days time lost), with 18 recording no time lost. Over the past five fund years, the average time lost per claim has reduced from 18 days to nine days
- developing measures to monitor WorkCover's performance against the key performance indicators of *Working Together*, the NSW Government's Public Sector Occupational Health and Safety and Injury Management Strategy.

A reduced experience premium, reflective of improved claims management and proactive return to work across the organisation, has significantly reduced WorkCover's Treasury Managed Fund (TMF) deposit premium and calculation premium for workers compensation coverage for the 2007/08 fund year. The deposit premium of \$704,250 represents a reduction of \$110,080 below that paid for the 2006/07 fund year and is \$223,369 below the 2007/08 TMF benchmark funding of \$998,043.



THE SAFETY SHOW HELD
IN OCTOBER ANNUALLY



WorkCover's return to work program was updated following consultation with staff, their representatives and the chairs of internal occupational health and safety committees. The policy and guidelines for managing workplace violence, bullying, harassment and sexual harassment were revised to reflect WorkCover's clear stance against violence, bullying or any form of harassment within its workplaces.

A key outcome of the NSW Government's *Working Together Strategy* (see page 31) for public sector agencies is the training of managers in their roles and responsibilities under their agency's Occupational Health and Safety and injury management systems. The target requires 90 per cent of managers to receive appropriate information, instruction and training by December 2006. WorkCover has exceeded this target with 93 per cent of managers reporting to directors and the senior management team being trained prior to the target date.

Promoting social justice in NSW workplaces

As a corporate citizen and employer, WorkCover is committed to providing equitable access to all its services and actively promotes social justice. Important initiatives in 2006/07 included:

- Continued implementation of the 2006/07 Social Justice Plan and Policy Statement.
- Continued integration of social justice into WorkCover 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 Branch workshops, such as holding tailored workshops for different cultural groups.
- Continued implementation of an 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 planning, development and delivery of services aims to be sensitive to the cultural, ethnic and religious needs of New South Wales. WorkCover's Ethnic Affairs Priority Statement supports the principles of multiculturalism and outlines strategies to achieve equitable access to its services.

The main initiatives in 2006/07 were:

- Raising awareness of the importance of workplace safety and workers compensation through television, print and

radio advertisements. These advertisements targeted metro, regional, rural and ethnic media were translated into five key languages, and used closed captioning for the hearing impaired.

- Providing support to a diverse client base through the \$5 million WorkCover Assist program (see page 32) and non-government organisation grants program to help trade unions and employer associations implement workplace safety initiatives.
- The continued enhancement of the 2007 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 18 officers offering services for 14 languages.
- Continued promotion and participation in key social justice events, such as Harmony Day.

Disability action plan

WorkCover's Disability Action Plan aims to meet the needs of service users, both as clients and workers. The main initiatives in 2006/07 included:

- The continued improvement of WorkCover buildings and facilities through a capital works program for all WorkCover 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.
- Continued considerations for people with disabilities when planning corporate training programs.
- Promoting positive community attitudes by sponsoring five paralympians injured in the workplace to assist with the promotion of workplace safety (see page 34).
- Continued promotion and participation in key social justice events, such as International Day for People with a DisAbility and Loud Shirt Day.

ORGANISATIONAL CAPABILITY

NSW Government's action plan for women

WorkCover contributes to the State 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 2006/07 included:

- 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 2007/08.

Equal employment opportunity management

WorkCover collects Equal Employment Opportunity data on a regular basis for the Premier's Department Workforce Profile, which measures performance in meeting the Government's

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

The 2007 workforce profile indicates the proportion of women increased to 54 per cent with the highest proportion, 91 per cent employed at the salary level \$49,792 - \$63,006. Women occupy a total of 42 per cent of management and administrator positions.

WorkCover's proportion of Aboriginal and Torres Strait Islander staff is 2.9 per cent, which exceeds the public sector benchmark of 2 per cent. The proportion of staff from racial, ethnic or ethno-religious minority groups was 15 per cent, the same as in the previous year.

The proportion of staff with a disability was 7.0 per cent, the same as the previous year. Of those with a disability, 3.6 per cent required workplace adjustment.

TRENDS IN THE REPRESENTATION OF EQUAL EMPLOYMENT OPPORTUNITY GROUPS ON 30 JUNE

EEO group	Benchmark or target %	Percentage of total staff*					
		2007	2006	2005	2004	2003	2002
Women	50.0	54.0	52.0	51.0	49.0	47.0	46.0
Aboriginal people and Torres Strait Islanders	2.0	2.9	1.1	1.1	1.0	0.9	0.7
People whose first language was not English	20.0	15.0	15.0	17.0	16.0	17.0	19.0
People with a disability	12.0	7.0	7.0	7.0	7.0	8.0	8.0
People with a disability requiring work-related adjustment	7.0	3.6	6.82	2.8	2.6	2.5	2.4

Notes:

*Excludes casual staff.

TRENDS IN THE DISTRIBUTION OF EQUAL EMPLOYMENT OPPORTUNITY (EEO) GROUPS ON 30 JUNE

EEO group	Benchmark or target %	Distribution index ¹					
		2007	2006	2005	2004	2003	2002
Women	100	89	89	88	89	88	88
Aboriginal people and Torres Strait Islanders	100	94	N/A	N/A	N/A	N/A	N/A
People whose first language was not English	100	100	101	97	97	95	93
People with a disability	100	104	N/A	105	103	95	93
People with a disability requiring work-related adjustment	100	105	104	103	101	102	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.



WorkCover promoted Equal Employment Opportunities in 2006/07 by:

- Incorporating the EEO Management Plan that aligns with WorkCover's Corporate People Plan into the 2006/07 Social Justice Plan.
- Continued promotion and implementation of a policy development template, guidelines and a policy review process that incorporate EEO criteria.
- Continued review and implementation of flexible work practices to support work/life responsibilities.

Spokeswomen's program

The *WorkCover NSW Spokeswomen's Program* outcomes are linked with broader human resources and social justice initiatives. In 2006/07, the Spokeswomen conducted a number of successful initiatives including:

- The continued implementation of the *Springboard* program, linked with short-term higher grade placements within an area of career path choice and relevant workplace traineeship opportunities designed to broaden the career opportunities and experiences of female staff. In 2006/07, 12 women participated in the program with two of the officers successfully gaining short term placements that subsequently resulted in securing permanent higher grade positions
- The continued implementation of the *Female Inspector Support Strategy*, which is designed to address the needs and challenges of women working in non-traditional roles such as inspectors.

Aboriginal and Torres Strait Islander development strategies

WorkCover aims to build the capacity of Aboriginal and Torres Strait Islander employers, workers and communities by delivering culturally appropriate information and services, and capturing a profile of Aboriginal and Torres Strait Islander staff and skills. Key initiatives in 2006/07 included:

- WorkCover's proportion of Aboriginal and Torres Strait Islander staff is 2.9 per cent, which exceeds the public sector benchmark of 2 per cent.
- Implementing the 2006/07 Indigenous Employment and Development Strategy.
- Convening Aboriginal forums with other key agencies on workplace relations and employee rights and responsibilities specifically designed to engage with the Aboriginal community.

- Successful permanent recruitment of an Aboriginal Liaison Officer with the main focus on developing employment retention strategies and building on successful community networks.
- Continued participation in the sixth Indigenous Jobs Market held in Sydney. This was WorkCover's third attendance at the event.
- Raising cultural awareness through activities linked to National Aboriginal and Torres Strait Islander Day of Celebration (NAIDOC) week, for example, holding a staff celebration; a corporate team in the 2007 Kikupa Cup Touch Football Competition; and participation in the Central Coast Community Gathering and Health Expo.



HUMAN RESOURCE STATISTICS

Category	2006/07						2005/06						2004/05	2003/04
	OWCA ³	WCA ³	WCC ³	LSPC ³	SIC ³	DDB ³	OWCA	WCA	WCC	LSPC	SIC	DDB		
Administration and clerical	912	710	90	64	5	43	890	682	104	65	4	35	694	657
Associates/ministerial	1		1				1		1				1	3
Departmental professional officers	41	24				17	33	22				11	23	21
Engineers	13	13					12	12					15	15
General division	2	2					2	2					2	2
Legal officers	29	22	6			1	38	29	8			1	31	22
Librarians	2	2					2	2					2	2
Library technicians	1	1					1	1						
Lift specialists	0						0						1	2
Medical staff	0						0						2	2
Safety inspectors	290 ¹	290					287	287					277	274
Senior management (senior executive service and senior officers)	14	13		1			53	48	3	1		1	45	38
Senior officers	41 ²	37	3			1								
Statutory and other officers	3		3				4	0	4				4	2
Technical officers	15	15					15	15					16	16
Total	1,364	1,129	103	65	5	62	1,338	1,100	120	66	4	48	1,113	1,056

Notes:

1. As at 30 June 2007, there were 23 vacancies in the inspectorate group
2. As at 30 June 2007, senior officers and senior management are noted separately
3. From 17 March 2006, employees from WorkCover NSW (WCA), the Building and Construction Industry Long Service Payments Corporation (LSPC), Dust Diseases Board (DDB), the Sporting Injuries Committee (SIC) and the Workers Compensation Commission (WCC) have become employees of the Office of the WorkCover Authority (OWCA)

VALUE OF RECREATION AND LONG SERVICE LEAVE AT 30 JUNE 2007

	2007	2006	2005	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000
Current					
Recreation leave	9,102	8,321	7,466	6,178	6,238
Extended leave	7,156	5,727	5,013	3,888	4,033
	16,258	14,048	12,479	10,066	10,271
Non-current					
Extended leave	14,402	14,239	14,686	12,167	9,354
Total	30,660	28,287	27,165	22,233	19,625



SENIOR EXECUTIVE SERVICE (SES) AND CHIEF EXECUTIVE SERVICE (CES) POSITIONS

Category	2006/07						2005/06						2004/05	2003/04
	OWCA*	WCA*	WCC*	LSPC*	SIC*	DDB*	OWCA	WCA	WCC	LSPC	SIC	DDB		
Number of CES/SES positions	14	13		1		0	15	14		1		0	17	16
Number of positions filled by women	5	5					6	6					6	4
Positions at or above SES level 5	5	5					5	5					6	5

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

MOTIVATED, APPROPRIATELY SKILLED AND RESOURCED STAFF, EMBRACING CORPORATE ORGANISATIONAL CULTURE

Flexible work practices

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

A number of flexible work practices have been implemented by the Legal Group to accommodate employee carer responsibilities including:

- flexible working hours
- part time leave without pay
- working from home agreements (regular basis)
- working from home arrangements (ad hoc basis)
- parental leave
- flex-time.

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

Chief Executive Officer Staff Awards

Outstanding WorkCover employee efforts are rewarded through the Chief Executive Officer Staff Awards Program. The second year of the program held in 2006, provided four categories of awards and an Outstanding Employee of the Year Award. A total of 29 nominations were received for the categories of: Excellence in Support of Organisational Culture; Excellence in support of the Corporate Plan's key strategies and outcomes; Innovation and Creativity; and Commitment and Achievement in Social Justice.

AWARDS FLEXIBLE WORK PRACTICES

WorkCover's Legal Group was considered for a Special Award for Flexible Work Practices as part of the Law Society's Equal Opportunity Awards 2006. In addition to the many WorkCover Legal Group staff with carer responsibilities, in the past three years there have been a relatively large number of births to staff within the same area. As a result the managers in WorkCover's Legal Group have facilitated more flexible work practices. The practices have allowed many staff to benefit from arrangements such as flexible working hours, part time work and working from home arrangements, whilst ensuring services can continue to be delivered effectively and efficiently.

WorkCover's Legal Group recognises that flexible work practices offer mutual benefits to the organisation and staff members. It also assists WorkCover's Legal Group to attract and retain staff of a high calibre.

The Outstanding Employee of the Year Award was received by Daniel Wong, a Support Analyst in WorkCover's Information Management Branch, for his outstanding customer service in resolving IT related problems. Daniel was also a joint recipient of the Excellence in Support of Organisational Culture award.

The Awards highlighted WorkCover's organisational commitment in exceeding the Government's expectations in improving workplace safety and injury management.

In 2007/08, WorkCover will introduce a monthly staff awards program to formally recognise outstanding efforts and achievements.



ORGANISATIONAL CAPABILITY

Workforce Action Plan

WorkCover's workforce planning challenges include an ageing workforce, recruitment for high and specifically skilled functions and the changing expectations of the workforce. To meet these challenges, a 'Workforce Action Plan' has been developed. The Plan identifies four critical issue areas of attraction, retention, leadership and knowledge management and presents a number of strategies addressing each area. Over the 2006/07 financial year, WorkCover focused on a new advertising strategy, developing our employer of choice brand, identifying priority areas for knowledge transition and developing a talent management strategy to motivate, attract and retain staff.

Our revised advertising strategy developed for the 2007 inspector intake, introduced an exciting and informative web address on employment as an inspector. Radio and published advertising were also used, along with editorial stories on some of our current inspectors and revamped information publications about employment with WorkCover. This year's campaign proved highly successful, attracting over 2500 applications, which is approximately five times higher than in recent years.

Our employer of choice project focused on researching employees and external groups on what our 'employer brand' should be. The research included issues such as the perception of WorkCover as an employer, what employees like about working for WorkCover, what would they change if they could, and the general public's understanding of what WorkCover does. Fundamentally, it is about finding out the key aspects that will attract and retain potential applicants to WorkCover. This project is continuing.

The knowledge transition program aims to identify critical organisational knowledge and whether it is documented or tacitly held by employees. The program will be piloted in 2007/08.

In 2007/08, WorkCover will embark on a project to develop future talent from within its current workforce. The program will provide a merit based selection process for employees to enter into an accelerated learning and development program. It is designed to motivate and retain high potential employees and internally build a capable workforce into the future.

PROMOTE LEADERSHIP PROFILE AND ACCOMPANYING SKILLS THROUGHOUT WORKCOVER

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

Charter of Management Commitment

WorkCover managers and leaders are committed to teamwork, delivery of a culture based on being accountable for our decisions, demonstrating high levels of ethical behaviour and listening to feedback to ensure responsive and consistent service. To enable its managers and leaders to embody these principles, a Charter of Management Commitment has been developed to signify the behaviour they are expected to model and foster in order to build a healthy and open organisational culture. This Charter complements WorkCover's Charter of Customer Service (see page 33).

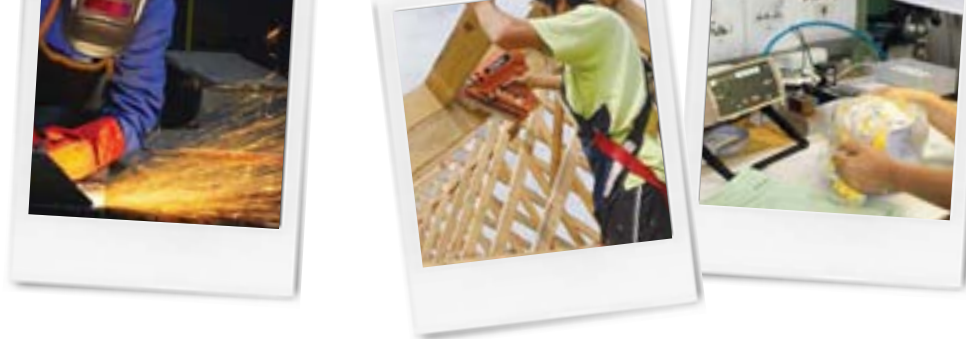
Corporate Leadership Development Program

WorkCover recognises the importance of providing training and support to our senior and talented staff to enable them to become better leaders. The business determined we needed to become a "more flexible and responsive modern public sector organisation that is adaptable, flexible, and thinks quickly on its feet".

To facilitate this new direction, WorkCover launched the Corporate Leadership Development Program (CLDP) in 2005. The first program trained WorkCover's 27 highest level managers in effective leadership practices. The success of the program ensured the continuation into 2006/07, where the next tier of 74 managers received training. In 2007/08, an adapted version of the program will be rolled out to the next tier consisting of 105 managers and senior staff.

The leadership development program will equip our leadership team with the necessary skills, knowledge, attitudes and behaviours that will transform organisational leadership performance.

The overall success of the Program can be evidenced in recent organisational behavioural changes. WorkCover recently implemented a Charter of Management Commitment providing a positive leadership culture that supports the organisation's corporate direction to drive WorkCover to become a more



flexible, adaptable and responsive modern public sector organisation. Ongoing measurement through a 360 degree questionnaire and the staff satisfaction survey will continue to provide WorkCover with feedback on leadership performance and provide the momentum for identifying ongoing development needs.

RECORDS MANAGEMENT

Two legacy record collections have been made available at State Records NSW archives for public research via the State Records Act 1998. The records that can be accessed from the Western Sydney Records Centre at Kingswood are:

198 Boxes of rural workers accommodation files circa 1902 to 1994.

Rural accommodation included workers in pastoral (shearers, station hands, station cooks) and fruit, vegetable, grape, cotton and tobacco growing industries. The files consist of inspection reports, notice of non-compliance and measures taken to meet requirements. Other documents on file include police reports, requests for exemptions, photographs and minuted decisions.

13 Boxes of Factory Welfare Board minutes circa 1941 to 1981.

The Board was constituted in 1942 under the Factory and Shops Act. It was vested with the authority to make recommendations to the Minister in respect of special measures necessary to secure the safety, health and welfare of employees in any industry; to encourage and assist in the establishment in factories of welfare and safety committees; and to direct and supervise the activities of such committees. Minutes of the Board are available for review from the Centre.

SYSTEMS, POLICIES, PROCESSES, PROCEDURES, RISK MANAGEMENT, INFRASTRUCTURE AND KNOWLEDGE TO SUPPORT THE BUSINESS

Information Technology Management

A number of projects and initiatives are undertaken each year to ensure WorkCover maintains a modern and effective information management system.

Business Advisory – Self Assessment Tool

In 2006/07, WorkCover provided an online tool to assist small and medium sized businesses improve their workplace health, safety and injury management. The Self Assessment tool is available from the WorkCover 'Safe Business' website.

A series of questions taking approximately 20-30 minutes to complete, provide small and medium sized businesses with an understanding of how well they identify and manage their workplace safety and injury management obligations, with a particular focus on the identification and management of workplace hazards. The tool also enables them to compare their performance anonymously with other businesses across sectors and provides specific guidance to help improve the management of workplace health, safety and injury management.

Corporate Data Repository Enhancements

Over the past 12 months, WorkCover has made significant advances with the Corporate Data Repository (CDR) in the area of agent data submissions. The lodgement, processing and error reporting for agent policy and claims submissions is now a fully automated process, allowing for timely availability of policy and claims data to WorkCover and external parties. The process also enables Workcover to provide timely feedback to agents in regard to the quality of their submissions.

Agents now have the option to request submissions to be processed and loaded into the CDR or request Workcover to validate the submission file without loading the data, allowing for improved data quality within the repository.

Further enhancements are currently being made to the CDR such as allowing agents to lodge submission files via a web interface, improved online maintenance of stakeholder data, improved user control of submission processing and the provision of a wide range of online reporting covering claims, policy and stakeholder reporting.



ORGANISATIONAL CAPABILITY

New improved Figtree / ULIS System

The new functionality developed in Figtree (claims processing software for the Uninsured Liability Insurance Scheme (ULIS)) has streamlined operational processes by reducing the duplication of data entry. The improvements allow workers compensation insurance claims to be paid faster, reducing the cost and liability of claims for the schemes. The net result is improved health and return to work outcomes for claimants covered by ULIS and Volunteer Schemes.

Information Security ISO 27001 Certification

WorkCover is committed to protecting the organisation's sensitive information. An Information Security Management System has been developed to maintain the confidentiality, integrity and availability of this information and information systems in a secure environment.

In May 2007 WorkCover was successful in achieving certification to the international standard AS/NZS ISO/IEC 27001:2006 *Information Technology – Security Techniques – Information security management systems*. Ongoing compliance is now monitored by the certification body, Lloyd's Register Quality Assurance, who undertake biannual audits of the Information Security Management System.

IT Disaster Recovery

In the last 12 months WorkCover has focused on developing best practice Disaster Recovery/Business Continuity capability.

The effort culminated in a successful execution of an IT disaster recovery exercise on 12 May 2007. In a controlled scenario conducted outside of business hours, the exercise examined the IT Disaster Recovery Plan and Processes to test for improvements delivered since testing in December 2006.

Seventeen systems were affected by the scenario, which included most 'Day 1' (must be recovered within 24 hours for business continuity) systems within the WorkCover Business Continuity Management Plan. The systems were recovered and made available for users via the remote disaster recovery site within four hours and systems were restored back to their normal production states within six hours.

WorkCover is confident that the disaster recovery systems in place are correct, robust and provide a sound recovery base in the event of an actual disaster.

Infrastructure Refresh

Over the previous three years, WorkCover has established a rolling Information Technology Infrastructure Refresh program to keep all WorkCover, Workers Compensation Commission and Long Service Payment Corporation components in a supported and current technological state. This year saw WorkCover achieve great advancements in the refresh program, with special attention being paid to the branch office environments.

Additionally, WorkCover has completely refreshed the backup technology to ensure that all data is safe and stored in offsite secure locations.

Risk Management Framework

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

WorkCover's risk management framework encompasses the requirements and methodology of the Australian Standard AS/NZS 4360 and addresses both strategic and organisational risks.

The risk assessment process is being developed in two phases. A 'top down' strategic risk review involving the Executive and senior management, and a rolling 'bottom up' organisational risk review with an initial focus on WorkCover's inherently high-risk activities.

To help communicate and develop a risk management culture across WorkCover, a Risk Management Steering Committee was established. The Committee provides the forum and authority to ensure that WorkCover has an effective enterprise risk management framework.

The strategic risk review commenced in late 2006 and was finalised by the Executive in March 2007. The review process included the involvement of WorkCover's executive and its directors. The rolling program of organisational risks has been completed in relation to WorkCover's licensing and information security.

Reports on the risk review are provided to the WorkCover Executive and Board Audit Committee on a quarterly basis.



Environmental Management Statement

WorkCover has developed a comprehensive Environmental Management Statement as a commitment to contribute to improved environmental performance resulting from our operations.

Specific Action Plans have been developed to implement and monitor strategies in various areas of activity to achieve improved environmental performance, these areas are:

- Recycling and Waste Management – to achieve a reduction in waste generation and turn waste into recoverable resources.
- Energy Management – to improve WorkCover's energy consumption performance and advocate energy smart principles.
- Fleet Management – to reduce the environmental impacts resulting from the use of WorkCover motor vehicles.
- Water Management – to reduce the volume of water use within the Gosford Head Office to contribute to the Gosford City Council's local area water management plan.

WorkCover has already trialled a range of commonly used products containing recycled materials – including printing paper, paper hand towels, roll towels and various office stationery items.

Energy performance and waste reduction

Corporate commitment

WorkCover is committed to achieving savings in energy usage and maintaining sustained energy management principles. In 2006/07, WorkCover owned or leased 31 sites that purchased their electricity using the State Contracts Control Board electricity contracts. These contracts minimise costs and achieve a reduction of greenhouse gas emissions by purchasing a percentage of green power.

Accountability and responsibility for energy management has been established by the nomination of an Energy Manager and Energy Coordinator. WorkCover endeavours to reduce energy consumption whenever it is cost effective.

ANNUAL ENERGY CONSUMPTION AND COSTS OF FUELS

Fuel	Total energy consumed GJ			Annual cost \$			CO ₂ emissions tonnes			Energy % change in the last year
	2006/07	2005/06	2004/05	2006/07	2005/06	2004/05	2006/07	2005/06	2004/05	
Electricity (black coal)	18,813	19,667	19,684	527,350	538,712	494,281	4,997	5,224	5,228	-4.3%
Electricity (green power)	1,079	952	1,084	40,946	35,455	38,057	0	0	0	+13.3%
Natural gas	692	679	879	9,244	8,819	10,936	36	35	35	+1.9%
LPG	59	214	279	1,133	3,868	4,508	4	13	17	-72%
Diesel	115	34	146	3,519	1,046	3,483	8	2	10	+238%
Petrol	41,141	40,525	40,024	1,333,007	1,227,089	1,045,427	2,716	2,675	2,642	+1.5%
TOTAL	61,899	62,071	62,096	1,915,199	1,814,989	1,596,692	7,761	7,949	7,932	-0.3%



ORGANISATIONAL CAPABILITY

In 2006/07 there was a 3.4 per cent decrease in building energy consumption and a 1.4 per cent increase in vehicle fuels since 2005/06. The increase in consumption of diesel fuel results from the purchase of two specially equipped, diesel powered buses. Overall energy consumption decreased by 0.3 per cent from 2005/06 to 2006/07.

The percentage of accredited green power purchased increased by 13.3 per cent from 2005/06 to 2006/07, reducing overall greenhouse gas emissions by 2.5 per cent. Total energy costs increased by 5.5 per cent from 2005/06 to 2006/07 mainly due to the increased purchase of vehicular fuels and green power.

WorkCover is in constant consultation with the Department of Commerce to keep abreast of the latest innovations in energy management that will allow it to sustain the energy saving targets and deliver effective environmental outcomes.

Fraud and corruption risk assessments

A comprehensive fraud control program is being implemented across WorkCover 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 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 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 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.

Tender and Contract Management Framework

During 2007, WorkCover developed and implemented an improved Tender and Contract Management Framework. The framework provides guidance to staff conducting procurement and contract management activities.

The framework provides standardisation of procurement process activities across WorkCover and ensures that tendering and contract management are conducted in accordance with New South Wales Government and WorkCover Procurement Policies and procedures. The framework provides clear guidance and a consistent approach to procurement and ensures that risks are minimised when procuring goods and services.

The WorkCover Tender/Contract Management and Purchasing Manual has been placed on the WorkCover intranet. Internal workshops are being conducted on the framework.

Electronic Purchasing

WorkCover has improved its organisational capability through the development and implementation of a new end-to-end electronic purchasing process to replace a primarily manual, paper based system. The new process allows requestors to submit requisitions for goods and services electronically. It also provides an on-line workflow manager to ensure that an appropriately delegated officer approves all purchases. Approved requisitions are then used to facilitate an official purchase order to be electronically transmitted to the vendor.

The new system provides increased efficiency through the reduction of repetitive processing, speeding up approval times and improves risk management outcomes.

Office Accommodation Refurbishment Program

WorkCover's Office Accommodation Refurbishment Program continued throughout 2006/07. The objective of the Program is to ensure that all WorkCover offices are brought into line with the approved WorkCover Office Accommodation Standard originally developed for the Gosford Head Office. This Standard incorporates best practice standards in access, Occupational Health and Safety and amenity provision.

A total of 27 office fit-outs have been completed under the program since 2002.

INDEX

Overview of WorkCover NSW Financial Performance	50
Statement by Directors	51
Actuarial Certificate	52
Independent Auditor's Report	54
Income Statement	56
Balance Sheet	57
Cash Flow Statement	58
Statement of Recognised Income and Expenses	58
Note 1 Reporting Entity	59
Note 2 Constitution and functions of the WorkCover Authority	59
Note 3 Summary of significant accounting policies.....	59
Note 4 Contributions	62
Note 5 Fees and charges	63
Note 6 Investment revenue	63
Note 7 Other revenue	63
Note 8 Salaries and employee payments.....	64
Note 9 Personnel services.....	64
Note 10 Other operating expenses.....	64
Note 11 Grants.....	65
Note 12 Net claims incurred & finance costs	65
Note 13 Trade & other receivables.....	66
Note 14 Financial assets - investments.....	66
Note 15 Financial Instruments – terms, conditions and accounting policies	67
Note 16 Property, plant and equipment.....	71
Note 17 Intangibles.....	77
Note 18 Trade & other payables.....	79
Note 19 Provisions.....	79
Note 20 Outstanding claims.....	80
Note 21 Changes in equity	82
Note 22 Reconciliation of surplus for the year to net cash provided by operating activities	83
Note 23 Reconciliation of cash	83
Note 24 Expenditure commitments	83
Note 25 Self-Insurers and Specialised Insurers Security deposits and bank guarantees	84
Note 26 Funds.....	84
Note 27 Contingent liabilities and contingent assets	85
Note 28 Conditions after reporting date.....	85
Comparative Income Statement	86
Comparative Balance Sheet	86
Comparative Statement of Cash Flows	87

OVERVIEW OF WORKCOVER NSW FINANCIAL 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

1. WorkCover Authority

	2007 ACTUAL	2006 ACTUAL
	\$m	\$m
OPERATING RESULT		
Revenue	188.9	252.6
Expenses	169.5	172.3
Operating Surplus/(Deficit)	19.4	80.3
FINANCIAL POSITION		
Short Term Solvency	65%	120%
Long Term Solvency	149%	142%
Total Assets	\$485	\$475
Total Liabilities	\$325	\$335
Equity	\$160	\$140

Operating Result

The operating result for the year ended 30 June 2007 was a surplus of \$19.4m. The operating surplus has increased excess accumulated funds of 140m to \$160m, which remains in excess of a targeted \$60m required over the long term.

The result for 2005/06 is featured by:

- Reductions of \$18.4m in superannuation liabilities following actuarial review
- Reductions of \$50.3m in the value of outstanding claims in the compensation schemes managed by WorkCover following actuarial review
- Reduction of \$6.8m in Investment income
- Reduction of \$50.0m in contribution income and management, administration expense recouped from the Scheme.

Financial Position

Overall, WorkCover's financial position is sound.

Short-term solvency is adequate with current assets representing 65% (120%, June 2006) of current liabilities.

Long-term solvency is also more than adequate with total assets representing 149% of liabilities (142%, June 2006). Outstanding claims are the main liabilities and they have been actuarially assessed at \$173m (\$223m, June 2006).

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 2006/07, cash flows from operating inflow activities amounted to (\$18.3m) (\$27.1m, June 2006). WorkCover holds sufficient cash reserves to continue to meet its cash requirements in the short to medium term.

The cash result needs to be contrasted to the operating surplus for the year of \$19.4m that includes a large amount of non cash items such as actuarial movements in claims valuations and superannuation liabilities.

2. Workers Compensation Commission

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

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

The results of the Commission for 2006/07 show that it reduced overall costs from \$29.8m in 2005/06 to \$28.5m in 2006/07.

3. 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

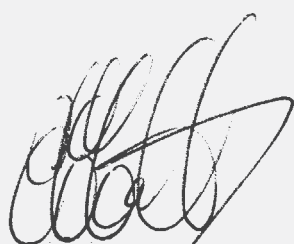
OWCA has no operating surplus or equity as it only receives funding from these entities equal to the value of the personnel services it provides to them.

STATEMENT BY DIRECTORS

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

1. the accompanying consolidated financial report exhibits a true and fair view of the consolidated financial position of the WorkCover Authority of New South Wales as at 30 June 2007 and transactions for the year then ended; and
2. the report has been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005* and the Treasurer's Directions.

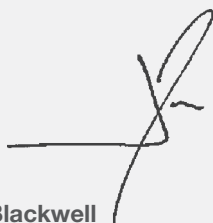
Further, we are not aware of any circumstances which would render any particulars included in the financial report to be misleading or inaccurate.



Greg McCarthy

Chairperson

12 November 2007



Jon Blackwell

Chief Executive Officer



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WORKCOVER AUTHORITY of NSW

Actuarial Certificate Outstanding claims liabilities at 30 June 2007

Ernst & Young has been contracted by the WorkCover Authority of NSW ("the WorkCover Authority") to make estimates of the outstanding claims liabilities as at 30 June 2007 of the following funds:

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

Data

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

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

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

Basis of Our Estimates

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

- Future inflation and investment return
- Future expected recoveries.

Valuation Results

The estimated outstanding claims liability at 30 June 2007 for the Other Fund, net of recoveries is set out in the following Table.

Outstanding Claims Liability at 30 June 2007 – Other Funds	\$m
ULIS	67.5
ERWCF	6.8
BFFCF	9.9
NEM	69.2
Bishopgate	6.8
AGCI	4.6
Greatlands	0.3
HIH	8.0
Total	173.1

It is our understanding that the WorkCover Authority has provided \$173.1 million in the Financial Statements of the above Funds as at 30 June 2007 for the outstanding claims liabilities.

Uncertainty

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

Reports

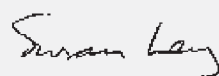
Full details of data, method, assumptions and results for the Other Funds are set out in 2 separate reports dated 25th July 2007 and a third dated, 27th July 2007.

Relevant Standards

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



Peter McCarthy



Susan Ley

Fellows of the Institute of Actuaries of Australia
27 November 2007



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

WorkCover Authority of New South Wales and controlled entities

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the WorkCover Authority of New South Wales (the Authority) and controlled entities, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The consolidated entity comprises the Authority and the entities it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Authority and the consolidated entity as of 30 June 2007, and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Boards' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

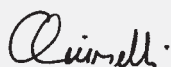
My opinion does *not* provide assurance:

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

Independence

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

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



C J Giumelli, CPA
Director, Financial Audit Services

19 November 2007
SYDNEY

INCOME STATEMENT for the year ended 30 June 2007

	Note	Consolidated		Authority	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
REVENUES					
Contributions	3(e) & 4	121,586	171,559	121,586	171,559
Fees and charges	5	15,557	11,768	15,557	11,768
Investment revenue	6	35,793	42,676	35,793	42,676
Other revenue	7	14,691	18,272	16,001	26,601
TOTAL REVENUES		187,627	244,275	188,937	252,604
EXPENSES					
WorkCover Authority operations					
Salaries and employee payments	8	749	65,531	749	65,531
Personnel services	9	98,233	20,788	87,453	17,993
Office accommodation		12,911	15,900	11,360	13,870
Depreciation & amortisation		11,581	9,785	10,975	9,087
Other operating expenses	10	76,753	70,710	62,512	54,757
		200,227	182,714	173,049	161,238
WorkCover Scheme services					
Grants	11	937	2,221	29,425	32,026
Net claims incurred	12	(50,919)	(38,280)	(50,919)	(38,280)
Finance costs	12	12,363	13,523	12,363	13,523
Other expenses		5,651	3,798	5,651	3,798
		(31,968)	(18,738)	(3,480)	11,067
TOTAL EXPENSES		168,259	163,976	169,569	172,305
SURPLUS FOR THE YEAR		19,368	80,299	19,368	80,299

The accompanying notes form part of these financial statements.

BALANCE SHEET as at 30 June 2007

	Note	Consolidated		Authority	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS					
Cash and cash equivalents	23	19,935	48,919	19,934	48,918
Trade and other receivables	13	39,414	44,244	39,264	44,244
TOTAL CURRENT ASSETS		59,349	93,163	59,198	93,162
NON-CURRENT ASSETS					
Trade and other receivables	13	33,334	24,743	33,668	24,370
Financial assets	14	339,981	306,015	339,981	306,015
Intangible assets	17	20,807	19,778	19,003	18,360
Property, plant and equipment	16	35,060	35,281	33,488	33,247
TOTAL NON-CURRENT ASSETS		429,182	385,817	426,140	381,992
TOTAL ASSETS		488,531	478,980	485,338	475,154
CURRENT LIABILITIES					
Trade and other payables	18	29,647	34,591	28,778	33,819
Provisions	19	45,411	26,984	43,387	25,221
Outstanding claims	20	17,794	18,380	17,794	18,380
TOTAL CURRENT LIABILITIES		92,852	79,955	89,959	77,420
NON-CURRENT LIABILITIES					
Trade and other payables	18	60,417	31,000	60,417	30,360
Provisions	19	20,108	22,560	19,808	21,909
Outstanding claims	20	155,337	205,016	155,337	205,016
TOTAL NON-CURRENT LIABILITIES		235,862	258,576	235,562	257,285
TOTAL LIABILITIES		328,714	338,531	325,521	334,705
NET ASSETS		159,817	140,449	159,817	140,449
EQUITY					
Asset revaluation reserve	21	11,054	11,054	11,054	11,054
Retained earnings	21	148,763	129,395	148,763	129,395
TOTAL EQUITY		159,817	140,449	159,817	140,449

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT for the year ended 30 June 2007

	Note	Consolidated		Authority	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
		Inflows (Outflows)	Inflows (Outflows)		
CASH FLOWS FROM OPERATING ACTIVITIES					
Contributions		151,853	179,883	151,853	179,883
Investments		1,829	4,214	1,829	4,214
Recoveries		3,530	1,927	3,530	1,927
Transfer from statutory funds		16,249	20,343	16,249	20,343
GST refund from ATO		11,460	9,606	11,460	9,606
Other receipts		23,621	58,587	23,619	58,566
Salaries and employee payments		(749)	(101,394)	(749)	(85,621)
Personnel services		(116,667)	(10,600)	(105,611)	(15,773)
Office accommodation		(17,587)	(17,704)	(15,515)	(15,649)
Grants paid		(2,860)	(281)	(31,740)	(31,430)
Compensation claims paid		(15,299)	(14,495)	(15,299)	(14,495)
GST Payment to ATO		(768)	(857)	(768)	(857)
Other payments		(72,379)	(101,000)	(57,138)	(83,642)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	22	(17,767)	28,229	(18,280)	27,072
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment and intangibles		(11,222)	(13,517)	(10,709)	(12,360)
Proceeds on sale of property, plant and equipment		5	4	5	4
NET CASH PROVIDED BY/(USED) IN INVESTING ACTIVITIES		(11,217)	(13,513)	(10,704)	(12,356)
Net increase/(decrease) in cash held		(28,984)	14,716	(28,984)	14,716
Cash at the beginning of the financial year		48,919	34,203	48,918	34,202
Cash at the end of the financial year	23	19,935	48,919	19,934	48,918

STATEMENT OF RECOGNISED INCOME AND EXPENSES for the year ended 30 June 2007

	Note	Consolidated		Authority	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
Net increase in property, plant and equipment asset revaluation reserve	21	—	(36)	—	(36)
Total income and expenses recognised directly in equity		—	(36)	—	(36)
Surplus for the year	3(g) & 21	19,368	80,299	19,368	80,299
Total income and expenses recognised for the year		19,368	80,263	19,368	80,263

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 1 Reporting Entity

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

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 2007 has been authorised for issue by the Chief Executive Officer of the Workcover Authority on 12 November 2007.

Note 2 Constitution and functions of the WorkCover Authority

The WorkCover Authority is constituted under the Workplace Injury Management and Workers Compensation Act 1998. The Authority has responsibility for the direction, control and management of a range of funds as outlined in Note 26. A reference in this financial report to the Authority refers to all of those funds.

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

Note 3 Summary of Significant Accounting Policies

(a) Basis of Financial Statements

- i. This financial report has been prepared on the basis of historical cost except for the reporting of property, plant and equipment and investments which are valued at fair value.
- ii. This financial report is a general purpose financial report and has been prepared on an accrual basis.
- iii. Proper accounts and records have been maintained for all of the operations of the WorkCover Authority in terms of Section 41(1) of the *Public Finance and Audit Act 1983*.
- iv. This financial report has been prepared having regard to applicable Australian Accounting Standards, Australian Accounting Interpretations and the *Public Finance and Audit Act 1983*.
- v. Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.
- vi. Amounts shown in this financial report are in Australian dollars and have been rounded to the nearest thousand dollars.

(b) Property, plant, equipment and depreciation

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

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

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

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

	%
Buildings	3.0
Furniture and fittings	10.0
Library	10.0
Scientific equipment	20.0
Technical equipment	14.3
Mechanical equipment	20.0
Office machines and equipment	20.0
Computer software	14.3–33.0
Computer hardware	20.0–33.3

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

Capitalisation policy

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

	Unit Cost
Computer software	\$3,000
Computer hardware	\$1,000
Reference books	\$500

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 3 Summary of Significant Accounting Policies (continued)

(c) Intangible assets and Amortisation

Intangible assets 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.

(e) Contributions

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

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

- ii. for the Insurers' Guarantee Fund, are brought to account to recognise the full funding of total claims costs;

- iii. Contributions to the Bush Fire Fighters and Emergency and Rescue Workers Compensation Funds are made through the NSW Treasury and are brought to account to recognise the full funding of total claims costs. The annual cash contributions by NSW Treasury are determined on the basis of the anticipated cost of claims on a "pay as you go" basis for each year together with an allowance for administration expenses.

(f) Leases

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

(g) Retained Earnings

The retained earnings has increased by the amount of the operating surplus for the year, of \$19.4m to \$159.8m (\$80.3m 2006).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 3 Summary of Significant Accounting Policies (continued)

(h) New Australian Accounting Standards issued

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

AASB Amendment	Affected Standards	Operative Date
AASB 7 & AASB 2005-10	Relates to financial instrument disclosures	1 January 2007
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] Issued February 2007	1 July 2009
AASB101	Presentation of financial statements Issued October 2006	1 January 2007
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] Issued June 2007	1 January 2009
AASB 1049	General government sector and GFS/GAAP convergence Issued September 2006	1 July 2008
AASB2007-4	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038] Issued April 2007	1 July 2007
AASB 2007-5	Amendments to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities [AASB 102] Issued May 2007	1 July 2007

All of these pronouncements are applicable for the year commencing 1 July 2007 with the exception of AASB 1049, AASB 8, and AASB 2007-3. AASB 1049 is applicable for the year commencing 1 July 2008 and AAS 8 and AASB 2007-3 are applicable for the year commencing 1 July 2009. The new standards are concerned with disclosures and will have no direct impact on the Authority's financial results.

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 3 Summary of Significant Accounting Policies (continued)

(j) 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:

- facilities (including registry facilities); and
- 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.

(k) Personnel Services

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

Note 4 Contributions

Contributions to the various funds were:

	Consolidated		Authority	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
WorkCover Authority Fund				
Nominal Insurer, self and specialised insurers	143,348	179,635	143,348	179,635
Workers Compensation Insurance Fund				
Management and administration expenses	7,662	26,144	7,662	26,144
	151,010	205,779	151,010	205,779
Insurers' Guarantee Fund	(28,992)	(37,113)	(28,992)	(37,113)
Bush Fire Fighters Compensation Fund	(130)	659	(130)	659
Emergency & Rescue Workers Compensation Fund	(302)	2,234	(302)	2,234
	121,586	171,559	121,586	171,559

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 2007 was 4.0% (4.0% – 2006) of the agents of the Nominal Insurers' premium income and self-insurers' deemed premiums.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 5 Fees and charges

	Consolidated		Authority	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
TestSafe Australia testing fees	3,193	3,262	3,193	3,262
Certificates of competency	3,231	2,495	3,231	2,495
Testing and boiler inspection	799	813	799	813
Registration of plant	1,479	842	1,479	842
Biological monitoring	622	418	622	418
Demolition and pest control licences	444	328	444	328
Construction Induction Training	3,318	1,490	3,318	1,490
Consultancy and training	172	85	172	85
Dangerous goods licensing activities	1,181	967	1,181	967
Asbestos licences & removal permits	379	340	379	340
Accreditation fees	329	92	329	92
Other	410	636	410	636
	15,557	11,768	15,557	11,768

Note 6 Investment revenue

	Consolidated		Authority	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Interest on call and term deposits	1,829	463	1,829	463
Movement in market values	33,964	42,213	33,964	42,213
	35,793	42,676	35,793	42,676

Note 7 Other revenue

	Consolidated		Authority	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Distribution from liquidator – IGF	771	859	771	859
OHS prosecution fines	5,511	5,290	5,511	5,290
Professional costs recoveries	2,823	2,212	2,823	2,212
Workers compensation s.156 recoveries	1,806	1,143	1,806	1,143
Infringement Notices	731	1,250	731	1,250
Motor vehicle and overtime recoveries	213	690	213	669
Legal aid and interpreter scheme recoveries	11	12	11	12
Personnel services income	–	4,687	–	12,280
Other	2,825	2,132	4,135	2,889
	14,691	18,275	16,001	26,604

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 8 Salaries and employee payments

	Consolidated		Authority	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Salaries and allowances	–	68,740	–	68,740
Annual leave	–	4,788	–	4,788
Long service leave	–	2,390	–	2,390
Payroll tax	–	4,415	–	4,415
Workers compensation insurance	–	738	–	738
Fringe benefits tax	–	793	–	793
Superannuation	–	(16,841)	–	(16,841)
Payment to Board Members	749	508	749	508
	749	65,531	749	65,531

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	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Salaries and allowances	88,982	22,022	81,007	19,866
Annual leave	7,324	1,832	6,584	1,654
Long service leave	3,034	920	2,735	839
Payroll tax	6,166	1,630	5,503	1,487
Workers compensation insurance	561	288	509	258
Fringe benefits tax	1,017	275	1,010	254
Superannuation	(8,851)	(6,179)	(9,895)	(6,365)
	98,233	20,788	87,453	17,993

Note 10 Other operating expenses

Other operating expenses of \$76.8m (\$70.7m – 2006) contain the following items:

	Consolidated		Authority	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Consultancy fees	665	810	646	797
Audit Fees				
External audit – Audit of the financial report – WorkCover Authority	228	185	218	185
Internal Audit	55	108	55	95
Allowance for doubtful debts	(321)	1,907	(321)	1,907
Bad debts	–	–	–	–
Property, plant and equipment written off	379	338	379	338

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 11 Grants

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

	Note	Consolidated		Authority	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
Workers Compensation Commission	3 (j)	–	–	28,488	29,805
Compensation Court of NSW	3 (j)	937	2,221	937	2,221
		937	2,221	29,425	32,026

Note 12 Net claims incurred & Finance costs

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

	Claims paid	Finance costs	Movement in claims liabilities	Net claims incurred	
	2007	2007	2007	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000
WorkCover Authority Fund – Uninsured Scheme	3,773	5,179	(31,531)	(22,579)	(5,645)
Insurers' Guarantee Fund	4,307	6,072	(25,570)	(15,191)	(21,585)
Bush Fire Fighters Compensation Fund	1,747	634	(2,688)	(307)	449
Emergency & Rescue Workers Compensation Fund	1,882	478	(2,839)	(479)	2,024
	11,709	12,363	(62,628)	(38,556)	(24,757)

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.

Finance costs relate to the increase in the carrying amount of the outstanding claims liability that reflects the passage of time associated with the use of a discount rate in determining the value of the outstanding claims liability. (Note 20 refers)

Direct business	2007			2006		
	Current year	Prior years	Total	Current year	Prior years	Total
	\$'000	\$'000	\$'000		\$'000	\$'000
Gross claims incurred and related expenses – undiscounted	16,685	(164,100)	(147,415)	27,215	(63,735)	(36,520)
Reinsurance and other recoveries – undiscounted	(2,128)	29,192	27,064	(2,820)	2,185	(635)
Net claims incurred – undiscounted	14,557	(134,908)	(120,351)	24,395	(61,550)	(37,155)
Discount and discount movement						
– gross claims incurred	(6,125)	110,213	104,088	(11,782)	23,000	11,218
– reinsurance and other recoveries	785	(23,078)	(22,293)	1,446	(266)	1,180
Net discount movement	(5,340)	87,135	81,795	(10,336)	22,734	12,398
Net claims incurred	9,217	(47,773)	(38,556)	14,059	(38,816)	(24,757)

Net claims incurred – prior years

Undiscounted net claims incurred has decreased significantly in the prior years due to actual payment compared to those expected from the last valuation, as well as changes in case estimates and the flow on effects on the projection of payments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 13 Trade and Other Receivables

	Consolidated		Authority	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Current				
Receivables	45,600	50,912	45,450	50,912
Prepayments	668	508	668	508
	46,268	51,420	46,118	51,420
Less allowance for doubtful debts	(6,854)	(7,176)	(6,854)	(7,176)
Total current receivables	39,414	44,244	39,264	44,244
Non-current				
Receivables	33,334	24,743	33,668	24,370
Total receivables	72,748	68,987	72,932	68,614

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

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

Note 14 Financial assets – Investments

Other financial assets comprise deposits with investment funds managers.

	Consolidated		Authority	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
TCorp Hour Glass investment facilities	339,981	306,015	339,981	306,015
	339,981	306,015	339,981	306,015
Current	–	–	–	–
Non-current	339,981	306,015	339,981	306,015
Total receivables	339,981	306,015	339,981	306,015

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 15 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 at the balance date, are as follows:

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Terms and Conditions
Financial Assets			
Cash & Cash Equivalents	23	Short-term deposits are stated at net fair value. Interest is recognised in the Income Statement when earned.	Cash deposits are at call. The bank cash rate averaged 6.1% during the year (2006: 5.4%).
Trade & Other Receivables	13	Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Authority will not be able to collect the debt.	Contributions from insurers and legal prosecution debts are payable on dates specified. Credit sales are on 14 day terms.
Financial Assets (Investments)	14	Investments are stated at fair value. Interest and movements in market value are recognised in the Income Statement when earned.	The standard management agreement between TCorp and government clients is in place. Redemption of any funds invested requires 5 working days.
Financial Liabilities			
Trade & Other Payables (Trade creditors and accruals)	18	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 settled in accordance with supplier's terms.

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 on the following pages.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 15 Financial Instruments – Terms, Conditions and Accounting Policies (continued)

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	Market Value	Market value	Market Value
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Financial assets				
TCorp Hour Glass investment facilities	339,981	306,015	339,981	306,015
Total financial assets exposed to market risk	339,981	306,015	339,981	306,015
Cash	19,935	48,919	19,934	48,918
Trade and other receivables	72,080	68,479	72,264	68,106
Total financial assets not exposed to market risk	92,015	117,398	92,198	117,024
Total financial assets	431,996	423,413	432,179	423,039
Financial liabilities				
Trade and other creditors	90,064	65,591	89,195	64,179
Total financial liabilities not exposed to market risk	90,064	65,591	89,195	64,179

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 15 Financial Instruments – Terms, Conditions and Accounting Policies (continued)

Interest rate risk exposure

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

Financial instruments	Consolidated				Authority		
	Weighted average effective interest	Floating interest rate	Non-interest bearing	Total	Floating interest rate	Non-interest bearing	Total
	2007	2007	2007	2007	2007	2007	2007
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Cash at bank	6.1	15,451	–	15,451	15,450	–	15,450
Trade and other receivables	N/A	–	72,080	72,080	–	72,264	72,264
Investment in cash plus facilities	6.4	4,484	–	4,484	4,484	–	4,484
Financial assets	N/A	–	339,981	339,981	–	339,981	339,981
Total financial assets		19,935	412,061	431,996	19,934	412,245	432,179
Financial liabilities							
Trade and other creditors	N/A	–	90,064	90,064	–	89,195	89,195
Total financial liabilities		19,935	502,125	522,060	19,934	501,440	521,374

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 15 Financial Instruments – Terms, Conditions and Accounting Policies (continued)

Interest rate risk exposure – Previous year

Financial instruments	Consolidated				Authority		
	Weighted average effective interest	Floating interest rate	Non-interest bearing	Total	Floating interest rate	Non-interest bearing	Total
	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		–	65,591	65,591	–	64,179	64,179

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 2007

Note 16 Property, plant and equipment

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 16 Property, plant and equipment (continued)

- (a) In accordance with a policy of revaluing non-current assets with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at the reporting date, buildings, 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 & Buildings	
Mr B. Morcom, B.Bus(Land ECO AAPI	– State Valuation Office
Scientific and technical equipment	
Mr. V.G. Bourke, AAPI, AIMM	– Herron Todd White

- (b) Details of land owned by WorkCover:

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

Movements during financial year for the Consolidated reporting entity:

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 16 Property, plant and equipment (continued)

Movements during financial year for the Authority:

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 16 Property, plant and equipment (continued)

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 16 Property, plant and equipment (continued)

Movements during financial year for the Consolidated reporting entity:

Class of asset	Fair value as at 1/7/05	Additions	Disposals	Depn. w/back on disposal	Net revaln. movements	Recoverable amount w/downs	Depn. expense	Fair value as at 30/6/06
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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	—	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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 16 Property, plant and equipment (continued)

Movements during financial year for the Authority:

Class of asset	Fair value as at 1/7/05	Additions	Disposals	Depn. w/back on disposal	Net revaln. movements	Recoverable amount w/downs	Depn. expense	Fair value as at 30/6/06
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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 and 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 equipments	256		(473)	452			(22)	213
Motor vehicles	–	136						136
Capital WIP	927	1,813	(2,734) ^a					6
Total property, plant and equipment	32,929	8,588	(4,165)	1,404	–	–	(5,509)	33,247

(a) Includes transfers to completed assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 17 Intangibles

	Consolidated		Authority	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Internally generated				
Computer software				
Gross carrying value	32,170	30,611	30,136	29,934
Accumulated amortisation	(14,684)	(14,942)	(14,326)	(14,703)
Total computer software at fair value	17,486	15,669	15,810	15,231
Capital works in progress				
Gross carrying value	936	1,799	868	883
Total capital works in progress	936	1,799	868	883
Total internally generated intangibles at fair value	18,422	17,468	16,678	16,114
Computer software purchased				
Gross carrying value	4,434	4,419	4,322	4,319
Accumulated amortisation	(2,049)	(2,109)	(1,997)	(2,073)
Total intangible computer software purchased	2,385	2,310	2,325	2,246
Total intangibles	20,807	19,778	19,003	18,360

Movements during financial year for the Consolidated reporting entity:

Class of asset	Fair value as at 1/7/06	Additions	Disposals	Amort. w/back on disposal	Net revaln. movements	Recoverable amount w/downs	Amort. expense	Fair value as at 30/6/07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internally generated	15,669	6,369	(4,810)	4,810	–	–	(4,552)	17,486
Capital WIP	1,799	5,367	(6,230)	–	–	–	–	936
Computer software	2,310	1,010	(995)	923	–	–	(863)	2,385
Total Intangibles	19,778	12,746	(12,035)	5,733	–	–	(5,415)	20,807

Expenditure during the research & development phase of software development was \$388,000 in 2007 (\$471,000 – 2006)

Movements during financial year for the Authority:

Class of asset	Fair value as at 1/7/06	Additions	Disposals	Amort. w/back on disposal	Net revaln. movements	Recoverable amount w/downs	Amort. expense	Fair value as at 30/6/07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internally generated	15,231	5,011	(4,810)	4,810	–	–	(4,432)	15,810
Capital WIP	883	4,846	(4,861)	–	–	–	–	868
Computer software	2,246	999	(995)	923	–	–	(848)	2,325
Total Intangibles	18,360	10,856	(10,666)	5,733	–	–	(5,280)	19,003

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 17 Intangibles (continued)

	Consolidated		Authority	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Internally generated				
Computer software				
Gross carrying value	30,611	20,191	29,934	19,833
Accumulated amortisation	(14,942)	(11,800)	(14,703)	(11,800)
Total computer software at fair value	15,669	8,391	15,231	8,033
Capital works in progress				
Gross carrying value	1,799	7,112	883	6,898
Total capital works in progress	1,799	7,112	883	6,898
Total internally generated intangibles at fair value	17,468	15,503	16,114	14,931
Computer software purchased				
Gross carrying value	4,419	2,765	4,319	2,729
Accumulated amortisation	(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	Fair value as at 1/7/05	Additions	Disposals	Amort. w/back on disposal	Net revaln. movements	Recoverable amount w/downs	Amort. expense	Fair value as at 30/6/06
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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	Fair value as at 1/7/05	Additions	Disposals	Amort. w/back on disposal	Net revaln. movements	Recoverable amount w/downs	Amort. expense	Fair value as at 30/6/06
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 18 Trade & Other Payables

	Consolidated		Authority	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Current				
Creditors	24,727	27,765	24,104	27,495
Accrued salaries, wages and on costs	4,920	6,826	4,674	6,324
Total current liabilities	29,647	34,591	28,778	33,819
Non-current				
Creditors	60,417	31,000	60,417	30,360
Total non-current liabilities	60,417	31,000	60,417	30,360
Total liabilities	90,064	65,591	89,195	64,179

Note 19 Provisions

	Consolidated		Authority	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Current				
Leave entitlements	27,345	25,225	25,321	23,462
Compensation Court Judges pension	1,863	1,759	1,863	1,759
ULIS Funding Transfer	16,203		16,203	
Total current liabilities	45,411	26,984	43,387	25,221
Non-current				
Superannuation payable to OWCA	4,983	6,413	4,683	5,762
Compensation Court Judges pensions	15,125	16,147	15,125	16,147
Total non-current liabilities	20,108	22,560	19,808	21,909
Total liabilities	65,519	49,544	63,195	47,130

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

	2007	2006
Discount Rate	6.25%	5.95%
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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 19 Provisions (continued)

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	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Current				
Recreation and extended leave	14,600	12,624	13,407	11,671
On costs on leave	1,658	1,422	1,520	1,312
	16,258	14,046	14,927	12,983
Non-current				
Extended leave	12,745	12,601	11,914	11,791
On costs on leave	1,657	1,638	1,549	1,533
	14,402	14,239	13,463	13,324
	30,660	28,285	28,390	26,307

Note 20 Outstanding claims

	Consolidated	Authority
	2007	2007
	\$'000	\$'000
Carrying amount 1/7/06	223,396	223,396
Claims paid	(11,709)	(11,709)
Finance cost	12,363	12,363
Change in discount rate	(8,540)	(8,540)
Reduction in amounts provided	(42,379)	(42,379)
Carrying amount 30/06/07	173,131	173,131

	Consolidated		Authority	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Expected future claims payments	312,943	418,378	312,943	418,378
Claims handling expenses	66,042	92,667	66,042	92,667
Discount to present value	(205,854)	(287,649)	(205,854)	(287,649)
Liability for outstanding claims	173,131	223,396	173,131	223,396
Current	17,794	18,380	17,794	18,380
Non-current	155,337	205,016	155,337	205,016
	173,131	223,396	173,131	223,396

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 20 Outstanding claims (continued)

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

	2007	2006
WorkCover Authority Fund (Uninsured Scheme)	12.4 years	13.0 years
Bush Fire Fighters Compensation Fund	6.1 years	6.8 years
Emergency & Rescue Workers Compensation Fund	5.2 years	5.3 years
Insurers' Guarantee Fund	8.1 years	9.8 years

(b) The following average inflation rates and discount rates were used in measuring the liability for outstanding claims expected to be paid not later than one year:

	2007 %	2006 %
Inflation rate	4.0	4.0
Discount rate	6.50	5.83

(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:

	2007 %	2006 %
Inflation rate	4.0	4.0
Discount rate	6.0-6.6	5.73-5.83

(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:

	2007		2006	
	\$'000	\$'000	\$'000	\$'000
WorkCover Authority Fund				
– Uninsured Scheme		67,512		93,864
Bush Fire Fighters Compensation Fund		9,900		11,954
Emergency & Rescue Workers Compensation Fund		6,809		9,170
Insurer's Guarantee Fund comprising:				
– NEM	69,233		85,944	
– HIH Insurance Co Ltd	8,005		9,750	
– Bishopgate Aust Insurance Co Ltd	6,799		7,273	
– AGCI Co Ltd	4,612		5,215	
– Greatlands Insurance Co Ltd	261		226	
		88,910		108,408
Total outstanding claims		173,131		223,396

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 20 Outstanding claims (continued)

- (e) There is inherent uncertainty in any estimate of outstanding claims liabilities that limits its accuracy. The areas of uncertainty associated with the outstanding claims liability in this report arise from the following:
- Because the models are a simplification of the claims process, it might be that none of the various models used is an entirely accurate representation of reality.
 - Because there are components of randomness in the claims process, it is not possible to estimate the parameters of that process with complete precision even if complete confidence were felt in the nature of the model.
 - Any erroneous data will similarly have introduced uncertainties into the estimate of those parameters.
 - Even if the parameters could be estimated with precision, it would not be possible to predict outstanding claims with the same precision because of the random component in future experience.
 - It is possible that systemic (i.e. non-random) changes may occur in claims experience.

The central estimates in this report represent the best estimate of the Outstanding Claims Liabilities and hence contain no deliberate bias towards over or under estimation.

Note 21 Changes in Equity

	Retained surplus		Asset revaluation reserve		Total equity	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	129,395	10,778	11,054	49,408	140,449	60,186
Changes in equity – transactions with owners as owners						
Increase in net assets from administrative restructuring	–	–	–	–	–	–
Total changes in equity						
Surplus/(deficit) for the year	19,368	80,299	–	–	19,368	80,299
Increment/(decrement) on revaluation of:						
* Financial investments	–	38,318	–	(38,318)	–	–
* Land and building	–	–	–	–	–	–
* Office equipment	–	–	–	(10)	–	(10)
* Mechanical equipment	–	–	–	(14)	–	(14)
* Motor vehicles	–	–	–	–	–	–
* Scientific and technical equipment	–	–	–	(12)	–	(12)
Balance at the end of the financial year	148,763	129,395	11,054	11,054	159,817	140,449

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 22 Reconciliation of surplus for the year to net cash provided by operating activities

	Consolidated		Authority	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Surplus for the year	19,368	80,299	19,368	80,299
Depreciation/asset writeback	11,579	10,821	10,973	10,123
(Loss)/gain on sale of asset	16	(3)	16	(3)
Unrealised investment income	(33,965)	(38,462)	(33,965)	(38,462)
Increase/(Decrease) in provisions				
* Outstanding claims	(50,265)	(37,256)	(50,265)	(37,256)
* Superannuation	(2,919)	(29,995)	(2,568)	(29,995)
* Doubtful debts	(322)	1,472	(322)	1,472
* Leave	2,119	2,298	1,858	2,298
* Provisions	15,285	(1,294)	15,285	(1,294)
Decrease/(increase) in debtors and prepayments	(2,629)	(6,647)	(2,154)	(7,618)
Increase/(decrease) in creditors	23,966	46,996	23,494	47,508
Net cash provided by/(used in) operating activities	(17,767)	28,229	(18,280)	27,072

Note 23 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 and cash equivalent assets in the Balance Sheet.

	Consolidated		Authority	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	19,935	48,919	19,934	48,918
	19,935	48,919	19,934	48,918

Note 24 Expenditure commitments

Lease commitments

	Consolidated		Authority	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Payable:				
Not later than one year	10,320	8,973	8,988	7,810
Later than one year but not later than five years	40,162	29,054	34,509	24,630
Later than five years	3,691	8,748	2,971	7,609
	54,173	46,775	46,468	40,049

Expenditure commitments for the consolidated entity include input tax credits of \$4,922m (\$4,252m – 2006) 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 2007

Note 25 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 2007, WorkCover held deposits and bank guarantees to the value of \$1,413m (\$1,320m – 2006). 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 2007 was \$0.073m (\$0.075m – 2006).

Note 26 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 27 Contingent Liabilities and Contingent Assets

(a) Contingent Liabilities

There are no known contingent liabilities.

(b) Contingent Assets

There are no known contingent assets.

Note 28 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 (ULIS) from the WorkCover Authority Fund to the Insurance Fund. This transfer occurred on 1 July 2007.

The WorkCover Board has resolved that the level of funding to be transferred to the Insurance Fund is the central estimate of the outstanding claims liability for ULIS as 30 June 2007 plus an additional amount required to bring the central estimate up to the same level of probability of adequacy that exists in the WorkCover Scheme at 30 June 2007. The Board further resolved that the probability of adequacy for the WorkCover Scheme at 20 June 2007 was 75%.

WorkCover's actuaries have determined that an additional 24% needs to be provided to increase the probability of adequacy for ULIS from the central estimate up to the required level of 75% at 30 June 2007.

The effect of this decision is that WorkCover has provided for an additional \$16.2m in addition to the central estimate of the ULIS outstanding claims liability of \$67.5m at 30 June 2007. Assets totalling \$83.7m were transferred from the WorkCover Authority Fund to the Insurance Fund in 2007/08. This transfer of ULIS to the Insurance Fund will have no further impact on the equity or net assets of the WorkCover Authority Fund.

END OF AUDITED FINANCIAL STATEMENTS

Comparative INCOME STATEMENT for the year ended 30 June 2007

	Fund								TOTAL*	
	Workcover Authority Fund		Insurers' Gaurantee Fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Comp Fund			
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Revenues										
Contributions	151.0	205.8	(29.0)	(37.1)	(0.1)	0.7	(0.3)	2.2	121.6	171.6
Investment revenue	21.3	26.6	14.4	16.0	—	—	—	—	35.8	42.6
Other Revenue	74.0	34.6	29.7	0.9	—	—	—	—	103.1	35.5
Total Revenues	203.7	267.0	(13.8)	(20.2)	(0.1)	0.7	(0.3)	2.2	188.9	249.7
Expenses										
WorkCover operations	171.8	156.5	1.4	1.4	0.2	0.2	0.2	0.2	173.1	158.3
Grants	29.4	32.0	—	—	—	—	—	—	29.4	32.0
Cost of Claims	(22.6)	(5.6)	(15.2)	(21.6)	(0.3)	0.5	(0.5)	2.0	(38.6)	(24.7)
Other	5.7	3.8	—	—	—	—	—	—	5.7	3.8
Total Expenses	184.3	186.7	(13.8)	(20.2)	(0.1)	0.7	(0.3)	2.2	169.6	169.4
Operating surplus before gains/losses	19.4	80.3	—	—	—	—	—	—	19.4	80.3
Surplus for the year	19.4	80.3	—	—	—	—	—	—	19.4	80.3

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

Comparative BALANCE SHEET as at 30 June 2007

	Fund								TOTAL*	
	Workcover Authority Fund		Insurers' Gaurantee Fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Comp Fund			
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Assets										
Receivables	58.6	45.4	5.8	5.9	6.0	10.2	2.6	7.5	72.9	69.0
Other financial assets	197.3	177.6	142.7	128.4	0.0	—	0.0	—	340.0	306.0
Other	63.0	89.9	1.3	5.4	3.9	3.9	4.2	4.8	72.4	104.0
Total Assets	318.9	312.9	149.7	139.7	9.9	14.1	6.8	12.3	485.3	479.0
Liabilities										
Outstanding Claims	67.5	93.8	88.9	108.4	9.9	12.0	6.8	9.2	173.1	223.4
Other	91.5	78.7	60.8	31.3	0.0	2.1	0.0	3.1	152.4	115.2
Total Liabilities	159.1	172.5	149.7	139.7	9.9	14.1	6.8	12.3	325.5	338.6
Equity	159.8	140.4	0.0	0.0	0.0	0.0	0.0	0.0	159.8	140.4

*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 2007

	Fund								TOTAL*	
	Workcover Authority Fund		Insurers' Gaurantee Fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Comp Fund		2007	2006
	2007	2006	2007	2006	2007	2006	2007	2006		
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Operating activities										
Inflows										
– Contributions	147.9	172.7	0.5	0.1	2.0	3.5	1.5	3.5	151.9	179.8
– Investment revenue	1.6	3.8	0.2	0.4	–	–	–	–	1.8	4.2
– Other	53.5	89.2	0.8	1.1	0.4	0.1	0.2	–	54.9	90.4
(Outflows)										
– WorkCover operations	(122.8)	(117.0)	0.1	–	–	–	–	–	(122.6)	(117.0)
– Grants	(31.7)	(31.4)	–	–	–	–	–	–	(31.7)	(31.4)
– Claims	(6.7)	(6.5)	(4.4)	(4.5)	(2.1)	(1.7)	(2.1)	(1.7)	(15.3)	(14.4)
– Other	(55.4)	(82.6)	(1.3)	(1.6)	(0.2)	(0.2)	(0.2)	(0.2)	(57.1)	(84.6)
Net cash provided by/(used in) operating activities	(13.7)	28.2	(4.1)	(4.5)	0.1	1.7	(0.6)	1.6	(18.3)	27.0
Investing activities	(10.7)	(12.3)	–	–	–	–	–	–	(10.7)	(12.3)
Net (increase)/decrease in cash	(24.4)	15.9	(4.1)	(4.5)	0.1	1.7	(0.6)	1.6	(29.0)	14.7
Cash at beginning of financial year	34.9	18.9	5.4	9.9	3.9	2.2	4.8	3.2	48.9	34.2
Cash at end of financial year	10.5	34.8	1.3	5.4	3.9	3.9	4.2	4.8	19.9	48.9

INDEX

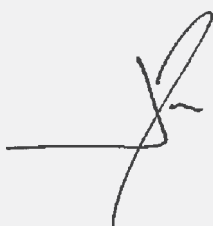
Statement by Commission	89
Independent Auditor's Report	90
Income Statement	92
Balance Sheet	92
Cash Flow Statement	93
Statement of Recognised Income and Expenses	93
Note 1 Constitution and functions	94
Note 2 Summary of significant accounting policies.....	94
Note 3 Contributions	96
Note 4 Other revenue	96
Note 5 Personnel services.....	96
Note 6 Other operating expenses.....	97
Note 7 Trade & other receivables.....	97
Note 8 Property, plant and equipment.....	98
Note 9 Intangibles.....	100
Note 10 Trade & other payables.....	102
Note 11 Provisions for personnel services.....	102
Note 12 Changes in equity	103
Note 13 Reconciliation of profit for the year to net cash provided by operating activities.....	103
Note 14 Reconciliation of cash	103
Note 15 Expenditure commitments	103
Note 16 Related party transactions	104
Note 17 Conditions after reporting date	104

STATEMENT BY COMMISSION

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

1. the accompanying financial report exhibits a true and fair view of the financial position of the Workers Compensation Commission as at 30 June 2007 and transactions for the year then ended; and
2. the report has been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005* and the Treasurer's Directions.

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



Jon Blackwell

Chief Executive Officer
WorkCover Authority of New South Wales

12 November 2007



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Workers Compensation Commission of New South Wales

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Workers Compensation Commission of New South Wales (the Commission), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Commission as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

The Chief Executive Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

- about the future viability of the Commission,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independence

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

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



C J Giumelli
Director, Financial Audit Services

15 November 2007
SYDNEY

INCOME STATEMENT for the year ended 30 June 2007

	Note	Commission	
		2007	2006
		\$'000	\$'000
Revenues			
Contributions	3	28,488	29,805
Other revenue	4	2	21
Total revenues		28,490	29,826
Expenses			
Personnel services	5	10,780	10,388
Office accommodation		1,552	2,030
Depreciation & amortisation	8 & 9	606	698
Other operating expenses	6	15,552	16,710
Total expenses		28,490	29,826
Profit for the year		–	–

The accompanying notes form part of these financial statements.

BALANCE SHEET as at 30 June 2007

	Note	Commission	
		2007	2006
		\$'000	\$'000
Current assets			
Cash and cash equivalents	14	1	1
Trade and other receivables	7	150	–
Total current assets		151	1
Non-current assets			
Trade and other receivables	7	698	373
Intangible assets	9	1,804	1,418
Property, plant and equipment	8	1,572	2,034
Total non-current assets		4,074	3,825
Total assets		4,225	3,826
Current liabilities			
Trade and other payables	10	869	772
Provisions	11	2,025	1,763
Total current liabilities		2,894	2,535
Non-current liabilities			
Trade and other payables	10	1,032	640
Provisions	11	299	651
Total non-current liabilities		1,331	1,291
Total liabilities		4,225	3,826
Net assets		–	–
Equity			
Retained earnings	2(f) & 12	–	–
Total Equity		–	–

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT for the year ended 30 June 2007

	Note	Commission 2007	2006
		\$'000	\$'000
Cash flows from operating activities			
Contributions		28,880	31,149
Other receipts		2	21
Personnel services		(11,056)	(10,600)
Office accommodation		(2,072)	(2,055)
Other payments		(15,241)	(17,358)
Net cash provided by operating activities	13	513	1,157
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles		(513)	(1,157)
Net cash (used) in investing activities		(513)	(1,157)
Net increase/(decrease) in cash held		–	–
Cash at the beginning of the financial year		1	1
Cash at the end of the financial year	14	1	1

The accompanying notes form part of these financial statements.

STATEMENT OF RECOGNISED INCOME AND EXPENSES for the year ended 30 June 2007

	Note	Commission 2007	2006
		\$'000	\$'000
Net increase/(decrease) in property, plant and equipment asset revaluation reserve		–	–
Net increase/(decrease) in financial asset revaluation reserve		–	–
Total income and expenses recognised directly in equity		–	–
Profit for the year	2(f) & 12	–	–
Total income and expenses recognised for the year		–	–

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

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 2007 has been authorised for issue by the Chief Executive Officer of the Workcover Authority on 12 November 2007.

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

- This financial report has been prepared on the basis of historical cost except for the reporting of property, plant and equipment which are valued at fair value.
- This financial report is a general purpose financial report and has been prepared on an accrual basis.
- Proper accounts and records have been maintained for all of the operations of the Commission in terms of Section 41(1) of the *Public Finance and Audit Act 1983*.
- This financial report complies with Australian Accounting Standards, Australian Accounting Interpretations and the *Public Finance and Audit Act 1983*.
- Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.
- Amounts shown in this financial report 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 software	14.3–33.0
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 software	\$3,000
Computer hardware	\$1,000
Reference books	\$500

(c) Intangible and Amortisation

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

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

	%
Computer software	14.3–33.0

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 2 Summary of Significant Accounting Policies (continued)

Capitalisation Policy

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

(d) Contributions

The Commission is fully funded from contributions received from the WorkCover Authority of NSW. Under Section 35(2)(e1) of the *Workplace Injury Management and Workers Compensation Act 1998* the costs of operation of the Commission including the remuneration (and allowances) of the members and of the staff of the Commission, and the remuneration of approved medical specialists and mediators are met from the WorkCover Authority Fund.

(g) New Australian Accounting Standards issued

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

AASB Amendment	Affected Standards	Operative Date
AASB 7 & AASB 2005-10	Relates to financial instrument disclosures	1 January 2007
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] Issued February 2007	1 July 2009
AASB101	Presentation of financial statements Issued October 2006	1 January 2007
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] Issued June 2007	1 January 2009
AASB 1049	General government sector and GFS/GAAP convergence Issued September 2006	1 July 2008
AASB2007-4	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038] Issued April 2007	1 July 2007
AASB 2007-5	Amendments to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities [AASB 102] Issued May 2007	1 July 2007

All of these pronouncements are applicable for the year commencing 1 July 2007 with the exception of AASB 1049, AASB 8, and AASB 2007-3. AASB 1049 is applicable for the year commencing 1 July 2008 and AAS 8 and AASB 2007-3 are applicable for the year commencing 1 July 2009. The new standards are concerned with disclosures and will have no direct impact on the Commission's financial results.

(e) Leases

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

(f) Retained earnings

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 2 Summary of Significant Accounting Policies (continued)

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

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred by the Commission, as a purchaser is not recoverable from the Australian Taxation Office 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:

	2007	2006
	\$'000	\$'000
WorkCover Authority Fund	28,488	29,805
	28,488	29,805

Note 4 Other revenue

	2007	2006
	\$'000	\$'000
Other	2	21
	2	21

Note 5 Personnel Services

	2007	2006
	\$'000	\$'000
Salaries and allowances	7,974	8,166
Annual leave	741	616
Long service leave	299	283
Payroll tax	663	498
Workers compensation insurance	52	106
Fringe benefits tax	7	71
Superannuation	1,044	648
	10,780	10,388

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 6 Other operating expenses

	2007	2006
	\$'000	\$'000
Consultancy fees	18	13
External Audit fees	10	–
Internal Audit Fees	–	13
Provision for doubtful debts	–	–
Bad debts	–	–
Property, plant and equipment written off	–	–
Travel	197	171
Advertising	6	8
Payments to Arbitrators	6,123	7,651
Payments to Approved Medical Specialists	4,329	4,840
Payments for Medical Appeals panels	1,189	1,043
Payments for mediators	250	191
General contractors	113	102
Fees for services provided by Workcover	1,312	757
Postage	194	398
Stores	200	203
Interpreters fee	393	499
Other	1,218	821
	15,552	16,710

Note 7 Trade & Other Receivables

	2007	2006
	\$'000	\$'000
Current		
Receivable from ATO for GST	150	–
	150	–
Non-Current		
Receivable from Office of WorkCover Authority- Prepaid super	698	373
	698	373
	848	373

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007**

Note 8 Property, plant and equipment

	2007	2006
	\$'000	\$'000
Leasehold improvements		
At Gross carrying value	3,214	3,214
Accumulated depreciation	(1,827)	(1,445)
Total leasehold improvements at fair value	1,387	1,769
Office machines and equipment		
At Gross carrying value	26	26
Accumulated depreciation	(21)	(18)
Total office machines and equipment at fair value	5	8
Furniture and fittings (incl library)		
At Gross carrying value	302	302
Accumulated depreciation	(219)	(183)
Total furniture and fittings at fair value	83	119
Computer hardware		
At Gross carrying value	326	368
Accumulated depreciation	(229)	(230)
Total computer hardware at fair value	97	138
Capital works in progress		
At Gross carrying value	–	–
Total capital works in progress	–	–
Total property, plant & equipment	1,572	2,034

Movements during financial year:

Class of asset	Fair value as at 1/7/06	Additions	Disposals	Depn. w/back on disposal	Net revaln. movements	Recoverable amount w/downs	Depn. expense	Fair value as at 30/6/07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Leasehold improvements	1,769	–	–	–	–	–	(382)	1,387
Office machines and equipment	8	–	–	–	–	–	(3)	5
Furniture and fittings	119	–	–	–	–	–	(36)	83
Computer hardware	138	9	(51)	51	–	–	(50)	97
Capital WIP	–	–	–	–	–	–	–	–
Total property, plant and equipment	2,034	9	(51)	51	–	–	(471)	1,572

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 8 Property, plant and equipment (continued)

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

Movements during financial year:

Class of asset	Fair value as at 1/7/05	Additions	Disposals	Depn. w/back on disposal	Net revaln. movements	Recoverable amount w/downs	Depn. expense	Fair value as at 30/6/06
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Leasehold improvements	2,036	96	–	–	–	–	(363)	1,769
Office machines and equipment	11	–	–	–	–	–	(3)	8
Furniture and fittings	162	–	–	–	–	–	(43)	119
Computer hardware	153	29	(110)	110	–	–	(44)	138
Capital WIP	11	–	(11)	–	–	–	–	–
Total property, plant and equipment	2,373	125	(121)	110	–	–	(453)	2,034

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 9 Intangible Assets

	2007	2006
	\$'000	\$'000
Internally generated		
Computer software		
Gross carrying value	2,034	677
Accumulated amortisation	(359)	(239)
Total computer software at fair value	1,675	438
Capital works in progress		
Gross carrying value	69	916
Total capital works in progress	69	916
Total internally generated intangibles	1,744	1,354
Computer software purchased		
Gross carrying value	112	100
Accumulated amortisation	(52)	(36)
Total intangible computer software purchased at fair value	60	64
Total intangibles	1,804	1,418

Movements in intangible assets

Class of asset	Fair value as at 1/7/06	Additions	Disposals	Amort. w/back on disposal	Net revaln. movements	Recoverable amount w/downs	Amort. expense	Fair value as at 30/6/07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internally generated	438	1,357	–	–	–	–	(120)	1,675
Capital WIP	916	520	(1,367)	–	–	–	–	69
Computer software	64	12	–	–	–	–	(16)	60
Total Intangibles	1,418	1,889	(1,367)	–	–	–	(136)	1,804

Expenditure during the research & development phase of software development was Nil in 2007 (nil-2006).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 9 Intangible Assets (continued)

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

Movements in intangible assets

Class of asset	Fair value as at 1/7/05	Additions	Disposals	Amort. w/back on disposal	Net revaln. movements	Recoverable amount w/downs	Amort. expense	Fair value as at 30/6/06
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internally generated	358	319	–	–	–	–	(239)	438
Capital WIP	214	702	–	–	–	–	–	916
Computer software	6	64	–	–	–	–	(6)	64
Total Intangibles	578	1,085	–	–	–	–	(245)	1,418

Expenditure during the research & 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 2007

Note 10 Trade & Other Payables

	2007	2006
	\$'000	\$'000
Current		
Creditors	624	557
Oncosts on leave	245	215
	869	772
Non-Current		
Payable to Workcover	1,032	640
	1,032	640
	1,901	1,412

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

Note 11 Provisions for Personnel Services

Staff are 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.

	2007	2006
	\$'000	\$'000
Current		
Recreation & Extended Leave	2,025	1,763
	2,025	1,763
Non-Current		
Superannuation	299	651
	299	651
	2,324	2,414

Under AASB 101 *Presentation of Financial Statements* liabilities must be classified as current where the agency does not have an unconditional right to defer the settlement of a liability for at least 12 months after the reporting date. The entitlement to leave is unconditional and all leave and associated oncosts have been classified accordingly. The dissection of these costs based on expected settlement follows:

	2007	2006
	\$'000	\$'000
Expected to be settled within twelve months		
Recreation & Extended Leave	1,194	953
Oncosts on leave	137	110
	1,331	1,063
Expected to be settled after twelve months		
Extended Leave	831	810
Oncosts on leave	108	105
	939	915
	2,270	1,978

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 12 Changes in Equity

	2007	2006
	\$'000	\$'000
Balance at the beginning of the financial year	–	–
Changes in equity	–	–
Total Changes in equity	–	–
Profit/Loss for the year	–	–
Balance at the end of the financial year	–	–

Note 13 Reconciliation of Profit for the year to net cash provided by operating activities

	2007	2006
	\$'000	\$'000
Profit/(Loss)		
Depreciation/asset writeback	606	698
Decrease/(increase) in receivables	(475)	971
Increase/(decrease) in payables	472	53
Increase/(decrease) in provisions	(90)	(565)
Net cash provided by operating activities	513	1,157

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 and cash equivalent assets in the balance sheet.

	2007	2006
	\$'000	\$'000
Cash & Cash Equivalents	1	1
	1	1

Note 15 Expenditure commitments

Lease commitments

	2007	2006
	\$'000	\$'000
Payable:		
Not later than one year	1,332	1,163
Later than one year but not later than five years	5,654	4,424
Later than five years	721	1,139
	7,707	6,726

Expenditure commitments are for office rentals on the Commission's premises and include input tax credits of \$701,000 (\$611,000 – 2006), 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 2007

Note 16 Related Party Transactions

The Commission receives administration support from the WorkCover Authority of New South Wales. This includes human resources, finance, information technology maintenance and support, legal advice, purchasing and procurement of goods and services and vehicle fleet administration. The Commission pays WorkCover an administration fee for these services. For the current year the Commission paid an amount of \$1,312,000 (2006 – \$757,000).

Note 17 Conditions after Reporting Date

The Minister is expected to make a determination of remuneration of arbitrators under Clause 4 of Schedule 5 to the *Workplace Injury Management and Workers Compensation Act 1998*. It is expected that this offer will be effective from 22 December 2006. At this stage it is not possible to estimate the financial impact of this determination.

End of audited Financial Statements

INDEX

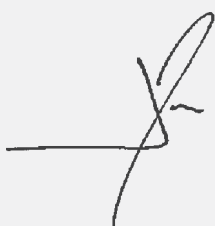
Statement by Directors	106
Independent Auditor's Report	107
Income Statement	109
Balance Sheet	109
Cash Flow Statement	110
Statement of Recognised Income and Expenses	110
Note 1 Summary significant accounting policies.....	111
Note 2 Employee related expenses	114
Note 3 Trade & other receivables.....	114
Note 4 Trade & other payables.....	114
Note 5 Provisions.....	115
Note 6 Reconciliation of profit for the year to net cash provided by operating activities.....	119
Note 7 Reconciliation of cash	119
Note 8 Expenditure commitments	119
Note 9 Insurances.....	119
Comparative Income Statement.....	120
Comparative Balance Sheet	120
Comparative Statement Of Cash Flows.....	121

STATEMENT BY DIRECTORS

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

1. the accompanying financial report exhibits a true and fair view of the financial position of the Office of the WorkCover Authority as at 30 June 2007 and transactions for the period then ended; and
2. the report has been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005* and the Treasurer's Directions.

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



Jon Blackwell

Chief Executive Officer

WorkCover Authority of New South Wales

12 November 2007



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Office of the WorkCover Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Office of the WorkCover Authority (the Office), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Office as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

The Department Head's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

- about the future viability of the Office,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independence

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

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



C J Giumelli
Director, Financial Audit Services

15 November 2007
SYDNEY

INCOME STATEMENT for the year ended 30 June 2007

	Note	2007	2006
		\$'000	\$'000
Revenues	1(c)		
Personnel Services Income		99,430	22,616
Investment Revenue		5	–
Total revenues		99,435	22,616
Expenses	1(c)		
Employee related	2	99,434	22,616
Other expenses		1	–
Total expenses		99,435	22,616
Profit for the year		–	–

The accompanying notes form part of these financial statements.

BALANCE SHEET as at 30 June 2007

	Note	2007	2006
		\$'000	\$'000
Current assets			
Cash and cash equivalents	7	153	–
Trade and other receivables	3	39,654	33,675
Total current assets		39,807	33,675
Non-current assets			
Trade and other receivables	3	21,953	6,955
Total non-current assets		21,953	6,955
Total assets		61,760	40,630
Current liabilities			
Trade and other payables	4	9,539	5,683
Provisions	5	30,268	27,992
Total current liabilities		39,807	33,675
Non-current liabilities			
Provisions	5	21,953	6,955
Total non-current liabilities		21,953	6,955
Total liabilities		61,760	40,630
Net assets		–	–
Equity		–	–
Retained earnings		–	–

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT for the year ended 30 June 2007

	Note	2007	2006
		\$'000	\$'000
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Personnel services		78,453	—
Investment receipts		5	—
Employee related payments		(78,304)	—
Other payments		(1)	—
Net cash provided by operating activities		153	—
Net increase in cash held		153	—
Cash at the beginning of the financial year		—	—
Cash at the end of the financial year		153	—

The accompanying notes form part of these financial statements.

STATEMENT OF RECOGNISED INCOME AND EXPENSES for the year ended 30 June 2007

	Note	2007	2006
		\$'000	\$'000
Net increase/(decrease) in property, plant and equipment asset revaluation reserve		—	—
Net increase/(decrease) in financial asset revaluation reserve		—	—
Total income and expenses recognised directly in equity		—	—
Profit/(loss) for the year		—	—
Total income and expenses recognised for the year		—	—

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 1 Summary 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 2007 has been authorised for issue by the Chief Executive Officer of the Workcover Authority on 12 November 07.

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

This financial report has been prepared on the basis of historical cost except for certain provisions that are measured at fair value.

- i. This financial report is a general purpose financial report and has been prepared on an accrual basis.
- ii. Proper accounts and records have been maintained for all of the operations of OWCA in terms of Section 41(1) of the *Public Finance and Audit Act 1983*.
- iii. This financial report has been prepared having regard to applicable Australian Accounting Standards, Australian Accounting Interpretations and the *Public Finance and Audit Act 1983*.
- iv. Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.
- v. Amounts shown in this financial report have been rounded to the nearest thousand dollars.

(c) Comparative information

Comparative information for the previous year is provided for the period 17 March to 30 June 2006.

(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 & Other Receivables

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred.

A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for doubtful debts.

A short term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial. An invoiced receivable is due for settlement within 14 days.

If there is objective evidence at year end that a receivable may not be collectible, its carrying amount is reduced by means of an allowance for doubtful debts and the resulting loss is recognised in the income statement. Receivables are monitored throughout the year and bad debts are written off against the allowance when they are determined to be irrecoverable. Any other loss or gain arising when a receivable is derecognised is also recognised in the income statement.

(f) Trade & Other Payables

Payables include accrued wages, salaries and related on costs (such as payroll tax, fringe benefits tax and workers compensation insurance) where there is certainty as to the amount and timing of settlement.

A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted.

A short term payable with no stated interest rate is measured at historical cost if the effect of discounting is immaterial.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 1 Summary Significant Accounting Policies (continued)

(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 (ie that is not expected to be taken in 12 months) is measured using the short hand method. This is periodically compared to the present value of estimated cash flows discounted at a rate equal to the market yield on government bonds. If the difference is material then the present value is recognised.

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 1 Summary Significant Accounting Policies (continued)

(h) New Australian Accounting Standards issued

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

AASB Amendment	Affected Standards	Operative Date
AASB 7 & AASB 2005-10	Relates to financial instrument disclosures	1 January 2007
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] Issued February 2007	1 July 2009
AASB101	Presentation of financial statements Issued October 2006	1 January 2007
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] Issued June 2007	1 January 2009
AASB 1049	General government sector and GFS/GAAP convergence Issued September 2006	1 July 2008
AASB2007-4	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038] Issued April 2007	1 July 2007
AASB 2007-5	Amendments to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities [AASB 102] Issued May 2007	1 July 2007

All of these pronouncements are applicable for the year commencing 1 July 2007 with the exception of AASB 1049, AASB 8, and AASB 2007-3. AASB 1049 is applicable for the year commencing 1 July 2008 and AAS 8 and AASB 2007-3 are applicable for the year commencing 1 July 2009. The new standards are concerned with disclosures and will have no direct impact on the Office's financial results.

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 2 Employee related expenses

	2007	2006
	\$'000	\$'000
Salaries and allowances	88,969	24,042
Annual leave	7,876	1,837
Long service leave	3,375	965
Superannuation	(9,118)	(6,586)
Payroll tax	6,658	1,768
Workers compensation insurance	600	294
Fringe benefits tax	1,074	296
	99,434	22,616

Note 3 Trade & Other Receivables

	2007	2006
	\$'000	\$'000
Current		
Receivable from agencies using employee services for employee provisions	34,115	27,992
Receivable from agencies using employee services for accrued salaries & oncosts	5,539	5,683
	39,654	33,675
Non-Current		
Receivable from agencies using employee services for employee provisions	3,291	5,601
Prepaid Superannuation	18,662	1,354
	21,953	6,955
Total receivable	61,607	40,630

Note 4 Trade & Other Payables

	2007	2006
	\$'000	\$'000
Current		
Accrued salaries and oncosts	5,539	5,683
OWCA – Payable To WorkCover	4,000	0
	9,539	5,683
Non-Current		
Accrued salaries and oncosts	0	0
	0	0
	9,539	5,683

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 5 Provisions

	2007	2006
	\$'000	\$'000
Current		
Leave provisions	30,268	27,992
	30,268	27,992
Non-Current		
Leave provisions	0	0
Superannuation	21,953	6,955
	21,953	6,955
	52,221	34,947

AASB 101 *Presentation of Financial Statements* stipulates that liabilities must be classified as current where the agency does not have an unconditional right to defer the settlement of a liability for at least 12 months after the reporting date. The entitlement to leave is unconditional and all leave and associated oncosts have been classified accordingly. The dissection of these costs based on expected settlement follows:

	2007	2006
	\$'000	\$'000
Expected to be settled within twelve months		
Recreation & Extended Leave	15,998	13,832
Oncosts on leave	1,755	1,505
	17,753	15,337
Expected to be settled after twelve months		
Extended Leave	14,270	14,160
Oncosts on leave	1,763	1,747
	16,033	15,907
	33,786	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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 5 Provisions (continued)

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

	SASS		SANCS		SSS		Total	
	Financial year to 2007	Financial year to 2006	Financial year to 2007	Financial year to 2006	Financial year to 2007	Financial year to 2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligations	42,763	39,400	9,150	9,001	141,315	143,096	193,228	191,497
Fair value of plan assets	(40,615)	(35,376)	(8,577)	(7,424)	(160,989)	(144,450)	(210,181)	(187,250)
	2,148	4,024	573	1,577	(19,674)	(1,354)	(16,953)	4,247
Surplus in excess of recovery available from schemes	396	–	173	–	1,013	–	1,582	–
Unrecognised past service cost	–	–	–	–	–	–	–	–
Net(asset)/liability to be disclosed in balance sheet	2,544	4,024	746	1,577	(18,661)	(1,354)	(15,371)	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		SANCS		SSS		Total	
	Financial year to 2007	Financial year to 2006	Financial year to 2007	Financial year to 2006	Financial year to 2007	Financial year to 2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net (asset)/liability at 1 July 2006	4,024	5,222	1,577	2,056	(1,354)	6,799	4,247	14,077
Net expense recognised in the income statement	225	(647)	(279)	(179)	(15,656)	(7,938)	(15,710)	(8,764)
Contributions	(1,705)	(551)	(552)	(300)	(1,651)	(215)	(3,908)	(1,066)
Net(asset)/liability to be disclosed in balance sheet	2,544	4,024	746	1,577	(18,661)	(1,354)	(15,371)	4,247

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 5 Provisions (continued)

(e) Total expense recognised in the income statement

	SASS		SANCS		SSS		Total	
	Financial year to 2007	Financial year to 2006	Financial year to 2007	Financial year to 2006	Financial year to 2007	Financial year to 2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current service cost	1,712	523	522	154	1,068	412	3,302	1,089
Interest on obligation	2,271	650	509	134	8,302	2,348	11,082	3,132
Expected return on plan assets	(2,682)	(654)	(557)	(131)	(10,859)	(2,686)	(14,098)	(3,471)
Net actuarial losses/(gains) recognised in year	(1,472)	(1,166)	(927)	(336)	(15,180)	(8,012)	(17,579)	(9,514)
Change in surplus in excess of recovery available from scheme	396	–	174	–	1,013	–	1,583	–
Past service cost	–	–	–	–	–	–	–	–
Losses/(gains) on curtailments and settlements	–	–	–	–	–	–	–	–
Total included in employee related payments	225	(647)	(279)	(179)	(15,656)	(7,938)	(15,710)	(8,764)

(f) Actual return on plan assets

	SASS		SANCS		SSS		Total	
	Financial year to 2007	Financial year to 2006	Financial year to 2007	Financial year to 2006	Financial year to 2007	Financial year to 2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Actual return on plan assets	5,108	1,348	1,057	671	20,405	5,657	26,570	7,676

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

The 30 June 2007 assessment of liability was calculated by Pillar Administration actuary, Mercer.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 5 Provisions (continued)

(h) The key economic assumptions adopted by the actuary were:

	30 June 2007	30 June 2006
Rate of investment return	7.6%	7.6%
Rate of general salary increase	4% pa to 2008 3.5% pa thereafter	4% pa to 2008 3.5% pa thereafter
Rate of increase in CPI	2.5%	2.5%
Discount Rate	6.4%	5.9%

(i) Arrangements for employer contributions for funding

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

	SASS		SANCS		SSS		Total	
	Financial year to 2007	Financial year to 2006	Financial year to 2007	Financial year to 2006	Financial year to 2007	Financial year to 2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accrued benefits	42,340	37,989	9,062	8,543	127,158	120,527	178,560	167,059
Net market value of fund assets	(40,615)	(35,376)	(8,577)	(7,423)	(160,989)	(144,451)	(210,181)	(187,250)
Net (surplus)/deficit	1,725	2,613	485	1,120	(33,831)	(23,924)	(31,621)	(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	2007	2006
Expected rate of return on Fund assets backing current pension liabilities	7.7%	7.3%
Expected rate of return on Fund assets backing other liabilities	7.0%	7.0%
Expected salary increase rate	4.0%	4.0%
Expected rate of CPI increase	2.5%	2.5%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 5 Provisions (continued)

(j) Nature of asset/liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

(k) First State superannuation

The First State Superannuation Scheme has established superannuation cover for employees who are not contributing to any other schemes and employer contributions were 9.0% of such employees' salaries for the year (9.0% – 2006). 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 Profit for the year to net cash provided by operating activities

	2007	2006
	\$'000	\$'000
Profit for the year	–	–
Decrease/(increase) in receivables	(20,977)	(40,630)
Increase/(decrease) in payables	3,856	5,683
Increase/(decrease) in provisions	17,274	34,947
Net cash provided by operating activities	153	–

Note 7 Reconciliation of cash

For the purposes of the statement of cash flows, cash assets include cash (at bank and on hand); call deposits and NSW Treasury special deposits. Cash at the end of the period as shown in the statement of cash flows is also shown as cash and cash equivalent assets in the balance sheet.

	2007	2006
	\$'000	\$'000
Cash assets	153	–
	153	–

Note 8 Expenditure commitments

There were no expenditure commitments.

Note 9 Insurances

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

- Workers Compensation insurance.

End of audited Financial Statements

Comparative INCOME STATEMENT for the year ended 30 June 2007

	WorkCover Authority		Workers Compensation Commisison		Sporting Injuries Commission		Long Service Payments Corporation		Dust Diseases Board		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Revenues												
Personnel Services Income	81.1	18.0	9.7	2.8	0.3	0.1	4.8	0.6	3.6	1.1	99.5	22.6
Total revenues	81.1	18.0	9.7	2.8	0.3	0.1	4.8	0.6	3.6	1.1	99.5	22.6
Expenses												
Employee related	81.1	18.0	9.7	2.8	0.3	0.1	4.8	0.6	3.6	1.1	99.5	22.6
Total expenses	81.1	18.0	9.7	2.8	0.3	0.1	4.8	0.6	3.6	1.1	99.5	22.6
Profit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gain/loss on Disposal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Gains/(Losses)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Comparative BALANCE SHEET as at 30 June 2007

	WorkCover Authority		Workers Compensation Commisison		Sporting Injuries Commission		Long Service Payments Corporation		Dust Diseases Board		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Assets												
Trade and other receivable	56.2	34.8	1.8	3.2	0.1	0.1	2.6	1.4	0.9	1.1	61.6	40.6
Cash	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
Total assets	56.4	34.8	1.8	3.2	0.1	0.1	2.6	1.4	0.9	1.1	61.8	40.6
Liabilities												
Trade and other payables	0.4	4.7	0.5	0.5	0.0	0.0	1.1	0.3	0.1	0.1	2.1	5.6
Provisions	56.0	30.1	1.3	2.7	0.1	0.1	1.5	1.1	0.8	1.0	59.7	35.0
Total liabilities	56.4	34.8	1.8	3.2	0.1	0.1	2.6	1.4	0.9	1.1	61.8	40.6
Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Comparative STATEMENT OF CASH FLOWS for the year ended 30 June 2007

	WorkCover Authority		Workers Compensation Commisison		Sporting Injuries Commission		Long Service Payments Corporation		Dust Diseases Board		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Operating activities												
Inflows												
– Personnel Services Income	60.0	0.0	11.1	0.0	0.0	0.0	3.6	0.0	3.8	0.0	78.5	0.0
(Outflows)												
– Employee Related payments	(59.8)	0.0	(11.1)	0.0	0.0	0.0	(3.6)	0.0	(3.8)	0.0	(78.3)	0.0
Net cash provided by/(used in) operating activities	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
Investing activities												
Net (increase)/decrease cash	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
Cash at beginning of financial year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash at end of financial year	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0



SCHEME INDEX

Overview of The NSW WorkCover Scheme Financial Performance	123
Statement by Directors	124
Actuarial Certificate	125
Independent Auditor's Report	128
Income Statement	130
Balance Sheet	131
Statement of Changes in Equity	132
Cash Flow Statement.....	132
Note 1 Constitution and functions.....	133
Note 2 Summary of significant accounting policies.....	133
Note 3 Financial risk management objectives and policies	137
Note 4 Underwriting result	138
Note 5 Investment income	138
Note 6 Net claims incurred.....	138
Note 7 Expenses.....	139
Note 8 Remuneration of auditors.....	139
Note 9 Cash and cash equivalents	140
Note 10 Recoveries receivable	140
Note 11 Trade and other receivables.....	140
Note 12 Other assets.....	141
Note 13 Financial assets	141
Note 14 Financial instruments.....	142
Note 15 Risk management	143
Note 16 Property, plant & equipment.....	145
Note 17 Payables.....	145
Note 18 Interest-bearing loans and borrowings.....	145
Note 19 Unearned premiums	146
Note 20 Outstanding claims.....	146
Note 21 Contingent liabilities	147
Note 22 Retained earnings and reserves	147
Note 23 Reconciliation of surplus from ordinary activities to net cash provided by operating activities	148
Note 24 Subsequent events.....	148
Note 25 Liability adequacy test.....	149
Note 26 Related party transactions	149
Note 27 Commitments.....	149

OVERVIEW OF THE NSW WORKCOVER SCHEME FINANCIAL PERFORMANCE

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

Effective operation of the Nominal Insurer and Insurance Fund did not commence until 1 July 2005. On this date the assets and liabilities of the former Scheme were transferred to the Nominal Insurer and Insurance Fund. The Nominal Insurer and Insurance Fund are not regarded as separate reporting entities.

The WorkCover Authority acts for the Nominal Insurer. The legislation also established the Workers Compensation Insurance Fund Investment Board to determine investment policies for assets within custody of the Insurance Fund. The Investment Board reports to the Minister on the investment performance of the Insurance Fund.

The Act states that the Nominal Insurer is not and does not represent the State or any authority of the State. The insurance claim liabilities of the Nominal Insurer can only be satisfied from the Insurance Fund and are not liabilities of the State, WorkCover Authority or any other authority of the State. The reporting entity is not consolidated as part of the NSW Total State Sector Accounts.

The results of the Scheme's underwriting operations and the Scheme's financial position are shown in the following table:

	2006/07 Actual	2005/06 Actual
	\$m	\$m
Operating Result		
Net earned premiums	2,520	2,925
Expected investment credit	633	928
Other income	24	197
Claims incurred (excluding external factors)	(1,805)	(1,415)
Operating expenses	(593)	(1,004)

	2006/07 Actual	2005/06 Actual
Surplus from underwriting operations	779	1,631
Impact on result from external factors		
Difference between actual and expected long term investment returns	629	508
Change in inflation assumptions and discount rates	251	170
Change in claims handling expense	(118)	-
Risk Margin	(814)	(245)
Surplus from ordinary activities	727	2,064
Financial Position		
Total assets	12,498	10,718
Total Liabilities	(11,686)	(10,633)
Accumulated surplus	812	85

The above table has not been audited

The table is based on PricewaterhouseCoopers Actuarial Pty Ltd's calculations of the surplus from underwriting operations as set out in their actuarial report on the Scheme dated 19 October 2007.

Surplus from ordinary activities

The surplus from ordinary activities of the NSW WorkCover Scheme for the year ended 30 June 2007 was \$727 million. As highlighted in the above table the result can be attributed to a continuing strong underwriting result and investment returns above expected long term results, offset by an increase in the risk margin on claim liabilities.

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 2007 based on a probability of adequacy of 75 per cent equating to a risk margin of 13 per cent. The financial impact of increasing the probability of adequacy from the 60 per cent or 3 per cent risk margin applying in 2006 was an \$814 million increase in net outstanding claims.

Accumulated surplus

The Scheme has an accumulated surplus of \$812 million. The funding rate of the Scheme has improved to 107 per cent, as opposed to the 2006 level of 101 per cent.

STATEMENT BY DIRECTORS

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 2007 and the performance of the NSW WorkCover Scheme for the year ended on that date.

Signed in accordance with a resolution of the Directors.



Greg McCarthy
Chairperson
WorkCover Authority of NSW
Acting for the Nominal Insurer
26 November 2007



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

NSW WORKERS COMPENSATION NOMINAL INSURER

Actuarial Certificate Outstanding claims liabilities at 30 June 2007

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 2007 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 75%. This equates to a risk margin of 13% of the net liability for outstanding claims being included in the NSW WorkCover Scheme claims liability.

The gross outstanding claims liability for the NSW WorkCover Scheme also includes an allowance for expenses of \$865 million to meet the cost of management of claims outstanding (including claims incurred but yet to be reported) as at 30 June 2007.

The allowance for claim handling expenses included in the NSW WorkCover Scheme liability is 11.0% of the gross outstanding claims liability.



Valuation Results

The PwC estimated liability for the NSW WorkCover Scheme as at 30 June 2007, net of recoveries, is \$9,385 million. This amount is made up as follows:

Table 1 - NSW WorkCover Scheme	
Outstanding Claims Liability at 30 June 2007	\$m
Gross Outstanding Claims	9,858
Less Anticipated Recoveries	-473
Net Outstanding Claims	9,385

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 includes 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.

Reports

Full details of data, method, assumptions and results for the NSW WorkCover Scheme are set out in our report dated 19 October 2007.



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 "Michael Playford".

Michael Playford
Fellow of the Institute of Actuaries of Australia
23 October 2007

A handwritten signature in black ink, reading "David Wright".

David Wright
Associate of the Institute of Actuaries of Australia
23 October 2007



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

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

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Workers Compensation Nominal Insurer, trading as the NSW WorkCover Scheme (the Scheme), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Scheme as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).

The Directors' Responsibility for the Financial Report

The directors of the Board of the WorkCover Authority of New South Wales, acting for the Scheme, are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

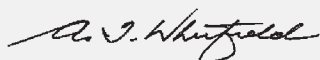
My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to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

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

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

My opinion does *not* provide assurance:

- about the future viability of the Scheme,
- that it has have carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.



A T Whitfield
Deputy Auditor-General

29 November 2007
SYDNEY

INCOME STATEMENT for the year ended 30 June 2007

	Note	2007	2006
		\$'000	\$'000
Revenues			
Earned premiums	4	2,520,079	2,924,920
Recoveries	4	29,277	166,183
Investment income	5	1,261,564	928,164
Other income		26,523	31,483
		3,837,443	4,050,750
Expenses			
Statutory levies	4	173,032	202,449
Claims incurred	4	2,516,430	981,502
Scheme Agent remuneration		306,997	683,676
Fund manager remuneration		20,006	20,646
Audit fees	8	2,113	2,022
Bad debts written-off		29,035	37,656
Impairment of Trade Receivables	11	11,128	(26,494)
Wage audit fees	7	17,591	31,547
Debt collection fees		17,911	11,557
Actuarial fees		4,475	3,989
Other operating expenses		11,375	37,517
		3,110,093	1,986,067
Surplus		727,350	2,064,683

The accompanying notes form part of these financial statements.

BALANCE SHEET as at 30 June 2007

	Note	2007	2006
		\$'000	\$'000
Current Assets			
Cash and cash equivalents	9	396,625	327,045
Recoveries receivable	10	115,503	183,068
Trade and other receivables	11	981,917	688,959
Other assets	12	867	40,173
Financial assets	13	10,645,530	9,124,488
Total Current Assets		12,140,442	10,363,733
Non-Current Assets			
Recoveries receivable	10	357,671	354,520
Financial assets	13	–	–
Property, Plant & Equipment	16	395	400
Total Non-Current Assets		358,066	354,920
Total Assets		12,498,508	10,718,653
Current Liabilities			
Trade and other payables	17	1,342,745	1,105,039
Borrowings	18	10,480	12,058
Unearned premiums	19	474,257	634,495
Outstanding claims	20	1,680,803	1,581,179
Total Current Liabilities		3,508,285	3,332,771
Non-Current Liabilities			
Outstanding claims	20	8,177,742	7,300,751
Total Non-Current Liabilities		8,177,742	7,300,751
Total Liabilities		11,686,027	10,633,522
Net Assets		812,481	85,131
Equity			
Accumulated surplus	22	812,481	85,131

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2007

	Note	2007	2006
		\$'000	\$'000
Accumulated Surplus at the Beginning of Financial Year		85,131	–
Transfer from former Workcover Scheme Statutory Funds		–	(1,998,100)
Adjustment on adoption of Australian equivalents to International Financial Reporting Standards to retained profits		–	18,548
Restated accumulated Surplus/(deficit) at the beginning of the financial year		85,131	(1,979,552)
Surplus for the year		727,350	2,064,683
Accumulated surplus at the end of the financial year	22	812,481	85,131

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT for the year ended 30 June 2007

	Note	2007	2006
		\$'000	\$'000
		Inflows	Inflows
		(Outflows)	(Outflows)
Cash flows from operating activities			
Premiums received		2,746,431	3,127,286
Claims paid		(1,581,846)	(1,518,437)
		1,164,585	1,608,849
Statutory levies paid		(168,679)	(177,947)
Recoveries received		108,225	84,595
Interest received		172,060	164,664
Dividends received		59,942	367,680
Other receipts		18,027	48,494
Agent management fees paid		(398,479)	(393,587)
Fund manager fees paid		(23,842)	(23,753)
GST paid		(176,014)	(305,619)
Other payments		(104,997)	(30,041)
Net cash provided by operating activities	23	650,828	1,343,335
Payment for property asset		–	(405)
Payments for financial assets		(21,245,064)	(64,242,385)
Proceeds from sale of financial assets		20,665,394	63,073,581
Net cash from investing activities		(579,670)	(1,169,209)
Net increase in cash held		71,158	174,126
Cash at the beginning of the financial year		314,987	140,861
Cash at the end of the financial year	9	386,145	314,987

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 1 Constitution and Functions

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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 2007 has been authorised for issue by the Chief Executive Officer of the WorkCover Authority acting for the Nominal Insurer on 26 November 2007

Note 2 Summary of significant accounting policies

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with authoritative pronouncements of the Australian Accounting Standards Board including Australian Accounting Interpretations.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

(b) Accounting Standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the reporting period ending 30 June 2007. These are outlined in the table below.

AASB Amendment	Affected Standards
2005-1	AASB 139: Financial Instruments: Recognition and Measurement.
	AASB 1 First-time adoption of AIFRS.
2005-5	AASB 139: Financial Instruments: Recognition and Measurement.
	AASB 4 Insurance Contracts.
	AASB 139: Financial Instruments: Recognition and Measurement.
2005-9	AASB 1023 General Insurance Contracts.
	AASB 4 Insurance Contracts.
	AASB 132 Financial Instruments: Presentation.
	AASB 139: Financial Instruments: Recognition and Measurement.
2005-10	AASB 1023 General Insurance Contracts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 2 Summary of significant accounting policies (continued)

AASB Amendment	Affected Standards
2005-11	AASB 139: Financial Instruments: Recognition and Measurement.
2006-1	AASB 121 The Effects of Changes in Foreign Exchange Rates
AASB 7	AASB 7 Financial Instruments: Disclosures. Issued August 2005.

(c) Functional and presentation currency

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the functional currency of the reporting entity.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 15 – Risk Management
- Note 20 – Outstanding claims

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. An appropriate allowance for impairment is made. (Refer Note 11).

(e) Revenue/Expense recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

- 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.
- The outstanding claims (Note 20) and recoveries receivable (Note 10) are based on estimates provided by WorkCover's consulting actuary, PricewaterhouseCoopers Actuarial Pty Ltd. Ernst & Young, consulting actuaries, have peer reviewed these estimates and support the conclusions of PricewaterhouseCoopers.

The outstanding claims are the amount which the consulting actuary has estimated as at 30 June 2007 as being the amount required to meet the cost of claims reported but not yet paid, claims incurred which are yet to be reported and the escalation in reported and reopened claims. The liability for the outstanding claims is estimated as the inflated and discounted values of the expected future payments, reflecting the fact that these payments will be spread over future years. The expected future payments are estimated on the basis of the ultimate cost of settling claims (including claims handling allowances) which is affected by factors arising during the period to settlement. The provision includes an allowance for claims handling expenses and a risk margin.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 2 Summary of significant accounting policies (continued)

(e) Revenue/Expense recognition (continued)

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 20. 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.

(f) Provisions

Provisions for claims are recognised when the Scheme has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(g) Taxation

The Australian Taxation Office has issued a Private Ruling that the income of the Workers Compensation Nominal Insurer is not assessable income and that the Workers Compensation Insurance Fund is exempt from income tax from when these entities were established in 2005 to June 2009.

(h) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(i) Investments and other financial assets

Investments are initially recognised at cost plus transaction costs. Investments are subsequently measured "at fair value through profit or loss" as they are acquired principally for the purpose of selling. Gains or losses on these assets are recognised in the Income Statement.

Purchases and sales of investments are recognised on trade-date – the date on which the Scheme commits to purchase or sell the asset.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Scheme establishes fair value by using various valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models: making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Investments and other financial assets are held primarily for the purpose of being traded and are classified as current assets.

(j) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Scheme designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 2 Summary of significant accounting policies (continued)

(j) Derivatives (continued)

The Scheme documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Scheme also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of any derivative financial instruments used for hedging purposes if any are disclosed in Note 15.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within other income or other expense together with the gain or loss relating to the ineffective portion and changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(k) Fair value estimation

The fair value of financial assets and financial liabilities is estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Scheme is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price without any deduction for transaction costs.

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.

i Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

ii Derivatives recorded at fair value through profit or loss

Derivatives include interest rate swaps and futures, credit default swaps, cross currency swaps and forward foreign currency contracts, and options on interest rates, foreign currencies and equities. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Derivative financial instruments are subsequently re-measured at fair value.

iii Financial Assets or financial liabilities designated at fair value through profit and loss

Financial assets and financial liabilities classified in this category are designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis;
- or
- The asset and liabilities are part of a group of financial assets, financial liabilities or both which are

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 2 Summary of significant accounting policies (continued)

(k) Fair value estimation (continued)

managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy;

or,

- The financial instrument contains an embedded derivative that would otherwise need to be separately recorded.

(l) Property

Land and buildings are shown at fair value, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Scheme and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, over their estimated useful lives, as follows:

- Buildings – 40 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Scheme prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. 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.

(o) Comparative Figures

Comparative figures have been reclassified to conform with changes in presentation in these financial statements. In particular:

- Investments and other financial assets are held primarily for the purpose of being traded and are classified as current assets. In the prior year accounts certain investments were deemed to be non-current in nature.
- Deposits held with brokers for margin calls are classified as trade and other receivables. In the prior year accounts they were shown in cash and equivalents.

Note 3 Financial Risk Management Objectives and Policies

The principal financial instruments are detailed in Note 14.

The main purpose of these financial instruments is to meet the liabilities of the Nominal Insurer. Investment policies are put in place with the intention to out perform the growth in these liabilities.

The Scheme has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 4 Underwriting Result

	2007	2006
	\$'000	\$'000
Earned Premiums	2,520,079	2,924,920
Less:		
Claims incurred	(2,516,430)	(981,502)
Recoveries revenue	29,277	166,183
Net claims incurred (Note 6)	(2,487,153)	(815,319)
Underwriting result	32,926	2,109,601
Underwriting result excluding statutory levies		
Less : statutory levies		
WorkCover Authority Levy	(104,489)	(147,490)
Dust Diseases Levy	(63,051)	(54,959)
Mine Safety Levy	(5,492)	–
Total statutory levies	(173,032)	(202,449)
	(140,106)	1,907,152

Note 5 Investment income

	2007	2006
	\$'000	\$'000
Dividends	329,855	373,224
Interest	174,989	166,780
Other income	6,897	–
Realised gain on sale of investments	711,917	559,305
Unrealised gain/(loss)	37,906	(171,145)
Investment income	1,261,564	928,164

Note 6 Net claims incurred

	Current year	Prior year	2007 Total	2006 Total
	\$m	\$m	\$m	\$m
Direct Business				
Gross claims incurred & related expenses – undiscounted	3,263	2,208	5,471	1,790
Reinsurance & other recoveries – undiscounted	(131)	119	(12)	(198)
Net claims incurred – undiscounted	3,132	2,327	5,459	1,592
Discount & discount movement – gross claims incurred	(1,230)	(1,724)	(2,954)	(806)
Discount & discount movement – reinsurance and other recoveries	29	(47)	(18)	29
Net discount movement	(1,201)	(1,771)	(2,972)	(777)
Net claims incurred (Note 4)	1,931	556	2,487	815

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 6 Net claims incurred (continued)

Explanation of material variances – prior years

The net increase in the gross claims incurred from prior years of \$2,208 is essentially due to an increase by the Scheme's consulting actuaries in the estimated level of future compensation payments for weekly benefits, medical and common law lump sum payments that were partially offset by reductions in legal costs, permanent impairment and pain and suffering.

The decrease in Discount & discount movement from prior years is due to an increase in the yield curve resulting in a higher discount applied to the outstanding claims, offset by a decrease in the time of payment.

Note 7 Expenses

	2007	2006
	\$'000	\$'000
Surplus includes the following specific expenses:		
<i>Depreciation</i>		
Buildings	5	5
Impairment	–	–
Total depreciation & Impairment	5	5
<i>Wage audit fees</i>		
Professional fees paid to WorkCover external wage audit panel members for the examination of wages paid by employers	17,591	31,547

Note 8 Remuneration of auditors

	2007	2006
	\$'000	\$'000
The Auditor General of NSW		
Audit or review of the financial report	128	122
External Auditors of Scheme Agents		
Audit or review of agent's reports	1,939	1,472
Taxation services	–	45
Other non-audit services	46	383
Total	1,985	1,900
Total as per Income Statement	2,113	2,022

The auditor for the NSW Workcover Scheme is the Auditor-General of NSW.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 9 Cash and cash equivalents

	2007	2006
	\$'000	\$'000
Cash at bank	396,625	327,045

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

	2007	2006
	\$'000	\$'000
Cash asset	204,824	203,515
Money market deposits	191,801	123,530
Total cash at bank	396,625	327,045
Bank overdraft	(10,480)	(12,058)
Balances as per statement of cash flows	386,145	314,987

The cash at bank bears interest at a floating rate, receiving between 5.80% and 6.21% (5.37% and 5.66% in 2006) during the financial year.

Note 10 Recoveries receivable

	2007	2006
	\$'000	\$'000
Current		
Actuarial assessment of recoveries	115,503	103,268
GST recoveries receivable	—	79,823
Less: Allowance for doubtful recoveries	—	(23)
Additional GST recoveries	—	79,800
Total current recoveries	115,503	183,068
Non-Current		
Actuarial assessment of recoveries	357,671	354,520

Note 11 Trade and other receivables

	2007	2006
	\$'000	\$'000
Current		
Premiums receivable	493,192	637,207
Interest and dividends receivable	158,112	43,937
Deposits held with brokers for margin calls	40,791	4,993
Other receivables	347,434	50,712
	1,039,529	736,849
Less: Allowance for impairment loss	(57,612)	(47,890)
Total other receivables	981,917	688,959

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 11 Trade and other receivables (continued)

(a) Allowance for Impairment

Trade receivables are non-interest bearing and are generally on 30 day terms. An allowance for impairment loss is recognised when there is objective evidence that a trade receivable is impaired. An allowance for impairment loss of \$11,128 (2006 impairment write back – \$26,494) has been recognised in the Income Statement.

Note 12 Other assets

	2007	2006
	\$'000	\$'000
Current		
Prepayments	867	40,173

Note 13 Financial assets

	2007	2006
	\$'000	\$'000
Current		
Interest bearing securities	3,259,558	2,558,476
Indexed securities	1,499,816	1,271,440
Australian equities	1,863,652	1,741,729
International equities	712,503	734,902
Unit trusts	3,250,023	2,849,650
Derivatives	59,978	(31,709)
	10,645,530	9,124,488
Non-Current	–	–
Total Financial assets – investments	10,645,530	9,124,488

Some items have been reclassified from that shown in last years accounts. Refer Note 2(o)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 14 Financial Instruments

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:

2007											
	Note	Weighted average effective interest rate (%)	Floating Interest Rate \$'000	1 Yr or Less \$'000	Fixed Interest Rate In more than one year but not more than two years \$'000	2 years < less than 3 \$'000	3 years < less than 4 \$'000	4 years < less than 5 \$'000	> 5 years \$'000	Non- Interest Bearing \$'000	Total \$'000
Financial Assets											
Cash and Cash Equivalents	9	6.07	396,625	—	—	—	—	—	—	—	396,625
Other Receivables	11	—	—	—	—	—	—	—	—	981,917	981,917
Recoveries	10	—	—	—	—	—	—	—	—	473,174	473,174
Investments	13	3.95	3,193	1,056,468	152,417	138,538	198,277	172,846	3,037,635	5,886,156	10,645,530
Financial Liabilities											
Borrowings	18	—	—	—	—	—	—	—	—	10,480	10,480
Payables	17	—	—	—	—	—	—	—	—	1,342,745	1,342,745
2006											
	Note	Weighted average effective interest rate (%)	Floating Interest Rate \$'000	1 Yr or Less \$'000	Fixed Interest Rate In more than one year but not more than two years \$'000	2 years < less than 3 \$'000	3 years < less than 4 \$'000	4 years < less than 5 \$'000	> 5 years \$'000	Non- Interest Bearing \$'000	Total \$'000
Financial Assets											
Cash and Cash Equivalents	9	5.43	327,045	—	—	—	—	—	—	—	327,045
Other Receivables	11	—	—	—	—	—	—	—	—	688,959	688,959
Recoveries	10	—	—	—	—	—	—	—	—	537,588	537,588
Investments	13	3.22	—	326,719	194,026	303,699	211,956	458,217	2,497,688	5,132,183	9,124,488
Financial Liabilities											
Borrowings	18	—	—	—	—	—	—	—	—	12,058	12,058
Payables	17	—	—	—	—	—	—	—	—	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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 15 Risk Management

The Nominal Insurer operates in an environment in which risk is inherent in its activities. Risk is managed through a process of identification, measurement and monitoring of risks and subject to risk limits and prudential control. This process of risk management is critical to the Nominal Insurer's continuing profitability. The Nominal Insurer is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non trading risk. It is also subject to operating risk.

The independent risk control process does not include business risks such as changes in the environment, technology, and industry. They are monitored through the Nominal Insurer's strategic planning process.

Terms, conditions and accounting policies

These are set out in Note 2 to the accounts.

Investments

BNP Paribas Fund Services Australasia Pty Limited is the custodian of the Nominal Insurer with the terms and conditions regarding the 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 (IMA's) 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 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 counterparty.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 15 Risk Management (continued)

Derivatives

Derivatives 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; and
- 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.

In order to avoid excessive concentrations of risk, the Nominal Insurer's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio and products. The guidelines are monitored on a daily basis by the custodian.

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

	2007	2006
	\$'000	\$'000
Australian bond futures		1,138
Credit default swap	(181)	—
Currency futures & options	1,975	—
Equity futures	(675)	—
Interest rate futures, swaps and swaptions	14,339	—
Options on interest rate futures	(619)	—
Over the counter derivatives	(35,038)	—
Forward foreign exchange contracts	80,177	—
	59,978	1,138

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 16 Property, Plant & Equipment

	2007	2006
	\$'000	\$'000
Freehold buildings		
Gross Carrying Amount		
Balance as at 1 July	405	–
Additions	–	405
Disposals	–	–
Balance as at 30 June	405	405
Accumulated Depreciation and Impairment		
Balance as at 1 July	5	–
Disposals	–	–
Depreciation expense	5	5
Balance as at 30 June	10	5
Net Carrying Amount		
As at 1 July	400	–
As at 30 June	395	400

Aggregate depreciation allocated during the financial year is recognised as an expense and disclosed in note 7 to the financial statements.

Note 17 Payables

	2007	2006
	\$'000	\$'000
Trade Payables	1,303,842	1,099,877
Statutory levies payable	38,903	5,162
Total payables	1,342,745	1,105,039

Note 18 Interest-Bearing Loans and Borrowings

	2007	2006
	\$'000	\$'000
Current		
Unsecured	–	–
Bank overdrafts	10,480	12,058
Total current borrowings	10,480	12,058

(a) Interest rate risk exposure

Details of the Scheme's exposure to interest rate changes on borrowings are set out in Note 14.

(b) Fair value disclosures

The carrying amount of the Fund's borrowings approximate their fair value.

(c) Bank overdrafts

The bank overdraft may be drawn at any time and is non interest bearing.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 19 Unearned premiums

	2007	2006
	\$'000	\$'000
Unearned premiums	474,257	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.

Note 20 Outstanding claims

	2007	2006
	\$'000	\$'000
(a) Expected future gross claims payments (undiscounted)	18,058,726	14,127,878
Discount to present value	(8,200,181)	(5,245,948)
Liability for outstanding claims	9,858,545	8,881,930
Current	1,680,803	1,581,179
Non-Current	8,177,742	7,300,751
	9,858,545	8,881,930
(b) Expected future actuarial assessment of recoveries (undiscounted)	590,091	592,528
Discount to present value	(116,917)	(134,740)
Discounted actuarial assessment of recoveries	473,174	457,788
(c) Net outstanding claims per actuarial report	9,385,371	8,424,142

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 11%.

The WorkCover Board in its capacity as acting for the Nominal Insurer decided to adopt a risk margin for the Scheme as at 30 June 2007 based on a probability of adequacy of 75%. The risk margin for the Scheme as at 30 June 2007 was 13% or \$1.08 billion. In arriving at this decision, the Board took into account the special circumstances of the Scheme such as the legislative provisions to set and retrospectively adjust premiums, employers required to fund deficit as part of future premiums and the level of uncertainty in actuarial assessment of outstanding claims liability.

The consulting actuaries state in their certificate that there is inherent uncertainty in any estimate of outstanding claims liabilities. Whilst in their judgement they have employed techniques and assumptions that are appropriate, it should be recognised that future claim development is likely to deviate, perhaps materially, from their estimates. They state that examples of this uncertainty include 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.

Based on the consulting actuaries assessment of the Scheme's exposure to asbestos claims, an explicit provision of \$78.7 million for such claims has been included in the overall outstanding claims liability.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 20 Outstanding claims (continued)

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

	2007	2006
	% pa	%pa
For the first succeeding year		
Inflation rate	4.00	4.00
Discount rate	6.50	6.00
For subsequent years		
Inflation rate	4.00	4.00
Discount rate	6.20–6.61	5.80–5.86

The weighted average discounted expected term from the balance date to settlement of the outstanding claims is estimated to be 7.4 years (6.3 years 2006).

Note 21 Contingent liabilities

In March 2007, the Government announced a \$250 million enhancement to assist workers. The \$250 million was immediately available to the Workcover Board, which is currently undertaking a review of services.

Note 22 Retained Earnings and Reserves

Movements in retained earnings were as follows:

	2007	2006
	\$'000	\$'000
Opening Balance	85,131	(1,979,552)
Net Surplus	727,350	2,064,683
Closing Balance at 30 June	812,481	85,131

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 23 Reconciliation of Surplus from Ordinary Activities to Net Cash provided by Operating Activities

	2007	2006
	\$'000	\$'000
Surplus from ordinary activities	727,350	2,064,683
Depreciation expense	5	5
Bad debts written off	29,035	37,656
Doubtful debts expense	11,128	(26,496)
Unrealised (gain)/loss on investments	(37,906)	171,145
Decrease/(Increase) in operating assets		
Premiums receivable	144,015	(274,274)
Recoveries receivable	(15,386)	(63,211)
Interest and dividends receivable	(260,043)	(13,643)
Trade debtors and prepayments	7,897	(37,118)
(Decrease)/Increase in operating liabilities		
Statutory levies payable	33,741	(24,162)
Other creditors and accruals	(93,468)	445,394
Provision for outstanding claims	976,615	(571,395)
Unearned premiums provision	(160,238)	194,056
Realised (gain)/loss on sale of investments	(711,917)	(559,305)
Net cash provided by operating activities	650,828	1,343,335

Note 24 Subsequent Events

Uninsured Liabilities Indemnity Scheme

The Workers Compensation Amendment (Insurance Reform) Act 2003 provides for the transfer of the assets and liabilities of the Uninsured Liability and Indemnity Scheme (ULIS) from the WorkCover Authority Fund to the Insurance Fund. This transfer occurred on 1 July 2007.

The WorkCover Board resolved that the level of funding that needed to be transferred to the Insurance Fund is the central estimate of the outstanding claims liability for ULIS as at 30 June 2007 plus an additional amount required to bring the central estimate up to the same level of probability of adequacy that exists in the WorkCover Scheme at 30 June 2007. The Board has further resolved that the probability of adequacy for the WorkCover Scheme at 30 June 2007 will be 75 per cent.

WorkCover's actuaries have determined that an additional 24 per cent needs to be provided to increase the probability of adequacy for ULIS from the central estimate up to the required level of 75 per cent at 30 June 2007.

Funds totaling \$83.7m were transferred from the WorkCover Authority Fund to the Insurance Fund in 2007/08.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 25 Liability Adequacy Test

At 30 June 2007 WorkCover has calculated an unearned premium provision of \$474 million, (\$634 million in 2005/06). This unearned premium was based on premium written during the 2006/07 but where the period of coverage extends into 2007/08.

The Scheme's independent actuaries have advised that the unearned premium provision is adequate to meet the anticipated claims arising for these policies plus a risk margin of 13% to give a 75% probability of adequacy, the same margin as used for the Scheme valuation. Accordingly they have advised that an additional unexpired risk provision is not required to be made by the Scheme.

Note 26 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 27 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



APPENDICES

Appendix 1	Legislation and legal change	151
Appendix 2	Chief and senior executive performance statements	155
Appendix 3	Significant inter-departmental committees	157
Appendix 4	Significant organisations with departmental representation	157
Appendix 5	Significant departmental committees	157
Appendix 6	Significant departmental committees established in 2006/07	158
Appendix 7	Significant departmental committees abolished in 2006/07	158
Appendix 8	Freedom of information	158
Appendix 9	Code of conduct	160
Appendix 10	Response to significant matters raised in the outgoing audit report	160
Appendix 11	Account payment performance	161
Appendix 12	Investment management performance	161
Appendix 13	Liability management performance	162
Appendix 14	Major assets/land – disposals and acquisitions	163
Appendix 15	Major assets other than land holdings	164
Appendix 16	Works in progress	164
Appendix 17	Price determination method	164
Appendix 18	Consultants	165
Appendix 19	Overseas travel	166
Appendix 20	Contracting and market testing	167
Appendix 21	Events that have a significant effect on the succeeding year after the balance date	167
Appendix 22	Publications	167
Appendix 23	Grants to non-Government organisations	169
Appendix 24	Credit card use	173
Appendix 25	Licensed and self-insurers	173
Appendix 26	Production notes	174

APPENDIX 1

LEGISLATION AND LEGAL CHANGE

PRINCIPAL LEGISLATION ADMINISTERED

ACTS

CONSTITUTION OF WORKCOVER

Workplace Injury Management and Workers Compensation Act 1998

OCCUPATIONAL HEALTH AND SAFETY

Occupational Health and Safety Act 2000

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 2006

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 Amendment (Permanent Impairment Benefits) Act 2006 No 98

This Act provided for a 10 per cent increase in dollar terms, to the lump sum benefits paid to workers for permanent impairment under section 66 of the *Workers Compensation Act 1987*. The increased benefits apply to a worker who suffers a permanent impairment from an injury sustained on or after 1 January 2007. The maximum amount payable under section 66 will increase from \$210,000 to \$231,000 for spinal injuries and from \$200,000 to \$220,000 for all other types of permanent impairment.

Assented to 27 November 2006. Commenced 1 January 2007.

Industrial Relations Further Amendment Act 2006 No 97

This Act amends the *Occupational Health and Safety Act 2000* and *Workers Compensation Act 1987* to provide that a worker may apply to the Industrial Relations Commission for reinstatement if they are unlawfully dismissed for complaining about occupational health and safety or because they are not fit for employment as a result of an injury for which they are entitled to receive workers compensation.

Assented to 27 November 2006. Commenced 1 December 2006.

PROCLAMATIONS

Workers Compensation Amendment (Insurance Reform) Act 2003 No 81

The uncommenced provisions of the *Workers Compensation Amendment (Insurance Reform) Act 2003* relating to the Uninsured Liability and Indemnity Scheme commenced on 1 July 2007.

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

A new section 175 (4B) of the *Workers Compensation Act 1987* commenced on 15 September 2006. This provision allows WorkCover to waive or reduce a late payment fee that is payable by an employer in relation to a premium or balance of a premium that the Authority finds to be due and payable under section 175 of that Act.

Section 175C of the *Workers Compensation Act 1987* commenced on 13 October 2006. This provides that WorkCover may make private rulings for workers compensation insurance premiums purposes as to whether any person is a worker, or any class of persons are workers, employed by an applicant for the ruling.

Amendments to the *Workplace Injury Management and Workers Compensation Act 1998* and the *Workers Compensation Act 1987* that apply a provision of the *Legal Profession Act 2004* (relating to reasonable prospects of success) to the referral of disputes, and appeals, to the Workers Compensation Commission commenced on 1 November 2006.

CHANGES TO REGULATIONS

Regulation amendments made under the *Occupational Health and Safety Act 2000* and *Explosives Act 2003*

Occupational Health and Safety Amendment (Certificates of Competency) Regulation 2006

This Regulation amends Part 9.1 of the *Occupational Health and Safety Regulation 2001* to support the issue of photo licences for holders of National Certificates of Competency. The Regulation also required applications to convert certificates of competency issued before 22 April 1996 into National Certificates of Competency to be made before 1 September 2006.

This Regulation commenced on 1 September 2006.

Occupational Health and Safety Amendment (Licensing) Regulation 2006

This Regulation amended the eligibility criteria relating to the granting of licences to carry out demolition or asbestos removal work under Part 10.3 of the *Occupational Health and Safety Regulation 2001*.

This Regulation commenced on 10 November 2006.

Occupational Health and Safety Amendment (OHS Induction Training) Regulation 2006 (No 2)

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

This Regulation commenced on 1 September 2006.

Occupational Health and Safety Amendment (Licensed Asbestos Removal Work) Regulation 2007

Prior to this Regulation, a person only needed a licence to carry out bonded asbestos removal work for an area of more than 200 square metres. The effect of this Regulation is that between 1 July and 31 December 2007, a person will need a licence if carrying out bonded asbestos removal work for an area of more than 50 square metres. From 1 January 2008, this threshold will be further reduced to ten square metres.

This Regulation commenced on 25 May 2007.

Explosives Amendment (Coal Operations) Regulation 2006

Occupational Health and Safety Amendment (Coal Workplaces) Regulation 2006

These Regulations amend the *Explosives Regulation 2005* and the *Occupational Health and Safety Regulation 2001* to reflect changes made by the *Coal Mine Health and Safety Act 2002*, including the new separate definitions of 'coal workplace' and 'mine'.

The Regulations commenced on 23 December 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 (Certificate of Currency) Regulation 2007

This Regulation amended the *Workers Compensation Regulation 2003* to increase the maximum period for which a certificate of currency may be issued to an employer by an insurer under a policy of insurance from four months to 12 months.

This Regulation commenced on 29 June 2007.

Workers Compensation Amendment (Index Number) Regulation 2007

This Regulation updated the indexation of benefits under the *Workers Compensation Act 1987*.

This Regulation commenced on 23 February 2007.

Workers Compensation Amendment (Insurance Reform – Transitional) Regulation 2007

This Regulation amends the *Workers Compensation Regulation 2003* to include transitional provisions required as a consequence of the Uninsured Liability and Indemnity Scheme being replaced on 1 July 2007 with a scheme under which the Nominal Insurer became the insurer for claims made against employers who are uninsured or who cannot be identified.

This Regulation commenced on 1 July 2007.

Workers Compensation Amendment (Transitional) Regulation 2007

This Regulation amends the *Workers Compensation Regulation 2003* to allow workers whose proceedings for common law damages had been discontinued or struck out because they were commenced within the six months immediately prior to the commencement of amendments to the workers compensation legislation in 2001 to claim lump sum compensation and, in certain cases, work injury damages as if the workers had been injured after the commencement of the 2001 amendments.

This Regulation commenced on 23 February 2007.

Workers Compensation Amendment (Lutheran Church) Regulation 2006

This Regulation removes the reference to the Lutheran Church of Australia from Schedule 4 of the *Workers Compensation Regulation 2003* because Lutheran Church Pastors now have workers compensation policies and are therefore deemed to be employees for the purposes of the clause 18 of Schedule 1 of the *Workplace Injury Management and Workers Compensation Act 1998*.

This Regulation commenced on 25 January 2007.

Workers Compensation Amendment (Miscellaneous Provisions) Regulation 2006

This Regulation makes a number of amendments to the *Workers Compensation Regulation 2003* to implement the changes made by the provisions of the *Workers Compensation Legislation Amendment (Miscellaneous Provisions) Act 2005* (see above), including a number of additional regulation amendments to support these changes.

This Regulation commenced on 1 November 2006.

Workers Compensation Amendment (Miscellaneous) Regulation 2006

This Regulation makes minor amendments to the *Workers Compensation Regulation 2003* in relation to wage declarations and keeping certain records.

This Regulation commenced on 15 December 2006.

Workers Compensation Amendment (Latest 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*.

This Regulation commenced on 1 October 2006.

Workers Compensation Amendment (Information Disclosure) Regulation 2006

This Regulation permits WorkCover to disclose information obtained in the administration of the workers compensation legislation to the Health Care Complaints Commission and the professional colleges or bodies of certain health care professionals.

This Regulation commenced on 1 September 2006.

Workers Compensation Amendment (Costs) Regulation 2006

This Regulation replaced the former “activity-based” costing model for lawyers in workers compensation matters with a new “lump sum” costs model, under which lawyers are paid a lump sum depending on the nature of the matter and the stage at which the proceedings are settled or determined.

This Regulation commenced on 1 November 2006.

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

Workers Compensation Commission Rules 2006

A new set of *Workers Compensation Commission Rules* were introduced to support the procedural amendments introduced under the *Workers Compensation Amendment (Miscellaneous Provisions) Act 2005* and the *Workers Compensation Amendment (Miscellaneous Provisions) Regulation 2006*.

The Rules commenced on 1 November 2006.

Insurance Premiums Order 2007-2008

This Order fixes the manner in which premiums payable by employers for a policy of insurance issued or renewed are calculated. The Order incorporates a 5 per cent reduction in premium rates for all employers, a discount for paying premiums in full in advance and an amendment to set the

late payment fee by adopting the rate that the Office of State Revenue applies each year to late payment of taxes.

This Order commenced on 30 June 2007.

Insurance Premiums Order (January-June) 2007

Insurance Premiums Order 2006-2007 Amendment (Premiums Discounts) Order 2006

The combined effect of the preceding Orders was to implement the Apprentice Incentive Scheme, under which apprentices' wages were excluded from an employer's total payroll in calculating the employer's premium, and a 5 per cent reduction in premium rates for all employers.

Both Orders commenced on 1 January 2007.

Notice of determination under Insurance Premiums Order (January-June) 2007, and commenced on 1 June 2007.

Notice of determination under Insurance Premiums Order (July-December) 2006, and commenced on 1 June 2007.

Workers Compensation (Chiropractor 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 chiropractor of an injured worker's work related injury.

This Order commenced on 1 December 2006.

Workers Compensation (Public Hospital Rates) Order 2007

This Order sets the maximum fees for which an employer is liable under the *Workers Compensation Act 1987* for hospital treatment at a public hospital of an injured worker's work related injury.

This Order commenced on 29 June 2007.

Workers Compensation (Remedial Massage Therapy Services Fees) Order 2007

This Order sets the maximum fees for which an employer is liable under the *Workers Compensation Act 1987* for treatment by a remedial massage therapist of an injured worker's work related injury.

This Order commenced on 1 July 2007.

Workplace Injury Management and Workers Compensation (Independent Consultants) Fees Order 2007

This Order sets the maximum fees for which an employer is liable under the *Workplace Injury Management and Workers Compensation Act 1998* for treatment by an independent consultant of an injured worker's work related injury.

This Order commenced on 1 July 2007.

Workers Compensation (Exercise Physiology Fees) Order 2007

This Order sets the maximum fees for which an employer is liable under the *Workers Compensation Act 1987* for treatment by an exercise physiologist of an injured worker's work related injury.

This Order commenced on 1 July 2007.

Workers Compensation (Medical Practitioner Fees) Order 2007

This Order sets the maximum fees for which an employer is liable under the *Workers Compensation Act 1987* for treatment by a medical practitioner of an injured worker's work related injury.

This Order commenced on 1 January 2007.

Workers Compensation (Surgeon Fees) Order 2007

This Order sets the maximum fees for which an employer is liable under the *Workers Compensation Act 1987* for treatment by a surgeon of an injured worker's work related injury.

This Order commenced on 1 January 2007.

Workers Compensation (Orthopaedic Surgeon Fees) Order 2007

This Order sets the maximum fees for which an employer is liable under the *Workers Compensation Act 1987* for treatment by an orthopaedic surgeon of an injured worker's work related injury.

This Order commenced on 1 January 2007.

Workers Compensation (Physiotherapy Fees) Order 2007

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.

This Order commenced on 1 January 2007.

Workers Compensation (Osteopathy Fees) Order 2007

This Order sets the maximum fees for which an employer is liable under the *Workers Compensation Act 1987* for treatment by an osteopath of an injured worker's work related injury.

This Order commenced on 1 January 2007.

Workplace Injury Management and Workers Compensation (Injury Management Consultants) Order 2007

This Order sets the maximum fees for which an employer is liable under the *Workplace Injury Management and Workers Compensation Act 1998* for treatment by an injury management consultant of an injured worker's work related injury.

This Order commenced on 1 January 2007.

Workplace Injury Management and Workers Compensation (Medical Examination and Reports) Order 2007

This Order sets the maximum fees for which an employer is liable under the *Workplace Injury Management and Workers Compensation Act 1998* for medical examinations and reports regarding an injured worker's work related injury.

This Order commenced on 1 January 2007.

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	\$313,277
Performance pay	Nil
Period in position	18 August 2003 to 30 June 2007

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 continued decline in workplace fatalities and the occurrence of injuries and illnesses in workplaces to their lowest point in 19 years.
- Led the delivery of the change management strategy, which emphasises the provision of information, education and advice to employers and workers ensuring maximum reach of information through cost-effective and efficient systems.
- Continued implementation of major improvements to WorkCover Scheme arrangements in New South Wales, resulting in the Scheme returning to a surplus for the first time in over 10 years, a further 10 per cent decrease in workers compensation premiums, and an increase of 10 per cent in permanent impairment benefits.
- Ensured the sound management and investment of the Workers Compensation Insurance Fund achieving high returns in a fluctuating market.
- Represented New South Wales in national forums including as a member of the Australian Safety and Compensation Council and as Chair/Convenor of the Heads of Workplace Compensation Authorities.

- Managed the operation of WorkCover NSW consistent with Government and Ministerial expectations.

**Hon John Della Bosca MLC
Minister for Industrial Relations
Minister Assisting the Minister for Finance**

Name	Michael Block
Position and level	General Manager, Investment Division SES Level 5
Total remuneration package	\$247,300
Performance pay	Nil
Period in position	20 September 2004 to 30 June 2007

Highlights

- Led the ongoing achievements of the Investment Division, resulting in the Workers Compensation Insurance Fund returning 13.5 per cent for the year to 30 June 2007, 10.9 per cent higher than the estimated growth in liabilities.
- Completed the selection and appointment of a new master custodian to hold the investments of the Workers Compensation Insurance Fund
- Assisted the Workers Compensation Insurance Fund Investment Board in adjusting the Fund's Strategic Asset Allocation as a result of the Fund's improved funding ratio.
- Reviewed and updated 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 Corporate Plan and in compliance with legislative requirements.

**Jon Blackwell
Chief Executive Officer**

Name	Robert Gray
Position and level	General Manager, Corporate Services Division SES Level 5
Total remuneration package	\$214,351
Performance pay	Nil
Period in position	3 July 2006 to 30 June 2007

Highlights

- Ensured the on-going delivery of effective corporate services to WorkCover, the Workers Compensation Commission and Long Service Payments Corporation.
- Strengthened the provision of workplace information and advice through the continued expansion of the Business Assistance Branch including the successful launch of the Small Business Strategy.
- Developed a customer service charter and strategy, and managed a stakeholder engagement program including development of a Stakeholder Index.
- Contributed to the strengthening of corporate governance through development and implementation of enterprise wide risk management, corporate compliance and strategic financial frameworks.
- Provided regular reporting, and high-level support and advice to the Minister, WorkCover Board and key stakeholders on business risk management, communication and media, finance, human resources and legal matters.
- Managed the operation of the Corporate Services Division consistent with the WorkCover Corporate Plan and in compliance with legislative requirements.

Jon Blackwell Chief Executive Officer

Name	Rob Thomson
Position and level	General Manager, Workers Compensation Division SES Level 5
Total remuneration package	\$247,300
Performance pay	Nil
Period in position	9 June 2005 to 30 June 2007

Highlights

- Led the on-going achievements of the Workers Compensation Division resulting in delivery of a scheme surplus of \$812 million at 30 June 2007 and more effective management of the scheme and regulation of the system.
- Managed the new contractual arrangements with Agents on behalf of the Nominal Insurer, including delivery of enhanced service delivery by Agents resulting in improved health and financial outcomes for the scheme's key stakeholders, injured workers and employers.
- Led the implementation of the 2005 legislative amendments in conjunction with all key system participants.
- 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 related matters.

- Managed the operation of the Workers Compensation Division consistent with the WorkCover Corporate Plan and in compliance with legislative requirements.

Jon Blackwell Chief Executive Officer

Name	John Watson PSM
Position and level	General Manager, Occupational Health and Safety Division SES Level 5
Total remuneration package	\$230,825
Performance pay	Nil
Period in position	1 April 2004 to 30 June 2007

Highlights

- Managed the continued achievement of higher levels of safety, including reduced injury rates, through the Occupational Health and Safety Improvement Framework
- Worked in partnership with industry, employers and workers to deliver Safety Summit outcomes.
- Contributed to the on-going 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 delivering on-line solutions.
- Provided regular reporting, and high-level support and advice to the Minister, WorkCover Board and key stakeholders on occupational health and safety matters.
- Implemented a change management process across the Occupational Health and Safety Division to meet future service level requirements and improve education and advice to NSW employers and employees.
- Contributed to the improvement of workplace safety outcomes at the national level as Chair of the Heads of Workplace Safety Authorities and other national working parties.
- Managed the operation of the Occupational Health and Safety Division consistent with the WorkCover Corporate Plan and in compliance with legislative requirements.

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

Personal Injury Education Foundation Board

General Manager, Workers Compensation Division: Rob Thomson

The Personal Injury Education Foundation (PIEF) was established in 2006 by a consortium of Australian and New Zealand accident compensation regulators, insurers and claims management organisations. The Foundation is a not-for-profit organisation established to develop postgraduate educational programs focused on the needs of those working in the accident compensation industry.

The PIEF Board oversee the Foundation's work in developing a specialised personal injury postgraduate program through Deakin University.

APPENDIX 4

SIGNIFICANT ORGANISATIONS WITH DEPARTMENTAL REPRESENTATION

Dust Diseases Board

Jon Blackwell, Chief Executive Officer (Chairperson)

The Dust Diseases Board is a statutory authority established under the *Workers Compensation (Dust Diseases) Act 1942* to examine, hear and determine all matters and questions arising out of a claim for compensation by workers and their

dependants when a worker suffers death or disability from dust diseases including asbestosis, silicosis and mesothelioma.

The Dust Diseases Board produces its own annual report.

Sporting Injuries Committee

Jon Blackwell, Chief Executive Officer, Chairperson, Murray McLachlan, Director, Office of the Chief Executive, (Alternate 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 2007)

Chief Executive Officer (Jon Blackwell)

General Manager, Corporate Services Division (Rob Gray)

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's peak management decision-making group, responsible for ensuring that WorkCover 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 capital funded projects from conception to successful delivery and maintenance.

The Board is accountable for the recommended approval of capital project budget funding to the Executive, capital project review and prioritising of all capital projects. The Board prioritises capital funded projects according to corporate goals and strategies and is responsible for timely decision processes and directions affecting escalated capital funded projects issues and prioritisation. The Board reports to the Executive the progress and status of major capital funded projects on a quarterly basis.

The following members comprised the Board as at 30 June 2007:

- Rob Gray, General Manager, Corporate Services Division (Chair)
- John Watson, General Manager, Occupational Health and Safety Division
- Vicki Telfer, General Manager, Strategy and Policy Division
- Rob Thomson, General Manager, Workers Compensation Division
- 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 in the following locations:

- Gosford Head Office
- Parramatta District Office
- Blacktown District Office
- CBD South District Office
- Country South Team
- Country North Team
- TestSafe – Londonderry and Thornleigh Laboratories
- Workers Compensation Commission of New South Wales
- Long Service Payments Corporation.

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 intranet.

APPENDIX 6

SIGNIFICANT COMMITTEES ESTABLISHED IN 2006/07

No significant departmental committees were established during the reporting period.

APPENDIX 7

SIGNIFICANT COMMITTEES ABOLISHED IN 2006/07

No significant departmental committees were abolished during the reporting period.

APPENDIX 8

FREEDOM OF INFORMATION

Privacy management

WorkCover Privacy Management Plan outlines the organisation's policies and practices with respect to the management of personal information. The Plan can be accessed on WorkCover's web site at www.workcover.nsw.gov.au.

During 2006/07, two reviews were conducted by, or on behalf of WorkCover under the *Privacy and Personal Information Protection Act 1998*.

Freedom of information statistics (2006/07)

A total of 816 applications for access to documents were processed under the terms of the *Freedom of Information Act 1989*.

Of the 816 applications received, a total of 68 were non-personal, four requests were deferred, a total of 125 requests were granted in full, 424 were granted in part and 267 were refused. The latter included instances where no documents were located, fees were not provided or applications were redirected to other agencies. No Ministerial Certificates were issued, 34 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		
	2004/05	2005/06	2006/07	2004/05	2005/06	2006/07	2004/05	2005/06	2006/07
New (including transferred in)	774	818	788	4	6	71	778	824	859
Brought forward	36	27	34	0	0	0	36	27	34
Total to be processed	810	845	822	4	6	71	814	851	893
Completed	768	797	742	4	5	68	772	802	810
Transferred out	1	2	0	0	1	0	1	3	0
Withdrawn	2	2	6	0	0	0	2	2	6
Total processed	771	801	748	4	6	68	775	807	816
Unfinished	39	44	74	0	0	3	39	44	77

What happened to completed requests

Result of FOI request	Personal	Other
Granted in full	109	16
Granted in part	384	40
Refused	245	12
Deferred	4	0
Completed	742	68

Ministerial Certificates – number issued during the period

No Ministerial Certificates were issued during 2006/07.

Formal consultations

	Issued	Total
Number of requests requiring formal consultations	14	20

Amendment of personal records

There was one request for amendment of personal records received.

Notation of personal records

No requests for notation of personal records were received.

FOI requests granted in part or refused

Basis of disallowing or restricting access	Personal	Other
Application incomplete/wrongly directed	35	1
Deposit not paid	1	0
Diversion of resources	4	0
Exempt	242	24
Otherwise available	152	17
Documents not held	51	3
Deemed refused – over 21 days	158	6
Released to medical practitioner	0	0
Totals	643	51

Costs and fees of requests processed during period

	Assessed costs	FOI fees received
All completed requests	N/A	23,280

Discounts allowed

Type of discount allowed	Personal	Other
Public interest	0	0
Financial hardship – pensioner/child	6	0
Financial hardship – non profit organisation	1	0
Totals	7	0
Significant correction of personal records	0	0

Days to process

Elapsed time	Personal	Other
0-21 days	455	40
22-35 days	224	22
Over 35 days	63	6
Totals	742	68

Processing time

Processing hours	Personal	Other
0-10 hours	699	65
11-20 hours	37	2
21-40 hours	6	1
Over 40 hours	0	0
Totals	742	68

Reviews and appeals

Number of internal reviews finalised	14
Number of Ombudsman reviews finalised	0
Number of District Court (Administrative Decisions Tribunal) appeals finalised	1

Basis of internal review

	Personal		Other	
	Upheld	Varied	Upheld	Varied
Access refused	4	1	1	0
Access deferred	0	0	0	0
Exempt matter	4	4	1	0
Unreasonable charges	0	0	0	0
Charge unreasonably incurred	3	0	0	0
Withdrawn	0	0	0	0
Totals	11	5	2	0

During 2006/07 Freedom of Information procedures had no significant impact on WorkCover administration and no major Freedom of Information compliance issues or problems arose.

APPENDIX 9

CODE OF CONDUCT

WorkCover is part of the New South Wales Public Service, and public employment carries with it an obligation to the community to conduct business professionally, efficiently, impartially and with integrity. Accordingly, WorkCover has 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 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 induction process, and all new employees sign to acknowledge their understanding and acceptance of the code's principles. Copies of the code are available from the WorkCover website.

APPENDIX 10

RESPONSE TO SIGNIFICANT MATTERS RAISED IN THE OUTGOING AUDIT REPORT

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

Amounts outstanding to suppliers at the end of each quarter of the year were:

2006/07	Sept Qtr \$	Dec Qtr \$	Mar Qtr \$	Jun Qtr \$
CURRENT	837,503	684,914	974,907	905,010
<30 days overdue	20,156	8,489	84,716	16,447
>30 days and <60 days overdue	9,701	-485	28,966	100
>60 days and <90 days	954	-1,353	22,249	-67,188
90 days and over	222	-2,985	-7,287	10,704
Total value of accounts paid on time	21,999,105	15,133,096	13,291,402	16,799,856
Percentage paid on time	98.86	95.06	97.77	93.49
Total value of accounts paid	22,253,162	15,919,355	13,594,312	17,970,500

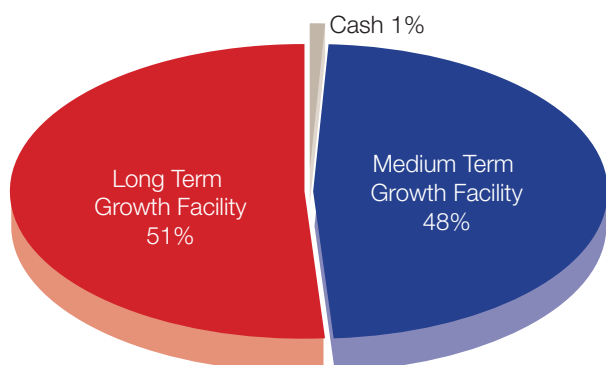
During 2006/07, WorkCover paid \$69.7 million in accounts of which \$67.2 million or 96 per cent were paid on time. The performance target is a minimum of 90 per cent of accounts paid on time.

APPENDIX 12

INVESTMENT MANAGEMENT PERFORMANCE

WorkCover's investment portfolio is held with the New South Wales Treasury Corporation. It is invested in medium term growth, long term growth and cash facilities. At 30 June 2007, the allocation between the facilities was as follows:

COMPOSITION OF INVESTMENT PORTFOLIO AS AT 30 JUNE 2007



The total investment portfolio value at 30 June 2007 was \$344.5 million, with \$173.1 million allocated to the Long Term Growth Facility, \$166.9 million in the Medium Term Growth Facility and \$4.5 million held as cash. The return for the financial year for each of the facilities was 13.8 per cent for Long Term, 8.48 per cent for Medium Term and 6.41 per cent for cash.

APPENDIX 13

LIABILITY MANAGEMENT PERFORMANCE

Reporting period	2006/07	2005/06	2004/05
Workers Compensation:			
No. of employees	1237	1225	1113
No. of claims	44	36	45
No. of claims per employee	0.04	0.029	0.04
Total cost of claims	\$274,348	\$307,485	\$330,143
Average claim cost	\$6,235	\$8,541	\$7,337
Average cost per employee	\$222	\$251	\$297
Motor vehicles:			
Vehicles	321	331	311
Number of claims	134	116	115
No. of claims per vehicle	0.42	0.35	0.37
Total cost of claims	\$296,148	\$255,575	\$291,681
Average cost per claim	\$2,211	\$2,203	\$2,536
Average cost per vehicle	\$923	\$772	\$938
Property:			
Number of claims	7	6	6
No. of claims per employee	0.006	0.005	0.005
Total cost of claims	\$23,669	\$101,434	\$30,606
Average cost per claim	\$3,381	\$16,906	\$5,101
Average cost per employee	\$19	\$83	\$28
Liability:			
Number of claims	5*	Nil	Nil
Total cost of claims	\$1,228,848	Nil	Nil
Average claim	\$245,770	Nil	Nil
Miscellaneous:			
Number of claims	1**	Nil	Nil
Total cost of claims	\$739	Nil	Nil
Average claim	\$739	Nil	Nil

Notes: For the first time since joining the Treasury Managed Fund (TMF), WorkCover has experienced claims in the following categories.

* Five (5) claims under the Liability line of cover – relating to three (3) separate incidents. The claims have been accepted by the TMF and are still in progress.

** One (1) claim under the Miscellaneous line of cover – resulting from a theft/burglary whilst a staff member was travelling overseas on business. This claim has been accepted and settled.

ULIS liability

WorkCover also has outstanding workers compensation claims liabilities that arise under the Uninsured Liability and Indemnity Scheme, the Insurers' Guarantee Fund, the Bush Fire Fighters and Emergency and Rescue Workers Compensation Funds.

These liabilities are assessed by actuaries and for the last five years were:

Year	Uninsured Liability & Indemnity Scheme	Insurers' Guarantee Fund	Bush Fire Fighters Compensation Fund	Emergency & Rescue Workers Compensation Fund
	\$m	\$m	\$m	\$m
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
2006/07	67.5	88.9	9.9	6.8

Funding of the largest liabilities is by insurers' contributions and details of all liabilities are reported in the financial statements each year.

WorkCover does not have any borrowings.

APPENDIX 14

MAJOR ASSETS/LAND – DISPOSALS AND ACQUISITIONS

DISPOSALS

LOCATION	ITEM	2006/07 \$'000	2005/06 \$'000	2004/05 \$'000
		Nil	Nil	Nil

ACQUISITIONS

LOCATION	ITEM	2006/07 \$'000	2005/06 \$'000	2004/05 \$'000
Gosford Head Office	Corporate Data Repository		8,400	
Gosford Head Office	Portal Project	758		
Gosford Head Office	WorkCover Licensing	893		
Gosford Head Office	Business Enhancements	1,044		
Gosford Head Office	WCC Case Management	1,375		
Total		4,070	8,400	Nil

APPENDIX 15

MAJOR ASSETS OTHER THAN LAND HOLDINGS

ASSETS	2006/07 \$'000	2005/06 \$'000	2004/05 \$'000
Buildings	3,904	3,577	3,688
Leasehold improvements	14,847	16,942	17,654
Office machines and equipment	347	200	306
Furniture and fittings	157	210	271
Computer hardware and software	25,588	23,372	13,404
Scientific, technical and mechanical equipment	2,481	2,217	2,061
Motor vehicles	256	136	0
Total	47,580	46,654	37,384

APPENDIX 16

WORKS IN PROGRESS

Major computer hardware and software projects	Total cost 30/6/2007 \$m	Cost overrun \$m	Estimated date of completion	Reason for significant delay	Asset/work in progress
IT Scheme Design	8.5	0.8	Completed		Asset
WCA Licensing	0.9	–	Completed		Asset
WCD Business Enhancements	1.0	–	Completed		Asset
Portal Project	0.8	–	Completed		Asset
WCC Case Management	1.4	0.2	Completed		Asset
Total	8.5	0.8			

APPENDIX 17

PRICE DETERMINATION METHOD

WorkCover is primarily funded from statutory contributions by the Nominal Insurer and self-insurers based on their premium income and deemed premiums respectively. The amount of contributions is determined annually by the WorkCover Board of Directors based on estimates of the total of the amounts to be paid from the WorkCover Authority Fund as well as those amounts that are to be set aside as provisions to meet expenditure in later years.

APPENDIX 18

CONSULTANTS

Consultants equal to or more than \$30,000

Consultant	Cost \$	Purpose
Enzyme International	64,900	Facilitation support for development of Stakeholder Index. Including report, provision of indices and analysis of results, documented output from workshops and interviews.
GHD Pty Ltd	55,625	Geotechnical advice & consulting services re: Lane Cove Tunnel problems
Ernst & Young	53,305	Review of options for administration of claims for the Insurers Guarantee Fund
Ernst & Young	45,455	Workcover Claims Branch review
NSW Department of Commerce	36,830	Actuarial, Financial Management and Information Services tender – Procurement consultancy services
Mobile Care Pty Ltd	31,225	Provide a strategy that will provide support for General Practitioners – services provided include stakeholder meetings, literature review, focus groups, reporting including implementation strategy, communication plan and recommendations
Total greater than \$30,000	287,339	

Consultants less than \$30,000

During 2006/07, other consultancies were engaged in the following areas:

Consultancy area	Cost \$
Information technology	4,185
Finance and accounting/tax	6,500
Management services	284,814
Organisational review	54,147
Training	9,422
Total consultancies less than \$30,000	359,068

APPENDIX 19

OVERSEAS TRAVEL

JULY 2006 TO JUNE 2007

PERSON	DATE	PURPOSE	COST \$	RECOVERY \$	NET COST \$
Jon Blackwell	November 2006	Travel to Auckland, New Zealand. Learning Set Meeting	1,538	Nil	1,538
Jon Blackwell	June 2007	Travel to Wellington, New Zealand. To attend the HWCA (Hheads of Workers Compensation Authorities) meeting & workshops	2,479	Nil	2,479
Rob Thomson Sharon Hogan	June 2007	Travel to Wellington, New Zealand. To attend the HWCA (Hheads of Workers Compensation Authorities) meeting & workshops	3,441	Nil	3,441
Ajay Maira	October 2006	Travel to Orla, Copacabana, Brazil. Attend Travel International Meeting – Standards Australia	1,003	Nil	1,003
J Watt/ U Singh ¹	April 2007	Travel to South Africa to audit Transvaal Electric Motors, Wave Trend	7,141	-21,875	-14,734
Adrian Rietdijk ¹	March 2007	Travel to Christchurch NZ to audit Tait	1,877	-3,150	-1,273
Adrian Rietdijk ¹	June 2007	Travel to Christchurch NZ to audit Exilte/Tait	1,456	-2,716	-1,260
D Fraser ¹	July 2006	Travel to Christchurch NZ to audit Exilte/Tait	1,184	-3,150	-1,966
John Watt, P Harley	September 2006	Travel to Shanghai China	5,674	Nil	5,674
U Singh, G Manojlovic ¹	September 2006	Travel to Johannesburg	11,487	-18,231	-6,744
Ajay Maira ¹	October 2006	Travel to Brazil & NZ, Factory Mutual audit for Tait Electronics	6,860	-11,873	-5,013
Tuan Huynh ¹	September 2006	Travel to USA to undertake testing services	6,408	-13,451	-7,043
G Manojlovic ¹	October 2006	Travel Brazil and NZ to audit Tait	668	-3,150	-2,482
J Zhao, U Singh ¹	August 2006	Travel to Shanghai China to audit Nossiter Pumps and Kinyun	1,892	-13,030	-11,138
John Watt ¹	December 2006	Travel to Christchurch NZ to undertake testing services	1,452	-6,300	-4,848
Adrian Rietdijk ¹	December 2006	Travel to Auckland NZ to audit Hi Tech Insulation Panel Door	4,381	-7,000	-2,619
Adrian Rietdijk ¹	February 2007	Travel to Christchurch NZ to audit Tait	1,266	-3,150	-1,884
J Watt, U Singh ¹	May 2007	Travel to Brazil to audit WEG	2,518	-12,530	-10,012
Total			62,725	-119,606	-56,881

Note: 1. Represents fee for service testing work undertaken by officers of TestSafe Australia

APPENDIX 20

CONTRACTING AND MARKET TESTING

WorkCover contracting and market testing activities are carried out to conform with the New South Wales Procurement Policy and related legislation. Every effort is made to ensure maximum opportunity for open and effective competition in the workplace when planning procurement arrangements and contracting activities.

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

The *Workers Compensation Amendment (Insurance Reform) Act 2003* provides for the transfer of the assets and liabilities of the Uninsured Liability and Indemnity Scheme (ULIS) from the WorkCover Authority Fund to the Insurance Fund. This transfer will occur on 1 July 2007.

The WorkCover Board has resolved that the level of funding that needs to be transferred to the Insurance Fund is the central estimate of the outstanding claims liability for ULIS at 30 June 2007 plus an additional amount required to bring the central estimate up to the same level of probability of adequacy that exists in the WorkCover Scheme at 30 June 2007. The Board has further resolved that the probability of adequacy for the WorkCover Scheme at 30 June 2007 will be 75 per cent.

WorkCover's actuaries have determined that an additional 24 per cent needs to be provided to increase the probability of adequacy for ULIS from the central estimate up to the required level of 75 per cent at 30 June 2007.

The effect of this decision is that WorkCover has provided for an additional \$16.2 million in addition to the central estimate of the ULIS outstanding claims liability of \$67.5 million at June 30 2007. Assets totalling \$83.7 million were transferred from the WorkCover Authority Fund to the Insurance Fund in 2007/08. This transfer will have no further impact on the equity or net assets of the WorkCover Authority Fund.

APPENDIX 22

PUBLICATIONS

WorkCover publishes a variety of printed material to assist employers and employees to meet their responsibilities for workplace safety, injury management and workers compensation. Publications include guides, fact sheets, codes of practice, forms, posters and general information.

Many publications are distributed free of charge and an increasing number are available for download from the WorkCover website. In meeting client demand, and taking advantage of new publishing technology, WorkCover has made most information and publications available on its website and in formats such as CD ROM. These have proven to be extremely popular.

WorkCover produces a number of new publications each year, many of which are developed in conjunction with stakeholders and industry and through the industry reference groups. Examples include the Work Near Underground Assets Guide and Manual Handling Risk Guide.

New publications developed in 2006/07 are as follows:

- Timber Roof Trusses
- Grain Augers
- Post Drivers Booklet
- DL Brochure RTW
- Independent Medical Examination
- Work Near Underground
- Contractors Checklist
- Noise Vinyl Stickers
- Noise Cards
- Employers Guide: What to do if an Injury Occurs
- OHS Act Review 2006 Fact Sheets
- Typical Storage Shed For Up To 4000L Flammable Liquid: Fact Sheet
- Statement of Business Ethics
- Manual handling fact sheets
- Insurance Premiums Order 2006-2007
- Tunnels under Construction: Code of practice
- Dangerous Goods Fact Sheets
- Analysis Fee Schedule for Workplace Samples (Valid 1 July 2006 – 31 December 2006)
- Analysis Fee Schedule for Biological Samples (Valid 1 July 2006 – 31 December 2006)
- Role of WorkCover Inspector
- WorkCover encourages diverse applicants
- How to Apply: An Applicants Guide



APPENDICES

- Why work for WorkCover
- Utilities Working at Heights Resource
- Osteopathic Management Plan
- Serious About Safe Business
- Functional Assessment in Relation to Domestic Assistance
- Safe Handling of Contaminated Groundwater at the Workplace
- Ceiling Dust Containing Lead: Guidance Note
- WorkCover Assist Grants
- National Certificates of Competency Forms and Factsheets
- Prevention of Occupational Overuse Syndrome: National Code of Practice
- Manual Handling: National Code of Practice
- Payment Classification Systems
- Compensation for Permanent Impairment: Factsheet
- Growing Our Skills Base: Apprentice Incentive Schemes
- Claiming Compensation Benefits: Guidelines
- Independent Medical Examinations and Reports: Guidelines
- Medical Assessment: Guidelines
- Interim Payment Direction: Guidelines
- Workers Compensation Advice Sheets
- Our Customer Service Charter
- What Does Compliance Look Like?
- Identifying and Managing Psychosocial and Environmental Barriers to Return to Work
- Problem Solving in the Workers Compensation System – Options for Workers and Employers
- Navigating the Workers Compensation System for Employers
- Improving Claims and Injury Management in the Community Services Sector (including the Disability Sector)
- Managing Fatigue Related Risks in the Workplace
- Work Smart – Stay Safe! An educational initiative for school age children about their rights and responsibilities under the OHS and Workers Compensation Legislation
- Prevention of Violence in the Workplace Strategies
- Tower Cranes: Additional Requirements for Item Registration in NSW: Position Paper
- Analysis Fee Schedule for Biological Samples (Valid 1 January 2007 – 30 June 2007)
- Analysis Fee Schedule for Workplace Samples (Valid 1 January 2007 – 30 June 2007)
- Chiropractors' Guide to WorkCover NSW – December 2006
- Insurance Premiums Order 2007
- Checklists for the safe use of silos, augurs, field bins and chaser bins on farms
- Mutual Recognition Induction Card Poster
- Mutual Recognition Frequently Asked Questions
- Labour Hire Guidance – Fact Sheets
- WorkCover Annual Report 2005/2006
- Safety Alert: Tip Trucks
- Safety Alert: Farm Safety
- Small business safety program: fact sheet
- Social justice plan 2006-2007
- Indigenous employment and development strategy 2006-2007
- National Certificates of Competency Assessors Accreditation Manual
- Spokeswomens Program Plan 2006-2007
- Put in a Safety Solution and WorkCover will meet you half way
- Safety Solutions Activity Guide
- Safety Alert: Temporary Support for Masonry Walls Under Construction
- Safety Alert: Spray Booths
- Asbestos Forms and Factsheets
- Spillage Containment Bunding for Package Stores
- Permanent Impairment Claim: Form
- National Certificates of Competency Assessors Accreditation Manual pkg 2
- Insurance Premiums Order 2007-2008
- A Remedial Massage Therapists' Guide to WorkCover NSW
- Horticulture Industry Safety Guide
- New First Aid Training Courses: Information for Employers
- FAQ's Victorian Issued Licences to Perform High Risk Work
- Factsheet – National Standard for High Risk Work
- Workers Compensation Benefits Guide April 2007
- Establishing a Policy to Manage Alcohol and Other Drugs in the Workplace
- Prosthetic Disc Replacement – Lumbar Spine WorkCover Guidance Material
- Safety Alert: Failure of the first stage regulator on a bulk liquified petroleum gas installation
- Safety Alert: Filling of LP Gas Cylinders
- National Standard for Licensing Persons Performing High Risk Work
- Safe Work Australia Week: Register Your Workplace Activity
- Summary of review of Prosthetic Disc Replacement Surgery

- Reducing the risk of slips, trips and falls in the retail industry
- Information Sheet – WorkCover Industry Scholarship Program
- Advice to Applicants – WorkCover Industry Scholarship Program
- Application Cover Sheet – WorkCover Industry Scholarship Program
- Program Policy – WorkCover Industry Scholarship Program
- PIEF Course Information – Scholarship Program 2007
- Aboriginal and Torres Strait Islander Employment and Development Strategy 07-08
- Aboriginal and Torres Strait Islander Future Directions Strategic Plan 07/10
- Workplace Safety Cards
- All Terrain Vehicle: Safety Alert
- Newswatch for Trainers November Edition
- Trainers Newswatch feedback form
- Sample: Housekeeping Checklist
- Improving outcomes: Management of workers with soft tissue injury – overview
- Advice sheet 1: acute intervention
- Advice sheet 2: successful recovery and return to work
- Advice sheet 3: review and transition process
- Advice Sheet 4: secondary intervention
- Advice sheet 5: work related activity programs
- Base failure in self-erecting tower crane: Safety Alert
- Consultation forum national standards for licensing high risk work
- Consultation forum registration form
- Information bulletin Number 5: review of soft tissue injury management guidelines
- Safe Design Advisory Group Report 2007
- Position paper – WorkCover approved
- Fact sheet automatic teller machines placement
- Fact sheet laser printers and indoor air quality
- Guidance note sharp edges on factory cut metal reinforcement bar
- Fact sheet preventing and dealing with workplace bullying

APPENDIX 23

GRANTS TO NON GOVERNMENT ORGANISATIONS

Organisation	Project brief	Funds
Aged & Community Services Association and Aged Care Association	Develop a one-day competency-based training program on Occupational Health and Safety Leadership and Change for managers and executive personnel working in the aged and community care industry and provide a series of workshops throughout New South Wales.	\$115,710
Australian Meat Industry Employees Union (Newcastle and Northern)	Develop an electronic induction and communication tool relating to rights and responsibilities under workers compensation legislation, which can be utilised across all industries (especially amongst young workers) that is user friendly and easily understood.	\$100,000
Australian Business Industrial	Develop and deliver a program to assist businesses, particularly small to medium enterprises (SMEs) to address the changes arising from the review of the <i>Occupational Health and Safety Act 2000</i> , update businesses on the changes to its accompanying Regulation and the <i>Workers Compensation Act 1987</i> .	\$130,000
Australian Business Industrial	Consider existing 'best practice' source material, input from practitioners/key personnel and seek to source examples of effective post-incident management from businesses of sizes that will be seen as relevant by the small to medium enterprises (SMEs). That material will then form the basis of a workshop series and resource materials for SME's aimed at: <ol style="list-style-type: none"> 1. Educating SMEs on the processes, including the respective roles of service providers; 2. Enabling SMEs to implement effective post incident management in the workplace. 	\$150,000
Australian Cleaning Contractors Association	Workshops will be held for Association members to discuss suitable duties for injured workers returning to work. The workshops will provide resource tools for the employer and demonstrations of correct cleaning methods.	\$29,316

APPENDICES

Organisation	Project brief	Funds
Australian Hotels Association	To shift the perception that workplace safety is a 'burden imposed on businesses' towards an understanding that 'workplace safety is good for businesses, and to ensure a higher level of workplace safety compliance and best practice within the hotel industry. The project will facilitate an on-line discussion board as a forum for hoteliers to post occupational health and safety-based problems and seek solutions; and provide appropriate training.	\$97,000
Australian Liquor, Hospitality and Miscellaneous Workers Union in partnership with TAFE NSW Hunter Institute	Deliver an educational initiative titled 'Safety Committee Meeting Training', to people with disabilities. The aim of the 'Safety Committee Meeting Training' is to empower Consumers with strategies and skills to play an active role in Safety Committees.	\$147,000
Australian Liquor, Hospitality and Miscellaneous Union in partnership with TAFE NSW Hunter Institute	The key objective is to deliver quality training to Union members with a disability, at their Service (Open Employment, Supported Business and Advocacy Services) throughout New South Wales. The training is designed to raise awareness of workplace safety.	\$150,000
Australian Manufacturing Workers Union	To establish a safety culture in the manufacturing industry as the most effective long term and sustainable means to reduce workplace injury in the industry, through a strategic program of education and training, skills development, practical resources and individual support.	\$205,600
Building Services Contractors Association	Educate cleaners/site supervisors and facility managers on specific workplace safety issues related to the transfer and processing of waste at loading docks and waste transfer areas. Undertake risk assessments of loading docks and waste transfer areas. Develop an information package and conduct a seminar series for Site Supervisors and Facility Managers to inform them of the information package and its use.	\$99,902
Building Services Contractors Association	Assess the level and impact of fatigue in the security industry (in the areas of guarding and crowd control) and seek evidence-based options for managing fatigue impairment in the industry.	\$86,000
Bus & Coach Industrial Association	Develop a web-based education, management & compliance tool for bus and coach operators and their staff. The system will aim to improve effective reporting and compliance with workplace safety and workers compensation processes and procedures by operators.	\$53,960
CFMEU Construction & General	Carry out intensive face-to-face training with workplace delegates, safety officers, union officials, and workers in various aspects of the <i>Occupational Health and Safety Act 2000</i> and regulations as they relate to the building and construction industry. Training will cover risk assessment, safe work method statements, and site safety checklists.	\$56,500
CFMEU Mining & Energy	Explore the nature of all safety related incentive schemes that assist in meeting safety targets, and other performance related bonuses operating in the Mining and Energy sectors and to examine the reasons behind the implementation of such schemes.	\$47,800
Funeral Directors Association	Implementation and monitoring of funeral industry risk management strategies and coordination with cemetery providers to minimise the risk of injury at burials.	\$100,000
Independent Education Union	Ongoing mentoring and support for identified personnel working in school environments who have taken responsibility for the workplace safety agenda by taking on the chairpersonship of the Occupational Health and Safety Committee, as a representative or as an employee representative identified in other agreed arrangements.	\$130,600

Organisation	Project brief	Funds
Local Government and Shires Association of NSW	The target group will be Occupational Health and Safety Committee Members working in councils located in metropolitan and regional areas throughout New South Wales. Workshops will be delivered in partnership with the United Services Union covering communication skills for occupational health and safety committees and preventing bullying and harassment training for managers/supervisors/employees.	\$96,921
Master Plumbers Association	This project will focus on a guide to supervision for apprentices, as well as transition seminars, a video and online support service to assist contractors in regional and remote areas.	\$137,250
Master Roof Tilers and Slaters	Development of an occupational health and safety awareness course for small businesses in the roofing industry to be delivered in metropolitan and rural areas across New South Wales.	\$82,900
Media, Entertainment and Arts Alliance	Assess the causes, level and impact of fatigue in the media, entertainment and arts industry and seek evidence-based options for managing fatigue impairment.	\$59,290
Newcastle Trades Hall Council	Newcastle Trades Hall Council will continue to mentor company occupational health and safety committees to further develop their role and function in the area of risk management. It will develop strategies in the workplace through the improvement of communication processes for key personnel, both employee and employer, and develop a systematic approach to risk management.	\$63,000
NSW Local Government, Clerical, Administrative, Energy, Airlines and Utilities Union (USU)	The target group will be occupational health and safety committee members working in metropolitan and regional councils throughout New South Wales. Workshops will be delivered in partnership with the Local Government & Shires Association covering communication skills for OHS Committees and prevention of bullying and harassment training for managers/supervisors, employees and union delegates.	\$63,500
NSW Nurses Association	Quantify the occurrence of sharp injuries including needlestick (SIN) across the sample and evaluate the reporting and follow up where SIN has occurred. Assess perceptions of risks associated with SIN. Assess provision of safety-engineered devices in workplaces and evaluate their effectiveness by assessing nurses' perceptions of risk control measures.	\$96,972
NSW Road Transport Association	Implementation of the Driver Fatigue Management Plan in accordance with OHS Systems and <i>OHS Amendment Regulation 2005</i> .	\$124,693
NSW Road Transport Association	Engage the transport industry in managing driver fatigue by focusing on the needs and skills of organisations and transport drivers to be able to comply fully with the spirit of the legislation.	\$87,000
NSW Teachers Federation	Promote an understanding of risk management for all members and in particular casual teachers, industrial arts teachers and special education teachers. Increase awareness, knowledge of OHS, effective consultation arrangements and risk assessment and management in all workplaces in which the Teachers Federation have members.	\$51,427
Nursery & Garden Industries Association	Awareness and education in manual handling and hazardous substances risk control including consultation procedures in the nursery and gardening industry.	\$85,678
Pharmacy Guild of Australia (NSW Branch)	Maximise the prevention of hold-ups by examining factors that have contributed to a decrease in hold-ups, with particular reference primarily to pharmacies and to other target groups such as service stations, convenience stores and bottle shops.	\$100,000

APPENDICES

Organisation	Project brief	Funds
Police Association of NSW	Motivate, skill and inform NSW Police employees to generate a self-sustaining movement towards safer workplaces through a series of one-and-a-half day Safety in Policing summits. Generate concern and positive activity around risk and injury management issues amongst junior police and develop communications strategies that serve as a daily reminder to all NSW Police employees about safe work practices.	\$150,000
Police Association of NSW	Clarify the role that tasking plays in the causation and/or aggravation of psychological injury in policing; and build a model that identifies risk and protective factors for psychological injury in police officers.	\$150,000
Public Service Association	Develop, deliver and provide practical information and support to PSA members on the current NSW OHS and Workers' Compensation legislation. This project will also extend the current partnership with the Department of Premier and Cabinet 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.	\$74,598
Screen Producers Association	An interactive multimedia educational training resource on Production OHS Risk Management for producers and managers in the Film & Television industry.	\$86,750
Textiles, Clothing and Footwear Union	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. This project is a continuation of the 2005 project.	\$82,570
Timber Trade Industrial Association	Assist small to medium sized timber companies throughout New South Wales to implement suitable duties into their workplaces to facilitate the return to work of injured employees.	\$108,695
Transport Workers Union	The project involves advising those involved in the transport industry of their rights and obligations under the new <i>Occupational Health and Safety Amendment (Long Distance Truck Driver Fatigue) Regulation 2005</i> .	\$144,147
Unions NSW	'Easy Guide to OHS and Workers Comp Compliance for Small Business' in partnership with the Penrith Valley Chamber of Commerce. Develop a series of industry-based templates for employers to implement. Document ten OHS consultation success stories in different industries and types of workplaces to give safety delegates and their organisations practical examples of how OHS consultation can be implemented to everyone's benefit.	\$136,000
Waste Contractors and Recyclers Association	Training video and training to ensure that operators of vacuum equipped trucks have a complete understanding of the operating standards and safety issues associated with the equipment.	\$38,000
Total		\$3,718,779

APPENDIX 24

CREDIT CARD

It is affirmed that for the 2006/07 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 is documented, and requires monthly reconciliation of invoices by the cardholder's manager.

APPENDIX 25

LICENSED AND SELF-INSURERS

Self-insurers

- Bankstown City Council
- BOC Limited
- Bonds Industries Pty Limited
- Campbelltown City Council
- 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
- 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
- Veolia Environmental Services (Australia) Pty Limited
- Warringah Council
- Westpac Banking Corporation
- Wyong Shire Council

Group self-insurers

- Australia and New Zealand Banking Group Limited
- Brambles Industries Limited
- BHP Billiton Limited
- Bluescope Steel Limited
- Cadbury Schweppes Australia Limited
- Coles Group Limited
- Commonwealth Bank of Australia
- CSR Limited
- McDonald's Australia Holdings Limited
- Northern Co-operative Meat Company Limited
- The NSW Self Insurance Corporation
- OneSteel Limited
- Rail Infrastructure Corporation
- Rinker Group Limited

- Skilled Group Limited
- State Rail Authority of New South Wales
- 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
- The Hollard Insurance Company Pty 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

APPENDIX 26

PRODUCTION NOTES

The WorkCover NSW Annual Report 2006/07 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**.

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INDEX

A

Aboriginal and Torres Strait Islander development strategies	41
About WorkCover NSW	2
- History	2
- Role	2
- Legislation	3
- Corporate direction and reporting	3
- Changes to reporting requirements	3
- Workers Compensation Insurance Fund	3
- Workers Compensation Commission	3
- Office of the WorkCover Authority	3
Account payment performance	4
Accountability	161
Accumulated surplus	123
Actively Assist Small and Medium Enterprises to Improve	
OHS and Workers Compensation Outcomes	36
- Serious about Safe Business Small Business Program	36
- Augmented Small Business Advisory Capacity	36
- Small Business Specific Products & Services	36
- Small Business Safety Solutions Rebate Program	37
- Small Business Longitudinal Study	37
- Safety Bus	37
All Terrain Vehicles (Quad Bikes) Safety Project	19
Ammonium Nitrate Verification	18
Appendices	150-174
Appropriate Application of Sanctions	23
Australian Accounting Standards	3, 50, 59, 61, 94, 95, 111, 113, 133

B

Balance sheet	12, 13, 67, 70, 83, 103, 116, 119, 134-137, 143
Board of directors and senior management	10, 12, 51, 164
Borrowings	131, 136, 142, 145, 163
Business Assistance Branch	7, 14, 16, 32, 36, 39, 156
Business Continuity Plan	48

C

Cash and equivalents	83, 135
Cash flow statement	58, 93, 110, 132
Changes in equity	82, 103
Chief Executive Officer's Report	6-7
Code of conduct	160
Committees: departmental/Inter-departmental	157, 158
Comparative balance sheet	86, 120
Comparative income statement	86, 120
Comparative statement of cash flows	87, 121
Consultants	60, 154, 165
Contracting and market testing	167
Contributions	56, 58, 60, 62, 66, 67, 84, 86, 87, 92-95, 116, 118, 119, 163, 164
Corporate Plan 2006-09	IFC, 3, 4, 6, 31, 43
Credit card use	173
Customer service	IFC, 4, 9, 32, 33, 43, 44, 156, 168

D

Departmental committees: established/abolished	158
Disability action plan	39
Draft <i>Major Hazards Facilities Regulation</i>	22

E

Efficient and Effective Legislative Framework	22
Effective Stakeholder Relationships	31
- Stakeholder Index	31
- Working Together	31
- Research and Grant Programs	32
- Disability Services Safety Improvement Program	32
- Customer Service	32
- Customer Service Charter	33
- Coordinator Counselling and Liaison	33
- International Day of Mourning	33
- Safe Work Awards	34

- Homecomings Campaign	34
- Paralympian Sponsorship Program	34
- Young Worker Competition	35
Effective System Management	27
- NSW WorkCover Scheme Arrangements	27
- Regulation and Compliance	27
Effective Workers Compensation System	5, 6, 8
- Financial Viability	24
- Premium Rate Reductions & Benefits Increase	24
- Apprentice Incentive Scheme Update	25
- Workers Status Rulings - WorkCover Advice Service	25
- Definition of a Worker	25
Effective stakeholder engagement	5, 6
Electronic Purchasing	48
Employment Injuries	16
Energy performance and waste reduction	47
- Corporate commitment	47
- Fleet management	47
- Recycling and waste management	47
- Energy management	47
Environmental Management Statement	47
Equal employment opportunity	38, 40, 41
Ethical behaviour	4
Ethnic affairs priority statement	39
Events that have significant effect on the succeeding year after the balance date	167

F

Falls Priority Program	20
Farm Safety Solutions Campaign	19
Fees and charges	56, 63
WorkCover Authority Financial Statements	49
- Financial performance overview	50, 123
- Statement by Directors	51
- Actuarial Certificate	52-53
- Independent Auditor's Report	54-55
- Income statement	56
- Balance sheet	57
- Cash flow statement	58
- Statement of recognised income and expenses	58
- Notes to and forming part of the Financial Statements	59-85
- Comparative income statement	86
- Comparative balance sheet	86
- Comparative statement of cash flows	87
Workers Compensation Commission Financial Statements	88
- Financial performance overview	88
- Statement by Commission	89
- Independent Auditor's Report	90-91
- Income statement	92
- Balance sheet	92
- Cash flow statement	93
- Statement of recognised income and expenses	93
- Notes to and forming part of the Financial Statements	94-104
Financial Performance Overview	
- Office of the WorkCover Authority Financial Statements	105
- Statement by Directors	106
- Independent Auditor's Report	107-108
- Income statement	109
- Balance sheet	109
- Cash flow statement	110
- Statement of recognised income and expenses	110
- Notes to and forming part of the Financial Statements	111-119
- Comparative income statement	120
- Comparative balance sheet	120
- Comparative statement of cash flows	121
NSW WorkCover Scheme Financial Statements	122
- Financial Performance Overview	123
- Statement by Directors	124
- Actuarial Certificate	125-127

INDEX

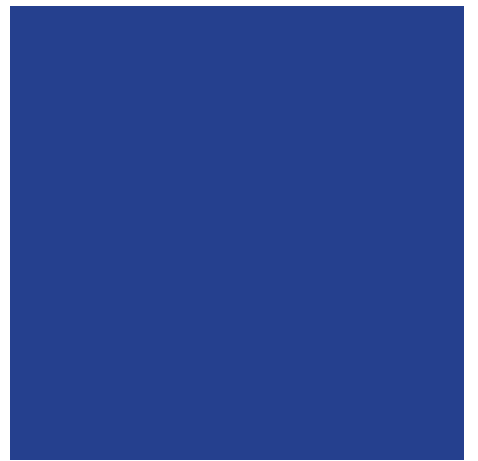
- Independent Auditor's Report	128-129	Our People	38
- Income statement	130	- OHS and Workers Compensation Performance	38
- Balance sheet	131	- Promoting Social Justice in NSW Workplaces	39
- Statement of changes in equity	132	- Ethnic Affairs Priority Statement	39
- Cash flow statement	132	- Disability Action Plan	39
- Notes to and forming part of the Financial Statements	133-149	- NSW Governments Action Plan for Women	40
Funds Management	28	- Equal Employment Opportunity Management	40
- Workers Compensation Insurance Fund	28	- Spokeswomen's Program	41
- Funds developments	28	- Aboriginal and Torres Strait Islander Development Strategies	41
- Asset allocation	29	- Human Resource Statistics	42
- Custodian	29	- Flexible Work Practices	43
- Investment Performance and Market Information	30	- Chief Executive Officer Staff Awards	43
Fireworks	18	- Workforce Action Plan	44
- NSW Consultative Committee	18	- Charter of Management Commitment	44
- Seizure of Illegal Fireworks	23	- Corporate Leadership Development Program	44
Fostering Local Farm Safety	18	Overseas travel	166
Freedom of Information	3, 158-160	Overview of WorkCover NSW Financial Performance	50
Fraud and corruption risk management	48		
Future outlook	4		
		P	
G		Performance Statements (SES5 and above)	155-156
Grants to non-government organisations	9, 32, 39, 56, 58, 65, 84, 86, 169	Plant Priority Program	20
		Power Take Off Rebate Program	18
H		Premium Rate Reductions and Benefits Increases	24
Harmonisation Project	35	Price determination method	164
Highlight – Year in review	8	Provision of information, advice and recognition of compliance	16
Human resource statistics	42	Publications	167-169
I		R	
Industry Solutions Program	17	Return to Work and Health Outcomes	26
- Construction Industry	17	- Performance	26
- Rural Industry	17	- Summary of NSW Results	26
Information Technology Management	45	- Reducing Disputes in Workers Compensation	26
- Business Advisory – Self Assessment Tool	45	- Improving Claims Management Decision-making	26
- Corporate Data Repository Enhancements	45	- Review of Guidelines	27
- New Improved Figtree/ULIS System	46	- Streamlining Dispute Resolution Procedures	27
- Information Security Management	46	Review of the <i>Occupational Health and Safety Act 2000</i>	22
- IT Disaster Recovery	46	Review of the <i>Occupational Health and Safety Regulation 2001</i>	22
- Infrastructure Refresh	46	Risk Management Framework	46
Internal Audit Unit	10	Role of WorkCover	2
Injury and illness prevention	5, 6, 8, 15-23		
		S	
L		Safer Silos Program	18
Leave-value of recreational and long service leave	42	Safety Summit	21
Legislation and legal change	151	Scheme viability	7, 24, 28
Liability management performance	162	Self-insurers	36, 60, 84, 164, 173
Licensed and self-insurers	173	Social justice in NSW workplaces	39, 41, 43, 168
		Spokeswomen's program	41, 168
M		Stakeholder engagement	2, 7, 31-37
Major assets and land	163	Senior Executive positions	9, 43, 155-156
- Disposals / acquisitions	163		
- Other than land holdings	164	T	
Manual Handling – Smart Move	20	Tender and Contract Management Framework	48
N		V	
National Certificates of Competency Licences	22	Vision and Mission	2
New and Emerging Business Areas	37		
NSW Government Action Plan for Women	40	W	
Noise Management Memorandum of Understanding	19	Women: NSW Government's Action Plan	3, 26, 27, 50, 62, 65, 84, 94, 111, 150, 153
		WorkCover Executive	11
O		Workers Compensation Commission	2, 3, 28, 62, 84, 123 133, 135, 143
Office of the Chief Executive	10	Workers Compensation Insurance Fund	88
Office of the WorkCover Authority	2	Workplace injuries	15
- Introduction	2		
Organisational capability	5, 7, 8, 42-48	Y	
Occupational health and safety performance		Year in review	8
- Human resource statistics	42		
Organisational culture	4		
Organisational structure	14, 166		

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