



WorkCover

WorkCover Authority of NSW  
Annual Report

2012-13



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The WorkCover Authority of NSW 2012–2013  
Annual Report has been prepared in  
accordance with the relevant legislation for  
the Hon. Andrew James Constance MP

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# Letter to the Minister

30 September 2013

The Hon Andrew James Constance, MP  
Minister for Finance and Services  
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 2013.

It provides a comprehensive insight to the Agency's performance over the 2012–13 financial year and an overview of its future direction.

Yours sincerely

Julie Newman *PSM*  
Chief Executive Officer  
WorkCover NSW

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# Chief Executive Officer report

I am pleased to submit the WorkCover NSW Annual Report for 2012–13 for presentation to Parliament. The WorkCover NSW Annual Report will be provided in two parts for the 2012–13 reporting period. The 2012–13 WorkCover Scheme and Investment Annual Report will be presented in October to facilitate the actuarial assessment of the scheme's financial performance as at 30 June 2013.

WorkCover NSW is part of the Safety, Return to Work and Support Division (SRWSD), which was formed for the purposes of consolidating governance arrangements under the *Safety, Return to Work and Support Board Act 2012* on 1 August 2012. SRWSD replaces the Compensation Authorities Staff Division (CASD).

The 2012-13 financial year has been one of major legislative changes for the Authority, the Board of which has been abolished and replaced with the Safety, Return to Work and Support Board in the past 12 months.

In June 2012, the NSW Government introduced reforms to workers compensation legislation. Some of the key features of the reforms included a focus on assisting and encouraging workers to return to work after an injury; improved benefits for seriously injured workers; the introduction of work capacity assessments that give the worker and the employer a better understanding of an injured worker's capacity to work; and restoring the scheme to financial sustainability without increasing employer premiums.

WorkCover's Information Centre continued to be an important contact point for the public in regards to work health and safety, receiving 207,100 phone calls, 11,065 emails and approximately 1800 counter enquiries during 2012–13.

WorkCover has implemented a new customer feedback framework. This is a three tier process for managing complaints which is designed to be customer centric and focus on delivering the best possible outcomes.

Our national approach to high-risk licensing last year was supported by a successful 'no photo no licence' campaign, which ended on 31 December 2012. The campaign reached more than 270,000 licence holders, who were contacted to convert their various licences into one easily recognisable, five-year, high-risk work licence.

In April 2013 WorkCover was involved with the launch of the *State-wide Asbestos Plan* to secure safe management of asbestos and reduce the incidence of asbestos-related diseases in NSW. WorkCover chairs the Heads of Asbestos Coordination Authorities (HACA) group, which was tasked with creating the plan, and a *Model Asbestos policy for NSW councils*, which was developed through Local Government NSW and launched during Asbestos Awareness Week 2012.

During 2012–13, WorkCover piloted the *Early Return to Work Engagement with Workplaces Program*, which focused on the impact of the Authority's engagement with employers on the delivery of improved return to work options for injured workers.

In the year ahead WorkCover will be undertaking the Healthy Workers Initiative in conjunction with the NSW Ministry of Health to help reduce workers' smoking, weight, and risk-drinking to decrease chronic disease and combat rising health costs.

**Julie Newman PSM**  
Chief Executive Officer

# About us

## Who we are

Established on 1 July 1989, WorkCover Authority of NSW (WorkCover) was the first government agency to integrate workplace injury prevention, injury rehabilitation and workers compensation into a single authority. It is one of Australia's largest insurance businesses and was responsible for net assets of approximately \$13.8 billion as at 30 June 2013. WorkCover reports to the Minister for Finance and Services.

## Our purpose

Our purpose is to increase the competitiveness of the NSW economy through productive, healthy and safe workplaces.

## Our commitment

WorkCover is dedicated to promoting productive, healthy and safe workplaces for workers and employers in NSW.

## Our values

Our values underpin our interaction with each other, our stakeholders and our customers, and as such are an important part of our planning process. As a major NSW Government agency, trusted with public money and safety, we adhere to a strong set of values in the performance of our day to day work. Our values are the NSW public sector values which are:

Integrity	Trust	Service	Accountability
<ul style="list-style-type: none"><li>• I consider people equally without prejudice or favour</li><li>• I act professionally with honesty, consistency and impartiality</li><li>• I take responsibility for situations, showing leadership and courage</li><li>• I place the public interest over personal interest</li></ul>	<ul style="list-style-type: none"><li>• I appreciate difference and welcome learning from others</li><li>• I build relationships based on mutual respect</li><li>• I uphold the law, institutions of government and democratic principles</li><li>• I communicate intentions clearly and invite teamwork and collaboration</li><li>• I provide apolitical and non partisan advice</li></ul>	<ul style="list-style-type: none"><li>• I will provide services fairly with a focus on customer needs</li><li>• I will be flexible, reliable and innovative in service delivery</li><li>• I will engage with the not for profit and business sectors to develop and implement service solutions</li><li>• I will focus on quality while maximising service delivery</li></ul>	<ul style="list-style-type: none"><li>• I will recruit and promote staff on merit</li><li>• I will take responsibility for actions and decisions</li><li>• I will provide transparency to enable public scrutiny</li><li>• I will observe standards for safety</li><li>• I will be fiscally responsible and focus on efficient, effective and prudent use of resources</li></ul>

## Our role

WorkCover promotes compliance with work health and safety legislation by providing information, education and assistance on work health and safety in the workplace, as well as licensing the operation of hazardous equipment, activities and defined premises.

It assists businesses to improve their workplace safety by providing advice, information and industry-based incentives. WorkCover also assists industry to better manage return to work of injured workers.

WorkCover exercises the powers of the Nominal Insurer for the NSW Workers Compensation Scheme through the Workers Compensation Insurance Fund (WCIF), and performs the insurer's operational functions. Approximately 270,000 employers and their workers were covered by the NSW Workers Compensation Scheme in 2012–13.

## Our location

### Head office

92–100 Donnison Street  
Gosford, NSW 2250

Hours of Business: 8:30am – 5:00pm  
Monday to Friday (public holidays excepted)

Ph: (02) 4321 5000

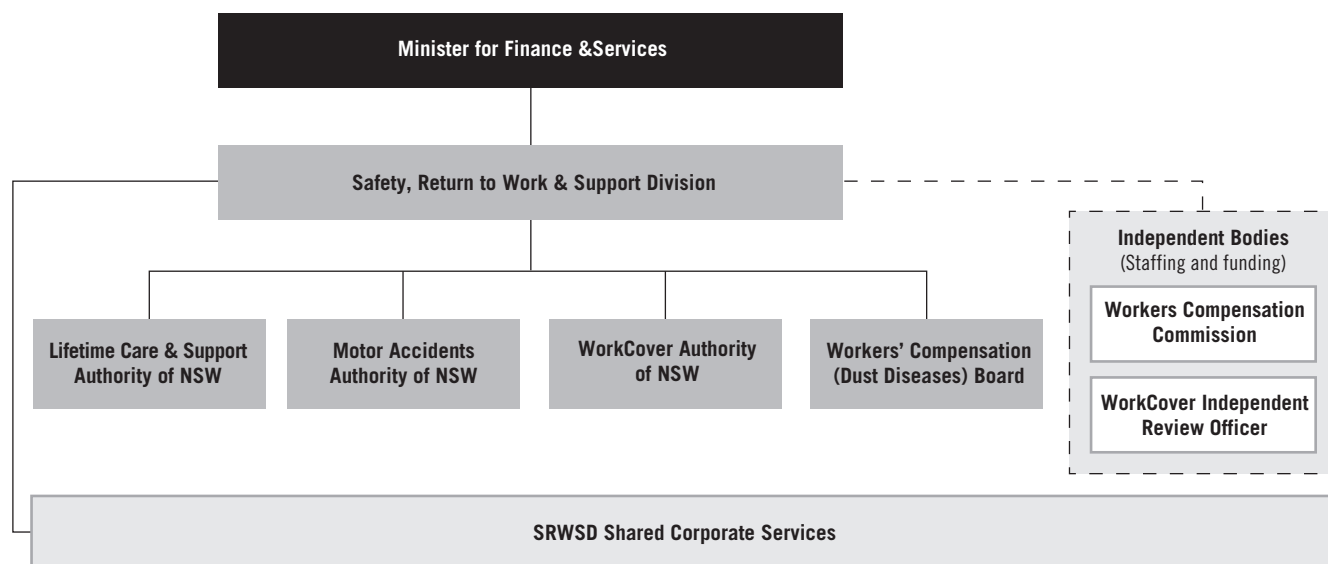
Fax: (02) 4325 4145

### Postal address

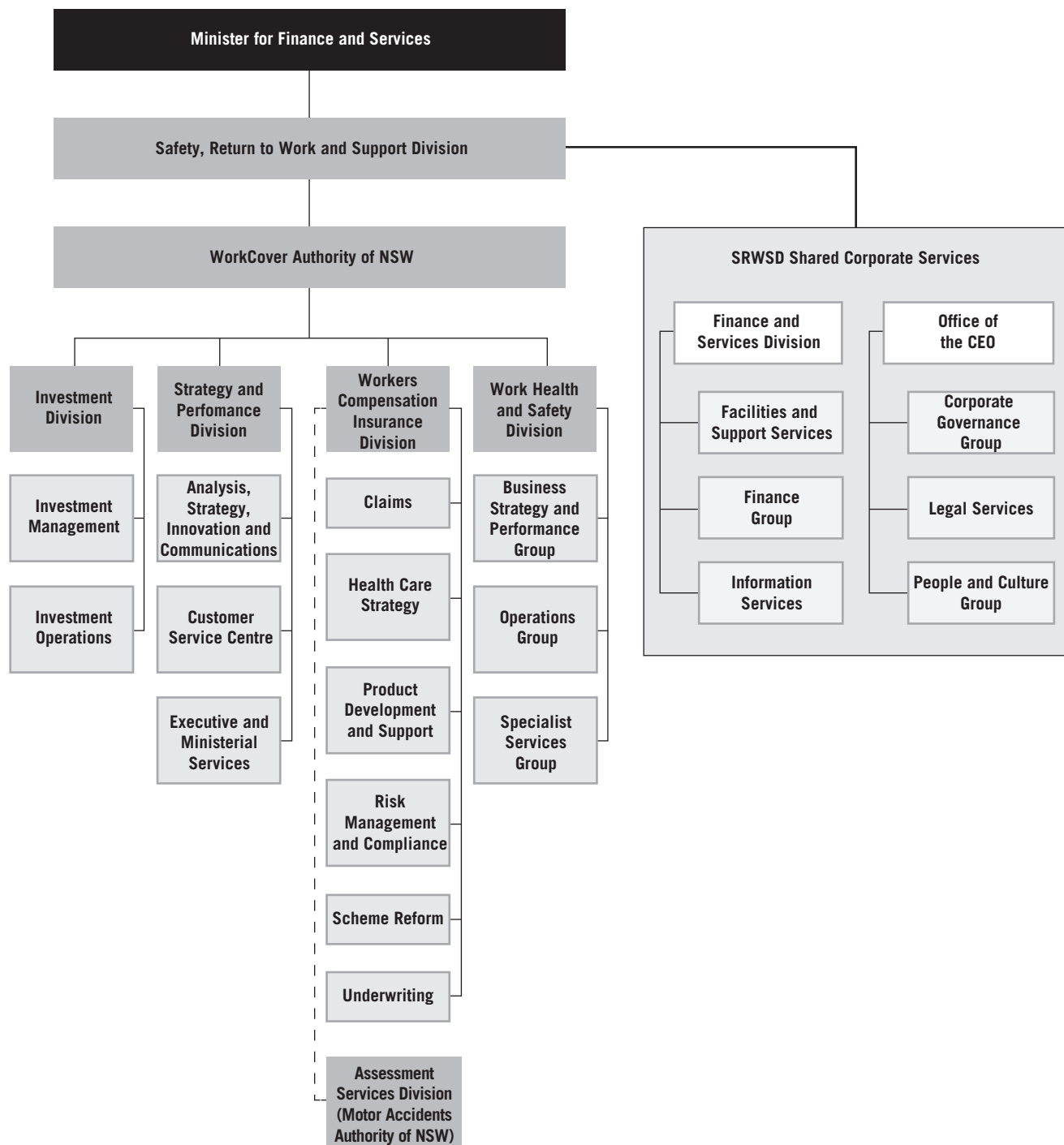
WorkCover NSW Locked Bag 2906 Lisarow 2252

# Organisational charts

## Safety, Return to Work and Support Division organisational chart



## WorkCover Authority of NSW organisational chart as at 30 June 2013





# Corporate plan

During 2012–13, the 2010–15 WorkCover corporate plan guided WorkCover's service delivery and policy focus. The plan, which aligns with NSW government priorities, explains what the community can expect of WorkCover.

Following the establishment of the Safety, Return to Work and Support Division (SRWSD) on 1 August 2012 under the *Safety, Return to Work and Support Board Act 2012*, work commenced on the development of a Safety, Return to Work and Support Division (SRWSD) corporate plan. The SRWSD corporate plan provides a clear insight into the complex and diverse business across the Division and provide clarity on the organisation's purpose, functions, and future direction.

The plan consists of four focus areas, which form the basis of our future strategic plans.

## How this Annual Report is structured

For consistency, all SRWSD annual reports have been aligned to these focus areas, which consist of:

- Affordability, commerciality and solvency
- Safety, recovery and support
- Customer service
- Capabilities

The financial statements contain the audited financial statements for the year ended 30 June 2013.

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

## Funding

WorkCover receives funding from various sources. Sources of funding include contributions from the Workers Compensation Insurance Fund (WCIF) after taking into account an estimation of WorkCover's net operating expenses, contributions from self-insurers, licensing fees, investment income and other miscellaneous sources of income.

The WCIF is funded through premium collections from employers and investment returns. As such, industry bears the direct cost of work health and safety services and the management of the workers compensation system in NSW.

## Legislation

WorkCover's main statutory functions are to ensure compliance with the following legislation:

- *Work Health and Safety Act 2011*
- *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*
- *Dangerous Goods (Road and Rail Transport) Act 2008*
- *Associated General Contractors Insurance Company Limited Act 1980*
- *Bishopsgate Insurance Australia Limited Act 1983*
- Associated regulations and other statutory rules

## Reporting requirements

The *2012–13 WorkCover NSW Annual Report* provides financial reports for the WorkCover Authority and the Safety, Return to Work and Support Division.

## Safety, Return to Work and Support Division

On 1 July 2009, the Compensation Authorities Staff Division (CASD) was formed pursuant to *Public Sector Employment and Management (Departmental Amalgamations) Order 2009*. CASD employed staff for WorkCover NSW, Workers' Compensation (Dust Diseases) Board, Lifetime Care and Support Authority, Motor Accidents Authority, Sporting Injuries Committee and the Workers Compensation Commission (WCC).

On 1 August 2012, the WorkCover Authority of NSW, Motor Accidents Authority of NSW, Lifetime Care and Support Authority of NSW and the Workers Compensation (Dust Diseases) Board became Safety, Return to Work and Support Division under the *Safety, Return to Work and Support Board Act 2012*, which replaced CASD. In 2012/13 SRWSD provided staff and funding for the WCC and the WIRO. The functions of the Sporting Injuries Committee have been transferred to the WorkCover Authority of NSW.

The SRWSD authorities are subject to the NSW Government and ministerial control and direction under their respective legislation.

The functions of SRWSD are overseen by two boards:

- The Safety, Return to Work and Support Board
- Workers' Compensation (Dust Diseases) Board.

Financial statements for WorkCover have been prepared in accordance with the *Public Finance and Audit Act 1983*.

The Workers' Compensation (Dust Diseases) Board, Lifetime Care and Support Authority, and the Motor Accidents Authority prepare separate annual reports.

## NSW WorkCover Scheme

In 2012–13, the NSW WorkCover Scheme results will be published in a separate annual report to facilitate the actuarial assessment of the Scheme's financial performance and position as at 30 June. The NSW WorkCover Scheme comprises the Workers Compensation Nominal Insurer and the WCIF.

The Nominal Insurer is a legal entity established in 2005 to issue policies of insurance and manage workers compensation claims of NSW employers. All funds received are paid in to the WCIF, which also meets the costs of claims and administration of the Scheme.

The assets of the WCIF are owned by the employers of NSW, who are also responsible for meeting any shortfalls.

# The Board and Senior Management

The *Safety, Return to Work and Support Board Act 2012* established the Safety, Return to Work and Support Board to oversee the functions of the WorkCover Authority of NSW, the Lifetime Care and Support Authority of NSW and the Motor Accidents Authority of NSW.

The general functions of the board are to:

- determine the general policies and strategic direction of each relevant authority
- oversee the performance of each relevant authority
- advise the Minister and the CEO on any matter relating to the relevant authorities or arising under the compensation and other related legislation
- determine investment policies for certain funds, and establish and administer one or more of the following funds:
  - Workers Compensation Insurance Fund
  - Lifetime Care and Support Authority Fund
  - Insurers' Guarantee Fund
  - Sporting Injuries Fund
  - Workers' Compensation (Dust Diseases) Fund
  - Nominal Defendant's Fund (currently nil assets)
  - Terrorism Reinsurance Fund (currently nil assets)

Generally, the role of the board extends to strategy and oversight of the relevant authorities, including policy making for investing funds, and encompasses the following responsibilities:

- oversight of the operational and financial performance of the relevant SRWSD authorities, compensation schemes and their respective funds
- advice and endorsement of the long-term strategy for the relevant SRWSD authorities, schemes and the SRWSD annual corporate plan

- advice and endorsement of work health and safety and return to work policies and strategies
- advice and endorsement of regulations and policies in respect of the management and administration of the relevant SRWSD schemes
- approval and oversight of SRWSD risk management, governance and internal controls frameworks
- approval and oversight of the policies and procedures for investment of the relevant SRWSD funds

The board must report to the minister on the investment performance of each of the above funds.

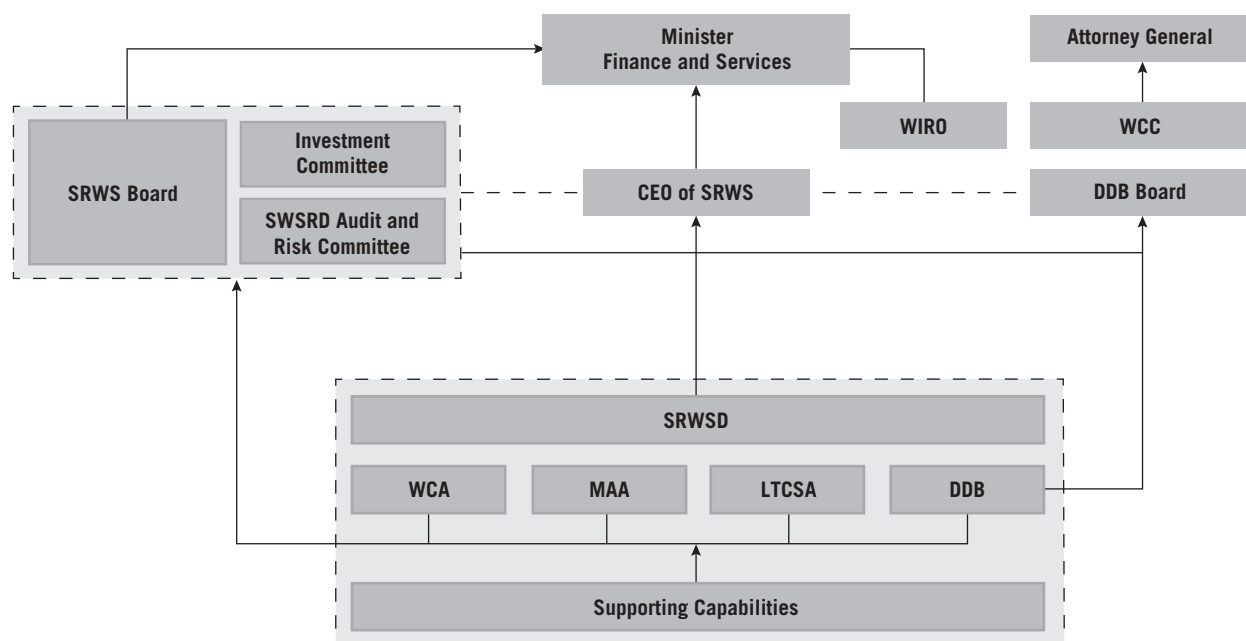
The core responsibilities of the board are essentially delivered through its conformance functions and strategic performance functions.

The conformance functions ensure that the relevant SRWSD authorities are carrying out their activities properly and efficiently. The strategic performance functions ensure that the objectives of the compensation, work health and safety and other related legislation under which the relevant SRWSD authorities are constituted are delivered to the NSW public.

The board consists of seven part-time directors, including the CEO. The part-time directors were appointed by the Governor of NSW on the recommendations of the Minister for Finance and Services.

The CEO controls and manages the affairs of WorkCover in accordance with the policies of the board.

Both the board and the CEO are subject to ministerial control and direction.



## Members of the WorkCover Authority of NSW Board up to 31 July 2012

The WorkCover Authority of NSW Board was abolished on 31 July 2012 and did not meet during 2012–13.

Its members were:

- Michael Carapiet MBA – Chairman
- Nicholas Whitlam AB(Hons), MSc – Deputy Chairman
- Gavin Bell LLB, MBA
- Elizabeth Carr BA (Hons) UWA, MPA Harvard, FAICD
- Mark Lennon BComm, LLB
- Julie Newman PSM BHS Mgt, CPA – A/CEO
- Carolyn Walsh BEcon, GAICD
- Raymond Whitten BA, LLB, LLM

## Members of the Safety, Return to Work and Support Board on 30 June 2013

The Safety, Return to Work and Support Board was established on 1 August 2012.



### Michael Carapiet, MBA – Chairman

Formerly with the Macquarie Group, Michael Carapiet held a number of senior executive roles including Global Head of Advisory and Specialised Funds, executive Director of Macquarie Bank Limited and executive Chairman of

Macquarie Capital and Macquarie Securities.

As at 30 June 2013, Michael's roles included:

- Member, Safety, Return to Work and Support Board Investment Committee
- Chairman of SAS Trustee Corporation
- Non-Executive Director of Southern Cross Media Limited
- Member, Advisory Board, Norton Rose Australia
- Member, State Super Financial Services Board
- Member, Clean Energy Finance Corporation Board
- Member, Advisory Board, Transfield Holdings



### Raymond Whitten BA, LLB, LLM

Raymond Whitten commenced practising law in 1972 and is a Solicitor Director of Whittens and McKeough Pty Limited. He has extensive experience in mining and resources law, public company law, commercial transactions

and all types of dispute work.

Raymond is an Accredited Specialist in Business Law, Notary Public and Responsible Officer of a Nominated Adviser to the NSX.

As at 30 June 2013, Raymond's roles included:

- Deputy Chair, Safety, Return to Work and Support Board
- Chair, Safety, Return to Work and Support Division Audit and Risk Committee
- Member, Safety, Return to Work and Support Board Investment Committee



### Gavin Bell LLB, MBA (Exec)

Gavin Bell became Chief Executive Officer and Managing Partner of Herbert Smith Freehills' on 1 July 2005. Gavin commenced at Herbert Smith Freehills in 1982 as a graduate solicitor and he became a partner in 1988.

Gavin is currently a member of the Advisory Council of the Australian School of Business and the Business Council of Australia.

As at 30 June 2013, Gavin's roles included:

- Member, Safety, Return to Work and Support Board
- Member, Safety, Return to Work and Support Board Investment Committee
- Director, AIMSIC Ltd (Aust Indigenous Minority Supplier Council)



### Elizabeth Carr BA (Hons), MA

Elizabeth Carr's career has covered senior executive management positions in Technology (IBM), Finance (Macquarie Group) and Government (Department State Development WA). Elizabeth's focus is to maximise the

interdependence of the private and public sectors.

As at 30 June 2013, Elizabeth's roles included:

- Member, Safety, Return to Work and Support Board
- Member, Safety, Return to Work and Support Division Audit and Risk Committee
- Chairman, Macular Degeneration Foundation (National)
- Member, Environmental Protection Authority (WA)
- Director, Kokoda Track Foundation (National)
- Director, St Mary's Anglican Girls School (WA)

**Peeyush Gupta, BA, MBA, FAICD**

Peeyush Gupta was the co-founder and inaugural Chief Executive Officer of Ipac Securities, a pre-eminent wealth management firm spanning financial advice and institutional portfolio management.

Peeyush undertook a Master of Business Administration (Finance) degree at the Australian Graduate School of Management and graduated in 1985 and completed the Advanced Management Program at Harvard Business School in 2006. Peeyush also serves on a variety of non-profit boards, including being Executive-in-residence, Australian School of Business, UNSW and SIRCA & SIRCA Technology.

As at 30 June 2013, Peeyush's roles included:

- Member, Safety, Return to Work and Support Board
- Chair, Safety, Return to Work and Support Board Investment Committee
- Chair, State Super Financial Services
- Chair, Charter Hall Direct Property
- Director, National Wealth Management Holdings Board

**Mark Lennon BComm, LLB**

Mark Lennon is Secretary of Unions NSW, and was appointed to that position in October 2008. Mark joined Unions NSW (formerly the Labor Council) in 1988 and has held the positions of Occupational Health and Safety Training

Officer, Industrial Officer and Assistant Secretary, prior to becoming Secretary. Mark was previously a member of the WorkCover Authority of NSW Board.

As at 30 June 2013, Mark's roles included:

- Member, Safety, Return to Work and Support Board
- Member Safety, Return to Work and Support Division Audit and Risk Committee
- Director, Trades Hall Association
- Director, First State Super Trustee Corporation
- Director, Health Super Financial Services Pty Ltd
- Director, McKell Institute Board

**Julie Newman PSM BHSMgt, CPA**

Julie has over 40 years' experience in the NSW public sector, leading teams to deliver outstanding results. Julie has led diverse teams through periods of transformational change, and managed turnaround scenarios to strengthen the

commercial viability and sustainable delivery of government services in the Safety, Return to Work and Support Division, WorkCover, the Ambulance Service of NSW and NSW Health. In 2013, Julie was awarded the Public Service Medal in the 2013 Australia Day Honours.

As at 30 June 2013, Julie's roles included:

- Chief Executive Officer of Safety, Return to Work and Support Division
- Chair, Workers' Compensation (Dust Diseases) Board
- Member, Safety, Return to Work and Support Board
- Director, The Sargood Centre
- Chair, The Sargood Centre Audit and Risk Committee
- Chair of Heads of Asbestos Coordination Authorities

Board Members	Date of Appointment	Date of Term End
<b>Chairperson</b>		
Michael Carapiet	1 August 2012	31 July 2015
<b>Deputy Chairperson</b>		
Raymond Whitten	1 August 2012	31 July 2015
<b>Experienced Representatives</b>		
Gavin Bell	1 August 2012	31 July 2015
Elizabeth Carr	1 August 2012	31 July 2015
Peeyush Gupta	1 August 2012	31 July 2015
Mark Lennon	1 August 2012	31 July 2015
<b>Chief Executive Officer</b>		
Julie Newman	1 August 2012	Term attached to role of CEO

## Directors' meetings

During 2012–13, the SRWS Board meetings held and attendance by directors were:

SRWS Board	Number eligible to attend	Number attend
Michael Carapiet – Chairperson	10	10
Raymond Whitten – Deputy Chair	10	9
Gavin Bell – Director	10	7*
Elizabeth Carr – Director	10	10
Mark Lennon – Director	10	9
Peeyush Gupta – Director	10	10
Julie Newman – (CEO)	10	10

\* Unable to attend due to illness

## Board Committees

The SWRS Board is able to establish committees to assist with the performance of its general functions. There are currently two committees administered by the Board:

- audit and risk committee
- investment committee.

## Audit and risk committee

The role of the audit and risk committee is to provide independent assistance to the board and the Workers' Compensation (Dust Diseases) Board of the administration and operation of governance, risk management and control frameworks.

The Committee provides an integral role in supporting the board to fulfil its corporate governance and oversight responsibilities, and to make decisions in relation to areas such as financial reporting, internal control and associated risk management systems, and internal and external audit functions.

The members of the Committee are listed in the following table:

Audit and Risk Committee Members	Date of Appointment	Date of Term End
<b>Chairperson</b>		
Raymond Whitten	31 October 2012	30 September 2016
<b>Experienced Representatives</b>		
Elizabeth Carr	31 October 2012	30 September 2016
Mark Lennon	31 October 2012	30 September 2016
Ray Petty*	31 October 2012	30 September 2016
<b>Chief Executive Officer</b>		
Julie Newman (invited)	31 October 2012	Term attached to role of CEO

\*Ray Petty is the representative for DDB.

## Audit and risk committee attendance

The audit and risk committee provides independent assistance to all SRWSD entities by overseeing and monitoring their governance, risk and control frameworks, and their external accountability requirements.

In 2012–13, the CASD audit and risk committee was replaced by the SRWSD audit and risk committee following the enactment of the *Safety, Return to Work and Support Board Act 2012*, which commenced on Wednesday, 1 August 2012.

CASD audit and risk committee	Number eligible to attend	Number attended
Doug Wright (Chair)	1	1
Carolyn Walsh (deputy Chair)	1	1
Robert Ingui	1	1
Cass O'Connor	1	1
Ray Petty	1	1
Julie Newman*	1	1

\*Julie Newman attended as Chief Executive, CASD. The Chief Executive was a standing invitee of the CASD audit and risk committee.

SRWSD audit and risk committee	Number eligible to attend	Number attended
Raymond Whitten (Chair)	4	4
Elizabeth Carr	4	4
Mark Lennon	4	3
Ray Petty	4	3
Julie Newman*	4	4

\*Julie Newman attended as Chief Executive Officer, SRWS. The Chief Executive Officer is a standing invitee of the SRWSD audit and risk committee.

## Investment committee

The role of the investment committee is to determine the policies, practices and strategies for investments of the relevant SRWSD funds. This includes monitoring the investment performance of the funds and reviewing investment compliance.

The investment committee provides an integral role in supporting the board to fulfil its investment responsibilities and to make decisions in relation to investment policies, investment objectives, strategic asset allocations and the risk profiles of the funds. The members of the committee are listed in the following table:

Investment Committee Members	Date of Appointment	Date of Term End
<b>Chairperson</b>		
Peeyush Gupta	27 August 2012	31 July 2015
<b>Experienced Representatives</b>		
Gavin Bell	27 August 2012	31 July 2015
Michael Carapiet	27 August 2012	31 July 2015
Raymond Whitten	27 August 2012	31 July 2015
<b>Chief Executive Officer</b>		
Julie Newman	27 August 2012	Term attached to role of CEO

Investment Committee	Number eligible to attend	Number attended
Peeyush Gupta	10	10
Michael Carapiet	10	10
Gavin Bell	10	7
Raymond Whitten	10	9
Julie Newman	10	10

## WCIF Investment Board

The WCIF Investment Board was abolished on 31 July 2012 and met once in July 2012, prior to the establishment of the Safety, Return to Work and Support Board.

During 2012–13, the WCIF Investment Board held meetings and attendances by directors, were:

WCIF investment board	Number eligible to attend	Number attended
Michael Carapiet – Chairperson	1	1
Raymond Whitten – Deputy Chair	1	1
Gavin Bell – Director	1	1
Peeyush Gupta – Director	1	0
Elizabeth Carr	1	1
Julie Newman – (CEO)	1	1

## Abolished entities

Following the commencement of the *Safety, Return to Work and Support Act 2012*, the Workers' Compensation and Work Health and Safety Council of New South Wales (Council) was abolished on 1 August 2012. The Council did not meet in the 2012-13 financial year.



## Chief Executive Officer

Julie Newman was appointed as the CEO of Safety, Return to Work and Support Division on 23 October 2012. The CEO of Safety Return to Work and Support manages and controls the affairs and functions of the following authorities of SRWSD:

- WorkCover Authority of NSW
- Motor Accidents Authority of NSW
- Lifetime Care and Support Authority of NSW
- Workers' Compensation (Dust Diseases) Board.

In addition, the CEO is responsible for formulating the corporate strategy and overseeing its implementation, reviewing executive performance and approving regulations, policies and budgets. The CEO is a member of the SRWS Board and chair of the Workers' Compensation (Dust Diseases) Board.

## SRWSD Executive on 30 June 2013

The SRWSD Executive team has 10 members, comprised of seven general managers across the four authorities, a chief financial officer, chief human resources officer, and director of legal services. This team is responsible for the management of the day to day operational activities of the organisation, including the implementation of the SRWSD strategy and corporate plan.

The executive team leads, directs, coordinates and controls SRWSD operations and performance, and makes recommendations on matters of strategic direction and policy to the CEO.

The SRWSD executive team consists of:

Chief Executive Officer of Safety, Return to Work and Support  
Julie Newman *PSM*, *BHSMgt*, *CPA*

General Manager, Workers' Compensation (Dust Diseases) Board  
Anita Anderson

General Manager, Workers Compensation Insurance Division  
Geniere Aplin, *MBA (Exec)*, *LLB*

General Manager, Strategy and Performance Division  
Carmel Donnelly, *BA (Hons)*, *MBA (Exec)*, *MPH*, *GAICD*

General Manager, Lifetime Care and Support Authority of NSW  
Don Ferguson

A/Chief Financial Officer, Finance and Services Division  
Megan Hancock *BBus*, *Grad Dip AFI*, *CA*

General Manager, Investment Division  
Steve McKenna

General Manager, Motor Accidents Authority of NSW  
Andrew Nicholls *BA(Hons)*, *MMgt*, *EMPA*, *JP*

General Manager, Work Health and Safety Division  
John Watson *PSM*, *Assoc Dip OHS*, *HFSIA.NSW*

Chief Human Resources Officer  
Greg Barnier, *MBus Coach*, *Dip HRM*, *Dip MGMT*, *Dip Fin Serv (Fin Plan)*, *Assoc Dip Bus (Bank and Fin)*

A/Director Legal Services  
Catherine Morgan *BA Hons LLM*

## Members of the WorkCover Executive who resigned prior to 30 June 2013

A/General Manager, Investment Division  
Chris Grogan

General Manager, Workers Compensation Insurance Division – Health Care Strategy  
Wayne Weatherbee

## Office of the Chief Executive

The Office of the Chief Executive provides executive support and secretariat services to the CEO, the SRWSD executive, and the SRWS Board.

## Corporate Governance

WorkCover's Corporate Governance Group provides independent and objective advice and assurance on the organisation's operation, systems of control and ethical culture, to identify and prevent corruption, manage strategic risks and deliver improved systematic performance. The director of corporate governance reports directly to the CEO.

# Affordability, commerciality and solvency

WorkCover promotes the health, safety and welfare of workers and provides effective injury management and compensation for injured workers by assisting businesses improve their workplace safety through advice, information, education, compliance and industry-based incentives.

WorkCover is both the regulator of the NSW Workers Compensation System, and exercises the powers of the Nominal Insurer, through the Workers Compensation Insurance Fund (WCIF), for the NSW Workers Compensation Scheme which provides workers compensation insurance coverage for 271,000 employers and their workers in the event of a work-related injury or disease.

## NSW WorkCover Scheme

The NSW WorkCover Scheme is a managed fund scheme with the workers compensation Nominal Insurer underwriting the risk and providing the capital. The Nominal Insurer is a not-for-profit, legal entity established in 2005 to issue policies of insurance and manage workers compensation claims for NSW employers. All premiums received are paid into the WCIF to meet the cost of claims and administration costs of the scheme.

The assets of the WCIF are owned by the employers of NSW, who are also responsible for meeting any shortfall.

The NSW Workers Compensation Scheme's financial accounts are reported separately in October to facilitate the actuarial assessment of the scheme's financial performance and position as at 30 June 2013. Additional information about the activities of the NSW WorkCover Scheme is provided in that report.

## Workers compensation reforms

In June 2012, the government announced significant changes to the NSW Workers Compensation System.

The reforms provide substantially improved financial support for the most seriously injured workers, and improved incentives and financial assistance to injured workers to facilitate their recovery and return to work while restoring the financial sustainability of the scheme.

### Improved benefits for seriously injured

From 17 September 2012, weekly benefits for the most seriously injured workers have been increased by an average 70 per cent to a minimum of \$736.72 per week.

### Improved weekly benefits

Workers injured on or after 1 October 2012 now receive benefits based on their pre-injury earnings, including normal overtime and shift allowances for the first year. Workers receive 95 per cent of their pre-injury earnings for the first 13 weeks up to the current indexed amount of \$1,903.70 per week less any current earnings. This is extended to 130 weeks for a worker returning to work for 15 hours per week or more, and earning at least \$155.

After the first 13 weeks, injured workers can continue receiving 80 per cent of normal pre-jury earnings, less any current earnings, for up to five years depending on the level of their permanent impairment and engagement in work. Only seriously injured workers can continue to receive weekly benefits after five years.

## Work capacity assessments

Employers are obliged to facilitate injured workers return to work by finding suitable work where it is reasonably practical. Similarly a worker who is fit for work is required to make reasonable attempts to return to suitable employment when it is safe to do so.

The introduction of work capacity assessments ensures a review of each seriously injured worker's medical, functional and vocational status to help inform decisions about their capacity to return to work in suitable employment. Each injured worker must receive a work capacity assessment by 130 weeks and a further review at least every two years.

## Review of work capacity assessments

Injured workers may request a merit review by WorkCover of decisions made by insurers in respect of work capacity. Further access to the WorkCover Independent Review Officer (WIRO) to provide an independent review of work capacity decisions is available if the worker is still not satisfied with the decision.

Since the reforms commenced, injured workers have requested a merit review by WorkCover for 2.3 per cent of work capacity decisions made, and under 0.1 per cent of decisions have progressed to WIRO.

## Focus on capacity

From 1 April 2013, the WorkCover medical certificates were replaced with the *WorkCover NSW certificate of capacity*, which focuses on an individual's capacity to work, rather than their incapacity or disability.

WorkCover has implemented a medical profession engagement strategy (as part of a larger health care strategy) based on provider participation and collaboration that emphasises evidence-based practices focused on capacity, return to work, recovery at work and the health benefits of work.

## Transition of workers injured pre-reforms

For claims made prior to 1 October 2012, the existing weekly payment rate continues until the injured worker is transitioned to the new benefits. The transition of these claims commenced from 1 January 2013 and is expected to take approximately 12 months.

WorkCover is working closely with the industry stakeholders including scheme agents, self and specialised insurers, medical and other providers including their industry bodies, and stakeholder associations to ensure a consistent approach to transition.



Existing weekly payments continue until the injured worker is transitioned to the new benefits following a work capacity assessment. The most severely injured workers were amongst the first to transition to the higher, post-reform benefits.

A third of existing claims have been transitioned at 30 June 2013 with all transitions expected to be finalised by 31 December 2013.

### Specialised insurer licensing

Specialised insurers are a class of workers compensation insurers licensed by WorkCover to provide coverage to employers of a specific industry or class of business. These insurers carry their own underwriting risk and responsibility for their claims liabilities.

This class of insurers was effectively closed in 2008, until reopened by the workers compensation reforms which permit the entry of new insurers, including new specialised insurers, into the NSW workers compensation insurance market. A licensing policy to support this reform will be implemented in 2013–14.

Under this policy, WorkCover will consider additional specialised insurers where it is in the interest of the efficiency and viability of the NSW workers compensation system, and would clearly result in improved outcomes for the employers and workers of NSW, including workplace health and safety, return to work, and health and recovery outcomes through to fair and affordable insurance pricing.

The policy will ensure that the authorisation of new insurers will consider the overall financial and operational impacts on the NSW workers compensation system, and the interests of a specific industry will be considered relative to those of employers remaining in the scheme.

Further, the proposed revisions are designed to attract responsible and accountable insurers fully capable of operating in the end-to-end workers compensation value chain.

### Support for self-insured local councils

To assist local councils in NSW, financial security requirements in 2012–13 have been reduced by one-third for those local councils who self-insure their workers compensation liability. Reducing the security deposits of these self-insured councils enables them to better fund community programs.

### Strategic asset allocation

The investment strategies for the Sporting Injuries Fund and the Insurers' Guarantee Fund are subject to the *Public Authorities (Financial Arrangements) Act 1987*, which restricts the counterparties which the funds may invest in, unless an exemption is granted. No such exemption has been sought and all investments for both funds are managed by the NSW Treasury Corporation within their Hour-Glass Facility Trusts.

The investment allocations for the Sporting Injuries Fund and the Insurers' Guarantee Fund and their respective performances are presented in the following tables.

### Sporting Injuries Fund allocations

Date	Cash	Medium Term Growth Facility	Long Term Growth Facility
30 June 2013	30%	34%	36%

### Insurers' Guarantee Fund allocations

Date	Cash	Medium Term Growth Facility	Long Term Growth Facility
30 June 2013	0%	75%	25%

### Investment performance

Fund	Performance for the Financial Year
Sporting Injuries Fund	11.9%
Insurers' Guarantee Fund	13.0%

### Governance arrangements

With the introduction of the *Safety, Return to Work and Support Act 2012*, a new governance structure was introduced. In August 2012, the SRWS Board replaced the WorkCover Authority Board and the Sporting Injuries Committee for oversight of the statutory funds. The board is responsible for setting the investment strategy for the funds and reporting the funds' performances to the minister.

The Board has established an investment committee to assist in discharging its functions. The investment committee reviews the investment strategy for the funds and makes recommendations to the board as appropriate. The Investment Division and the investment committee continue to assess structures and initiatives to establish appropriate levels of risk and return, improve the efficiency and solvency of the funds, and ensure that the schemes can meet future claims.

Since its inception, the investment committee has been developing its foundation governance documents, including its *Investment Beliefs Statement* and the *Investment Policy Statement*.

### Investment operations and administration

#### Collaboration

In August 2012, the Department of Finance and Services and NSW Treasury established a working group to review the administration of investments across the NSW government. The Investment Division has worked closely with the working group and other government entities to assess the scope for cost savings and efficiencies in the investment, administration and operation areas.

## **Custody arrangements**

Following the introduction of the *Safety, Return to Work and Support Act 2012*, the new governance structure and the oversight of other statutory funds, the Investment Division sought and was granted an expansion and extension to the existing *Custody & Related Services Agreement* between the Nominal Insurer and State Street Bank and Trust. The renegotiated agreement covers the Sporting Injuries Fund and the Insurers' Guarantee Fund, an extension of up to two years and ongoing cost savings for the Funds.

## **Energy performance and waste reduction**

WorkCover is committed to achieving savings in energy usage and maintaining sustainable energy management principles. During 2012–13, WorkCover occupied 23 sites which purchased electricity through state contracts and generated six per cent of their power from renewable energy sources. Electricity to the remaining leased sites was supplied through shared metering and managed by the building owners.

WorkCover initiatives included:

- energy-efficient lighting and the use of motion-detection control technology
- timed air conditioning to optimise energy usage
- rollout of the UniFLOW print management system and consolidation of printers to reduce paper and toner usage
- 100 per cent recycling of used toner cartridges in an environmentally-friendly manner
- recycling of IT equipment through approved providers
- procurement of more environmentally-friendly vehicles
- increased publication of online materials
- electronic payslips provided to employees
- 100 per cent recycling of waste printed copy paper

WorkCover will continue to review and implement cost-effective strategies to reduce energy consumption, and is committed to reducing its operational and environmental impact in the areas of recycling and waste reduction.

# Safety, recovery and support

WorkCover helps NSW workplaces be healthy, safe and productive. It is responsible for administering work health and safety regulatory frameworks that are delivered and supported through a range of business functions. These functions are primarily focused around frontline response, prevention activities that reflect the application of consistent and effective enforcement and compliance efforts and contributing to workers safe and durable return to work. Its aim is to protect the health, safety and welfare of all people at their workplace, to reduce the incidence of work related injury and illness and the associated costs to the scheme.

## Work health and safety performance

To ensure the effectiveness of its illness and injury interventions, WorkCover monitors and measures the changes in workers compensation claim numbers and incidence rates for major workplace injuries and workplace fatalities. Workers compensation claims data provides WorkCover, industry, persons conducting a business or undertaking (PCBUs), employees and other customers with information about the causes and effects of workers compensation claims. This information can be used to inform planning and help prevent future workplace injuries and diseases. The most current available data is for 2011–12 and a summary of NSW performance is outlined below.

In addition, WorkCover undertakes workplace inspections, investigates incidents and complaints, mediates on workers compensation disputes and, when necessary, issues penalties and undertakes prosecutions. Data is provided about the numbers of inspections, investigations, workplace visits, compliance and enforcement activities undertaken for 2012–13.

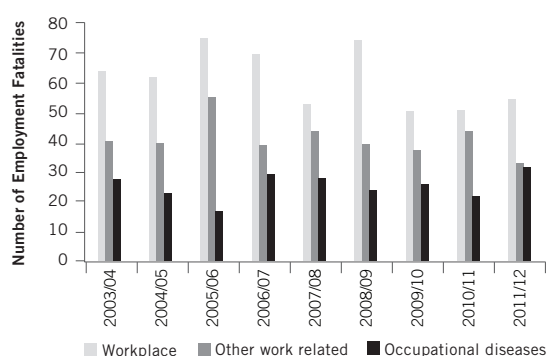
## Employment fatalities

There were 122 employment-related fatalities in 2011–12, including:

- 55 as a result of traumatic injury while the person was at work
- 33 as a result of diseases contracted or aggravated at work
- 34 while the person was away from their place of work – e.g. commuting to or from work.

The graph below shows the trends in the number of employment-related fatalities over time.

**Number of employment-related fatalities by year**



The number of employment-related fatalities can fluctuate and numbers in recent years show a slight increase (113 in 2009–10, 117 in 2010–11 and 122 in 2011–12). This represents an eight per cent increase in employment-related fatalities since 2009–10. However, the long-term trend shows a decrease from 177 fatalities in 1991–92 to 122 in 2011–12.

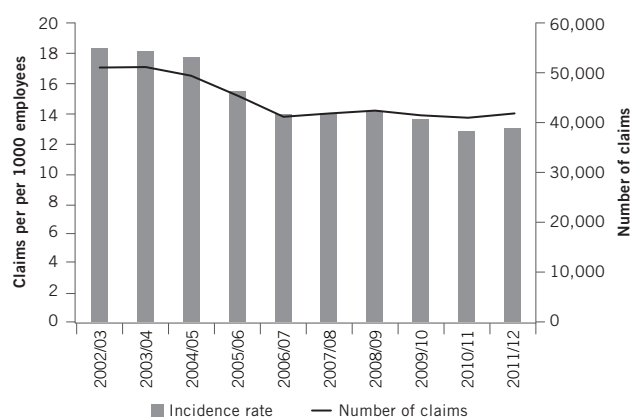
## Employment injuries

Employment injuries are defined as injuries resulting from work-related incidents, and occupational diseases contracted or aggravated out of, or in the course of, a worker's employment. This includes major claims for death, permanent disability, or temporary disability (where five or more days have been paid for total incapacity).

In 2011–12, there were 129,706 employment injuries, an increase from the 126,077 reported in 2010–11.

While there has been an increase in the number and incidence rate of employment injuries for this reporting period, the graph below shows that there has been a decreasing trend in incidence rates over the long term. The incidence rate for major employment injury claims has reduced by 29 per cent from 18.5 in 2002–03 to 13.2 in 2011–12. The incidence rate is defined as the number of claims per 1000 employees.

**Major employment injuries**



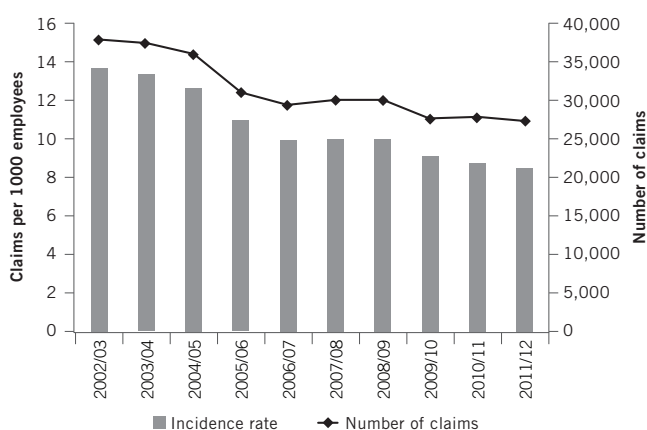
An analysis of employment injuries for 2011–12 shows that workplace injuries make up 76 per cent of all employment injuries, followed by occupational diseases at 16 per cent, and other work-related injuries at eight per cent.

## Workplace injuries

Workplace injuries are defined as those caused by incidents occurring at the workplace either during work or during a work break, where the worker's activity is under the control of an employer.

The graph below shows that major workplace injury incidence rates continue to drop. In fact, rates have reduced by 53 per cent since 1991–92, from 18.7 injuries per 1000 workers to 8.7 in 2011–12. This is the lowest rate since inception of the scheme in 1987.

### Major workplace injuries



## Industries, cause and type of injury

In 2011–12, the agriculture, forestry and fishing industry had the highest incidence rate of major workplace injuries with 22.2 per 1000 employees. The industry with the highest number of major workplace injury claims was the manufacturing industry with 3884. The highest number of workplace injury fatalities was recorded in the transport, postal and warehousing industry with 21, followed by manufacturing with seven. Together, these two industries accounted for over 51 per cent of all workplace injury fatalities.

Manual handling was the most common mechanism or cause of major workplace injuries, contributing to a total of 10,364, or 37 per cent of the 27,696 workplace injuries across all industries.

Soft tissue injury was the highest reported injury type, with 12,791 claims recorded for 2011–12.

## Occupation and age

Labourers and related workers had the highest incidence rate with 22.5 major workplace injuries per 1000 workers. Machinery operators and drivers was the occupation with the highest number of workplace fatalities at 17, followed by labourers with 14, and technicians and trades workers with 10.

The age range with the highest number of major workplace injuries was the 50–54 year bracket, with 3482 injuries and an incidence rate of 10.7. The age bracket with the highest number of fatalities was the 40–44 year range with 12. The lowest incidence rate belonged to the 15–19 year range with 6.4 injuries per 1000 employees, followed by the 65 and over year bracket (7.1) and the 20–24 year bracket (7.2).

## Occupational disease

In 2011–12, there were 10,747 major occupational disease claims, an increase on the 8981 claims in 2010–11.

Diseases of the nervous system and sense organs (including industrial deafness) were the major contributors of occupational disease claims, representing 4291 of total occupational disease claims. This is an increase on the 2010–11 figure of 3196.

The manufacturing industry is the major contributor for diseases of the nervous system and sense organs, representing 36 per cent of all reported major claims for this disease category.

Mental disorders continue to be highly represented with 3160 major claims, an increase from the 2961 claims in 2010–11. The incidence rate of mental disorders (0.99) is slightly lower than the high of 1.2 recorded in 2002–03.

The majority of mental disorder claims came from the health care and social assistance industry, representing almost 21 per cent of all reported cases.

## Work health and safety prosecutions

As the regulator for work health and safety in NSW, WorkCover undertakes strategic prosecutions for non-compliance with work health and safety legislation. In 2012–13, WorkCover concluded 98 successful work health and safety prosecutions, involving 83 defendants in 54 matters. Total fines awarded by the courts were over \$5,259,000.

A total of 130 defendants were charged for breaches of the legislation in 2012–13. As at 30 June 2013, 172 defendants were before the courts for breaches of work health and safety legislation, not including the two matters currently under appeal involving six defendants.

## Investigation, enforcement and follow up of safety risks

WorkCover assists businesses to improve their workplace safety, while also meeting community expectations regarding enforcement. WorkCover also remains committed to the *National compliance and enforcement policy*.

As part of the national, harmonised approach to compliance and enforcement, WorkCover began issuing inspection reports from 1 January 2012 to align with the commencement of the new work health and safety legislation. During 2012–13, inspectors conducted 19,633 visits to workplaces in NSW.

In 2012–13, 6686 inspection reports were issued, which documented advice provided onsite following workplace visits. Also, WorkCover inspectors issued 8186 notices, including 124 penalty notices, 550 prohibition notices and 6111 improvement notices.

## Sustainable return to employment

### WorkCover NSW SafeWork Awards

The WorkCover NSW SafeWork Awards were established in 2004 to reward and promote high standards of work health and safety (WHS) in workplaces around New South Wales.

In 2013 WorkCover introduced two new awards to the WorkCover NSW SafeWork Awards, to recognise those who are helping workers return to safe and sustainable work following a workplace injury.

The new awards include:

- Excellence in return to work for business: this award recognises an employer's outstanding contribution in providing safe and sustainable return to work for injured workers. This award will be given to:
  - a small business with a workers compensation premium of \$50,000 or less, and
  - a large or medium-size business with a workers compensation premium of \$50,001 or more.
- Return to work achievement award for workers: this award recognises a worker's outstanding achievements in returning to work following a workplace injury.

These awards are in addition to four pre-existing awards.

### Job Cover Placement Program

This program was launched in 1992 and involved a wage subsidy of \$3600 over a three-month period paid to an employer for employing an injured worker. In 2011, the program was revised and annual payments to employers were increased to \$27,000. As a result, the number of participants in the program has increased by 88 per cent.

## Focus on Industry Program

The principal aim of this program is continuous improvement in health and safety and return to work outcomes through sustainable change in business practice and culture in identified priority industry sectors. This program targets industries with the highest risks and the greatest number of injuries and illnesses.

In 2012–13, the program focused on three projects:

- wood products manufacturing – launched on 28 February 2013
- road freight transport – launched on 14 May 2013
- sheep and beef cattle farming – launched on 18 June 2013.

As part of the wood products manufacturing project, workplace visits were undertaken and more than 2100 industry safety kits were distributed to raise awareness of the project. The kits included practical business tools and information about the Wood Rebate Program and the Safety Coach Program.

For the road freight transport project, an industry action plan was developed, together with a suite of guidance materials.

An industry action plan has been launched for the sheep and beef cattle farming project, and further collaboration is underway with research experts, industry stakeholders and local communities.

## Focus on regional priorities

In line with the *NSW State Plan 2021*, WorkCover has implemented a regional community focus where frontline resources, capability and leadership positions have been aligned to state regional areas.

An example of this regional approach is a project that focuses on the meat processing industry in regional NSW, developed in partnership with the Australian Meat Industry Council (AMIC).

The meat processing industry is primarily based in rural and regional settings, and experiences a high rate of injury and illness. The project commenced in the south-west hub in 2012 and has expanded into the north-west hub.

Project activities included workshops, education and advice, and onsite visits. Participants demonstrated an increased knowledge of industry hazards and risks, and improved skills at managing those risks.

A successful outcome of the project has been the establishment of meat industry safety networks in the hubs, which enabled participants to discuss and promote practical solutions for industry-specific hazards. A number of these participants were finalists in the WorkCover NSW SafeWork Awards in 2012.

## Focus on workplace health

### Early Return to Work Engagement with Workplaces Program

During 2012–13, this pilot program focused on the impact of WorkCover's engagement with employers on the delivery of improved return to work options for injured workers.

The average time off work for injured workers with short-term workers compensation claims is 37 days. A one-day improvement in average return to work performance has the potential to save the Workers Compensation Scheme \$16.5 million annually and reduce claims liability by \$56 million.

In addition to cost savings, supporting injured workers to return to work as soon as it is safe to do so promotes faster recovery and reduces the risk of long-term disability and loss of workplace productivity.

The pilot program focused on three areas:

- large and medium-size businesses with the potential for significant reductions in claim frequency and cost
- medium-size businesses with injured workers not at work (premium affected by claims experience)
- small businesses with injured workers not at work (not premium affected).

WorkCover is currently considering the findings and results of the pilot program.



## Healthy Workers Initiative

The Healthy Workers Initiative (HWI) is being undertaken by WorkCover in conjunction with the NSW Ministry of Health, and specifically aims to reduce workers' smoking, weight, and risk-drinking.

This initiative is closely aligned to priorities outlined in the NSW State Plan 2021 and sets targets on reducing smoking, excess weight and obesity, and risk-drinking, in order to decrease chronic disease and combat rising health costs.

The Commonwealth Government has provided the NSW Government with funding of \$71 million from 2011–12 to 2017–18 – through the National Partnership Agreement on Preventive Health (NPAPH) – for the development and implementation of the HWI, to improve the health-related lifestyles of people in NSW across a range of settings, including the workplace.

The HWI has a number of components, including:

- A Healthy Workplace Service, which will comprise workplace health checks and a referral service for type-2 diabetes, cardiovascular disease and tobacco use, as well as organisational support.
- A business engagement and communication strategy to encourage workplaces to become more health conscious and engage with the Healthy Workplace Service.

A major focus of the initiative is to develop a 'healthy workplace population' in targeted industries and/or occupations over the 2013-2018 period. Industries to be included in the initial phase of the project are manufacturing, transport and construction. Piloting of the initiative will commence in July 2013.

## The Heads of Asbestos Coordination Authorities

The Heads of Asbestos Coordination Authorities (HACA) was established to ensure NSW Government agencies and local councils effectively coordinate safe management of asbestos at all stages of the asbestos lifecycle and across the policy areas of workplace health and safety, public health and environment protection.

HACA, chaired by the CEO of WorkCover, was tasked with developing:

- a state-wide asbestos plan
- a model asbestos policy for NSW councils
- a comprehensive public awareness and education campaign.

HACA also undertakes coordination activities for:

- the NSW waste levy review
- the electrical industry asbestos safety working group
- asbestos emergency clean-up activities from recent natural disasters
- the national asbestos plan and Office of Asbestos Safety
- NBN asbestos telecommunication pits remediation

The *State-wide asbestos plan* aims to secure safe management of asbestos to reduce the incidence of asbestos-related diseases in NSW. It targets initiatives in four priority areas – research, risk communication, prevention and coordination. In April 2013, the Minister for Finance and Services launched the plan.

The *Model asbestos policy for NSW councils* was developed through Local Government NSW and launched during Asbestos Awareness Week 2012, to assist councils with the review or development of their asbestos policy.

The Asbestos Awareness Campaign launched during Asbestos Awareness Week included:

- the launch of an enhanced website as a national resource – **asbestosawareness.com.au**
- the launch of asbestos awareness ambassadors – Don Burke, Scott Cam, Lindsay Farris, John Jarrett and Scott McGregor
- blue lights on the Opera House sails and candle-lit tributes for asbestos diseases victims and families
- the launch of 'Betty', a purpose-built mobile house to display areas where asbestos is commonly found in homes – 'Betty' featured at key events like the Royal Easter Show and HIA Sydney Home Show, and will tour regional and rural NSW to raise asbestos awareness

## Focus on authorisation services

### 'No photo no licence' High Risk Work Licence Conversion Program

High-risk work licences are needed to operate a range of machinery, including forklifts and cranes, and pressure equipment, such as boilers and turbines. They are also required to carry out scaffolding, rigging and dogging work.

WorkCover has been working towards a national approach to licensing by using various communication campaigns (print, media, mail and information sessions). Over 270,000 licence holders were contacted to convert their various licences into one easily recognisable, five-year, high-risk work licence. This licence includes a photo, expiry date and information relating to the activity that the licence holder is eligible to perform.

The new card is now recognised in all states and territories. The successful 'No photo no licence' campaign came to a close on 31 December 2012.

### High Consequence Low Frequency Compliance Program

The High Consequence Low Frequency (HCLF) Program is a proactive intervention program designed to prevent workplace injury and illness. HCLF risk areas include major hazard facilities, asbestos and demolition work, explosives, high-risk plant, hazardous chemicals usage and bulk storage.

HCLF incidents are those that occur infrequently but may have a large human, social, environmental and/or economic impact on a workplace, industry sector or the NSW economy.

The consequences of an HCLF incident are considered so serious that WorkCover has developed a program to manage these risks. In addition, the risks have additional regulatory controls through the use of authorisations such as licences, registrations and notifications.

The program includes a compliance area, where inspectors undertake detailed verification assessments in the following areas:

- plant and machinery
- major hazard facilities
- dangerous goods/explosives
- hygiene and toxicology
- high-risk work licensees and assessors
- asbestos and demolition.

During 2012–13, implementation plans and training programs for inspectors have been established, and targets for verification activities have been achieved, ensuring that the NSW community is protected from possible high consequence incidents.

## Focus on national initiatives

### Quad bikes

Quad bikes are now the leading cause of death on Australian farms. WorkCover has been at the forefront of a number of state and national initiatives to reduce quad bike-related fatalities and injuries on farms.

In July 2012, the Minister for Finance and Services announced the NSW Government will spend \$1.3 million to reduce the unacceptable number of quad bike deaths across the state. Research is being conducted on behalf of WorkCover and the Australian and New Zealand Heads of Workplace Safety Authorities (HWSA), and by experts from the Transport and Road Safety Research Unit at the University of NSW.

As part of this research, 15 of the most common quad bike farm vehicles are being tested using a specially designed tilt-table to determine the likelihood of vehicles rolling over and causing severe injuries.

The results will help regulators, and guide manufacturers to make engineering and design improvements to quad bikes.

An industry strategy is also being developed with key stakeholders, including the trans-Tasman quad bike working group. The strategy includes improvements to the point-of-sale material to help farmers purchase the vehicle best suited to their needs and farm profile, the mandatory requirement of wearing a helmet, and the option to fit safety improvements to protect riders in event of a rollover.

The strategy also includes a nationally-recognised, rider-training course designed specifically for farmers. It also reinforces the need to comply with manufacturers' guidelines in relation to carrying passengers, load requirements, and the age of the rider.

### Review of the national OHS self-insurer audit tool

An organisation may apply to be self-insured for workers compensation. Self-insurance means that an organisation undertakes their own underwriting risk and does not obtain a workers compensation insurance policy. To maintain their self-insurer status, self-insurer organisations are obliged to comply with workers compensation legislation to at least the same extent as premium-paying organisations.

To be self-insured, a licence must be obtained from the relevant work health and safety regulator. The national self-insurer OHS audit tool (NAT) defines the criteria that regulators use within their jurisdictions to assess OHS/WHs management systems (OHSMS/WHsMS) of the self-insured, and the conditions of their licence. The NAT is an important tool for both self-insurers and regulators, and helps ensure appropriate work health safety systems and processes are in place.

The NAT was first introduced in 2007 and was reviewed in 2009. A further review commenced in October 2012. The review resulted in the completion of NAT version 3, which is anticipated to commence in all jurisdictions by 1 January 2014, following public comment.

### WorkCover's commitment to national initiatives

WorkCover is committed to national efforts in relation to work health and safety and workers compensation. This occurs in partnership with governments, employers and employees through Safe Work Australia (SWA). SWA is a tripartite body comprising 15 members and is guided by the *Intergovernmental Agreement for Regulatory and Operational Reform in Occupational Health and Safety* (IGA), which was agreed by the Council of Australian Governments (COAG) in 2008.

During 2012–13, significant work was undertaken by WorkCover in the national arena, including:

- Endorsing the *Australian Work Health and Safety Strategy 2012-2022* in October 2012. This strategy provides a 10-year framework to continue to drive improvements in workplace health and safety in Australia.
- Assisting with the implementation and achievement of the goals outlined in the IGA. WorkCover, together with other regulators and under the auspices of HWSA, will develop nationally consistent operational procedures, templates and guidance material. Over the past 12 months, an audit tool for training of health and safety representatives (HSRs), a template for prohibition notices, and guidance material on the right of entry have been developed.
- Assisting with the development and endorsement of model codes of practice on scaffolding, construction work, and managing risks of hazardous chemicals in the workplace.
- Supporting a national plan, designed to evaluate the implementation of the harmonisation of the work health and safety legislative framework against the objectives of the IGA. A national workplace safety survey, commenced in 2012 to support the plan.

## Focus on regulatory services

### Close the Loop Program

The Close the Loop Program involves meeting with workplaces who have recently been prosecuted to improve their work health and safety performance, and ensure risks and hazards that gave rise to the prosecution have been eliminated or controlled.

In 2012, the program was evaluated to determine the:

- extent to which prosecuted people are controlling workplace risks
- effectiveness of the program
- recommendations to improve the functionality and effectiveness of the program.

Although the program was initially conceived as a verification program, the evaluation has shown that the program delivers added value as perceived by the workplace representatives that include; improving their working relationship with WorkCover, providing an opportunity to confirm changes in systems and management practices, and to open up communication lines about safety issues.

The evaluation made a number of recommendations to provide more flexibility in 'close the loop' engagements.

### Investigation decision-making panel

WorkCover convenes an internal governance panel to assist in the delivery of workplace injury prevention, and the reduction in injury and fatality incident rates in NSW. The panel's role is to:

- analyse fatality and serious injury data and, as a consequence, develop communication messages and initiatives to assist in the prevention of similar incidents
- consider matters for investigation in line with the 'criteria for investigation' contained in the *National compliance and enforcement policy*
- promote a proportionate response to the level of risk and/or non-compliance with enforcement expectations
- consider coronial recommendations made to WorkCover and facilitate responding actions

## Focus on commercial services

### Cytotoxic Drugs and WorkCover's Testing Program

WorkCover's Chemical Analysis Branch is accredited by the National Association of Testing Authorities (NATA) as an occupational health laboratory. It provides a range services for testing exposure to hazardous materials in the workplace, including highly toxic cytotoxic drugs.

During 2012–13, 500 tests were undertaken and a campaign promoting the availability of the test is currently underway.

The branch is the only provider of this type of testing in NSW.



# Customers

## Customer service

WorkCover's Customer Service Centre provides information and assistance to workers, industry and the community on work health and safety, injury management and the workers compensation system. The WorkCover Assistance Service includes the Information Centre, the Claims Assistance Service (CAS) and the Licensing Solutions Unit, and is the first point of contact for many of our customers.

The Information Centre is the central point of contact. In 2012–13, it received 207,100 phone calls, 11,065 emails and approximately 1800 counter enquiries.

CAS provides assistance to injured workers and employers about workers compensation claims. In 2012–13, CAS received 5816 new cases. It resolved 5242 (85 per cent) of the 6170 cases closed throughout the year. In addition, CAS handled 5945 'no response' matters.

The Licensing Solutions Unit is a high volume customer service provider, responsible for processing work health and safety licence applications, notifications and registrations. In 2012–13, the unit received 347,955 customer requests, comprising 225,651 requests for licences, notifications, certificates, permits and replacements, and 122,304 calls for assistance via hotlines.

## Customer feedback

In 2012–13, WorkCover received 74 compliments for their assistance, advice, courteous approach and timely resolution of work health and safety and workers compensation issues.

It also investigated and resolved 84 complaints relating to the delivery of services. These complaints included requests for an internal review of decisions, the non-granting of certain licences, and delays in communicating outcomes of workplace investigations. In addition, a total of 11 requests for information were received from the NSW Ombudsman's office and all were resolved in the first instance without the need for formal investigation.

### Customer feedback framework

Under the new Customer Feedback Framework, WorkCover has implemented a three tier process for managing complaints. The new processes have been designed to be more customer-centric and focus on delivering the best possible outcomes for complainants at all stages of the complaints process.

The three levels in the process are:

- Level 1 Complaint (also called frontline complaint):
  - Is acknowledged and resolved at first or second contact with the complainant
  - Does not involve complex investigation
  - Is generally received and resolved by telephone
- Level 2 Complaint (also called escalated complaint):
  - Is unable to be resolved at Level 1 and is referred by frontline staff
  - Can be the result of a customer requesting the complaint be escalated or reviewed

- Requires investigation, senior officer review/approval (independent of the original decision maker) or subject matter expertise
  - Can be a serious nature such as misconduct or illegal behaviour
  - Involves a complaint resolution process and/or procedure or outcome
  - Involves investigation which is more complex and exceeds two business days of total effort
  - Are complaints about WorkCover or a Scheme Agent's service delivery or process
  - Contests a decision made by WorkCover or a Scheme Agent
- Level 3 Complaint (external escalation):

If a complaint cannot be resolved or if the customer is not satisfied with the decision made at level 2, the customer is provided with external escalation points for review. Depending on the nature of the complaint, appropriate escalation options may include:

    - WorkCover Independent Review Office (WIRO)
    - Workers' Compensation Commission (WCC)
    - NSW Ombudsman
    - Administrative Decisions Tribunal
    - Health Care Complaints Commission

## Supporting service delivery and customer needs

A priority for WorkCover is to implement prevention-related activities on the highest work, health and safety risks and drive a reduction in injury and illness. This is undertaken through education, advice, assistance and effective community relationships. In 2012–13, a number of activities were implemented to support this priority area.

Each of these programs is designed to increase WorkCover's engagement with the community, with a specific focus on industries identified in the Focus on Industry Program.

### Small Business Rebate Program

WorkCover currently has a number of rebate programs available to support small business in NSW. A rebate of up to \$500 is available to eligible small businesses in NSW to purchase and implement workplace safety solutions. Additional rebates of up to \$1000 are currently available under the wood manufacturing focus on industry project. The rebate is available for kitchen manufacturers and timber joiners, and wall-frame and truss manufacturers. Rebates are designed to subsidise the cost of purchasing or installing safety equipment that will help address safety hazards in the workplace.

During 2012–13, WorkCover assisted 415 small businesses and provided \$195,000 in funding, resulting in \$408,450 in safety improvements.

## **Webinars**

Webinars (online seminars) are an effective way to engage with the business community for the dissemination of information. and to communicate directly with external stakeholders and identify issues of concern to the community.

Approximately 4800 people attended a WorkCover webinar during 2012–13.

Webinar topics range from building safe systems of work to hazard-based topics, such as managing hazardous noise. Attendees come from a broad range of industries, including large businesses, local councils, workers, health and safety professionals and industry associations.

Webinars are promoted via WorkCover's eNews, Facebook and Twitter, and on the WorkCover website. Recordings of previous webinars can also be accessed via the website.

## **Mentor Program**

The Mentor Program helps small businesses improve their workplace health and safety, return to work and injury management performance by partnering them with large businesses.

WorkCover's sixth Mentor Program was launched in October 2012. Forty-eight small businesses participated in the program, with the majority of the businesses located in the Sydney metropolitan area.

The 2012–13 program included mentors from 27 large organisations, including Inghams Enterprises, Eraring Energy, Lend Lease, Parramatta City Council and Fuji Xerox Australia.

In addition to the assistance provided by their mentors, mentees have been supported with webinars and workshops.

## **Safety Coach Program**

In May 2013, WorkCover piloted a new program for small businesses offering free coaching and advice from industry experts who have hands-on industry experience and knowledge. Safety coaches are nominated by industry associations and are not directly employed by WorkCover.

The safety coach helps small businesses undertake high-risk activities safely. A safety action plan for the business is developed.

The pilot included 50 small businesses in the wood manufacturing industry in the Sydney, Wollongong, Central Coast and Newcastle areas. The program included rebates of up to \$2000 for businesses to make changes to their workplaces in accordance with their safety action plans.

# Capabilities

## Organisational Capability

During the 2012–13 year, a significant number of actions and initiatives aligned with the GROWing Our Culture Framework (GROW) launched in 2011 were undertaken. The GROW framework is designed to support sustainable cultural change and improved capability across SRWSD through the creation of a constructive, empowered, productive and safe workplace. GROW includes 7 key focus areas of Wellness, Safety, Achievement, Capability, Leadership, Customer Experience and Innovation.

The following is a summary of the major GROW initiatives and actions implemented to achieve increased organisational capability:

- A significant realignment program commenced in early 2012 and continued throughout 2012–13. This major organisational review of capabilities, roles and structure included a number of new appointments to key leadership roles, including the role of Chief Executive officer and a number of General Managers and senior executive positions
- A focus on values and ethics commencing with the formal adoption of the Public Sector Values of Integrity, Trust, Service and Accountability as the SRWSD values and the development and issue of a revised SRWSD Code of Conduct and Ethics Policy
- Development of a comprehensive leadership strategy designed to build both leadership and management capability. The Leadership Strategy was launched through a series of leadership summits held throughout April and May. The summits were attended by people leaders from across the organisation and provided an opportunity for people leaders to:
  - share in the overall vision
  - learn about key management practices and culture
  - build relationships and collaborate
  - share inspiring leadership experiences with each other
- A focus on developing a high performance culture through goal identification and achievement, supported by authentic conversations. Information sessions on performance management were held across the organisation with clear expectations set that managers are required to address poor performance early and are to have regular performance discussions with their employees. The importance of ensuring employees have role clarity, clear objectives, comfort with participating in authentic performance discussions and an understanding of how progress and performance is measured were highlighted as vital components towards enabling a constructive and productive workplace
- Commencement of the SRWSD mandatory training Program, with modules on “Maintaining a Harassment Free Office” and “Drug and Alcohol Awareness” released to employees in December 2012 and modules on the “SRWSD Code of Conduct and Ethics” and “Public Interest Disclosures and Reporting Corrupt Conduct” released in May 2013

- Continued enhancement of the rigour and transparency of recruitment and selection processes including implementation of behavioural interviewing and the introduction of pre-screening questions
- The inaugural SRWSD Annual Employee Awards Ceremony, providing an opportunity to acknowledge and celebrate the excellent work performed by employees from across the organisation, was held in May
- A move to actively encouraging and enabling early intervention and support for SRWSD employees who have concerns in the workplace with working relationships and personal issues
- Implementation of a tiered service and advice model within People and Culture Group including a clearly understood approach to case management to support people managers and employees who are managing workplace issues

## WorkCover NSW work health safety performance and employee wellbeing

WorkCover's performance in the area of work health safety and employee wellbeing continued to focus on early intervention approaches. Workplace consultation saw the formation of 30 workgroups and the election of over 40 Health and Safety Representatives, or other agreed consultation arrangements consistent with the work health and safety legislation. WorkCover continues to review its health and safety policies and procedures.

Staff are reminded of their responsibilities to report any identified hazards, and the number of hazards identified consistently exceeds the number of injuries reported. This is a positive indicator, highlighting an improved awareness by all staff across the organisation of safety policies, workplace safety responsibilities and risk management. WorkCover continues to undertake risk management activities which focus on a behavioural safety approach, particularly with regard to the working environment.

Any trends identified through hazard notifications and injuries reported are considered, with control measures developed and preventative actions implemented.

In 2012–13, there were 22 claims lodged by WorkCover staff, a significant decrease in the number of claims for the previous years (53 claims in 2011–12 and 75 claims in 2010–11). Claims for body stressing and mental health were 11 and 4 respectively. Also, the average cost of claims has decreased by approximately 70 per cent, highlighting a focus on early intervention, pro-active case management, timely return to work strategies and wellbeing strategies in the workplace.

WorkCover continues to support staff through non-work related illness and injury concerns. This early intervention is reflected in the reduction of claims. There is healthy utilisation of the Employee Assistance Program, which provides confidential information, advice and counselling. The Critical Incident Support Program provides de-briefing services to staff involved in emergency or crisis situations and WorkCover's bullying response service for internal staff received five calls in 2012–13.

WorkCover's wellness component of the 'GROWing our Culture' strategy supports the emotional, physical, financial and social wellbeing of staff through learning environments, information and participation in various wellness activities. Similarly, the safety component provides education, advice and a focus on cultural change.

## Workforce diversity and inclusion

SRWSD is committed to building a workplace culture which values and understands the benefits of a diverse workforce, reflective of the wider community.

In 2012–13, a number of initiatives and actions were implemented to support this commitment, including the introduction of mandatory training for all staff on maintaining a harassment-free work environment, planning for the development of a 'diversity and inclusion' intranet page, and preparation for the launch of a SRWSD diversity council/employee network. A diversity events calendar was also developed to plan and promote key diversity events, such as Harmony Day, NAIDOC Week, International Women's Day and International Day for People with a Disability.

A number of initiatives aimed at recognising, valuing and supporting employees from diverse backgrounds, identified EEO groups and groups of interest identified through workforce data analysis (e.g. young workers) or through current focus (e.g. carers) were implemented.

### Employees with a disability

- SRWSD is a gold-level partner with the Australian Network on Disability (AND), which will enhance our capacity to attract and retain people with disabilities and become a disability-confident organisation.
- Adjusted a position description, with consideration to individual reasonable adjustment requirements, to enable the permanent appointment of a young worker with a disability. This young worker is now being supported with additional training to aid career enhancement.
- Development of a 'personal emergency evacuation plan' (PEEP) template for roll out across SRWSD in late 2013. A PEEP is an individualised emergency evacuation plan designed for an occupant with a disability or injury, who may need assistance during an emergency. These plans are being coordinated between employees with a disability and fire wardens to ensure emergency coordinators are aware of individual employee needs should an evacuation be required.

### Indigenous employees

- Participated in the Central Coast-based NAIDOC Week celebrations, attended the Local Health Districts NAIDOC week community gathering and health expo, and participated in the Kikupa Cup Tournament
- Sponsored an indigenous student through the University of Newcastle's IBIS Scholarship Program, which provides work experience during two, 10-week industry placements within SRWSD.

### Employees from a multicultural background

Implemented actions from the SRWSD multicultural plan, including:

- putting a statement in all SRWSD job advertisements encouraging applicants from diverse cultural backgrounds
- placing multicultural awareness information in induction packs and relevant leadership programs.

### Women

- Participated in the Central Coast Lifeline Steel Magnolia Awards and sponsored the Young Achiever Award. Female employees were also nominated to attend the International Women's Day celebrations.
- Sponsored six women from across the business to attend the Australian Women In Leadership Conference, which provided an opportunity to network with other women from across the private and public sector and to hear from a number of talented and respected leaders
- Sponsored three women in the Drive Your Career Program, which helps participants plan and develop strategies for their career, including how to seek opportunities for greater responsibility and maintaining work/life balance.

### Young workers

- Expanded the SRWSD Scholarship Scheme to include two more scholarships with the University of NSW and another two with the University of Newcastle, bringing the total number of scholarships for young emerging professionals to seven. The program includes work experience placements in business areas aligned to the students' area of study.
- Sponsored three young employees from across SRWSD to attend the 2013 NSW Public Sector Young Leaders Conference in May.

### Employees with carer responsibilities

- Development of an information pack for Managers to raise awareness of issues facing employees with carer responsibilities, as defined within the *NSW Carers (Recognition) Act 2010*. Information sessions for managers will be rolled out across SRWSD later in 2013.

## EEO Trends – WorkCover

Trends in the Representation of EEO Groups				
EEO Group	Benchmark/Target	2011	2012	2013
Women	50%	55.4%	56.1%	56.5%
Aboriginal People and Torres Strait Islanders	2.6%	3.4%	3.2%	2.8%
People whose First Language Spoken as a Child was not English	19.0%	14.1%	15.0%	14.6%
People with a Disability	N/A	7.7%	7.7%	7.4%
People with a Disability Requiring Work-Related Adjustment	1.5%	4.3%	4.4%	4.1%

Trends in the Distribution of EEO Groups				
EEO Group	Benchmark/Target	2011	2012	2013
Women	100	91	91	92
Aboriginal People and Torres Strait Islanders	100	92	94	93
People whose First Language Spoken as a Child was not English	100	101	100	99
People with a Disability	100	98	98	98
People with a Disability Requiring Work-Related Adjustment	100	96	95	96

## EEO Trends – WorkCover Independent Review Officer

Trends in the Representation of EEO Groups				
EEO Group	Benchmark/Target	2011	2012	2013
Women	50%	N/A	N/A	42.9%
Aboriginal People and Torres Strait Islanders	2.6%	N/A	N/A	0.0%
People whose First Language Spoken as a Child was not English	19.0%	N/A	N/A	32.1%
People with a Disability	N/A	N/A	N/A	0.0%
People with a Disability Requiring Work-Related Adjustment	1.5%	N/A	N/A	0.0%

Trends in the Distribution of EEO Groups				
EEO Group	Benchmark/Target	2011	2012	2013
Women	100	N/A	N/A	N/A
Aboriginal People and Torres Strait Islanders	100	N/A	N/A	N/A
People whose First Language Spoken as a Child was not English	100	N/A	N/A	N/A
People with a Disability	100	N/A	N/A	N/A
People with a Disability Requiring Work-Related Adjustment	100	N/A	N/A	N/A

## EEO Trends – Workers Compensation Commission

Trends in the Representation of EEO Groups				
EEO Group	Benchmark/Target	2011	2012	2013
Women	50%	58.3%	61.6%	62.4%
Aboriginal People and Torres Strait Islanders	2.6%	0.0%	0.0%	0.0%
People whose First Language Spoken as a Child was not English	19.0%	45.9%	42.4%	41.0%
People with a Disability	N/A	6.3%	6.6%	6.6%
People with a Disability Requiring Work-Related Adjustment	1.5%	3.5%	3.8%	3.4%

Trends in the Distribution of EEO Groups				
EEO Group	Benchmark/Target	2011	2012	2013
Women	100	92	93	93
Aboriginal People and Torres Strait Islanders	100	N/A	N/A	N/A
People whose First Language Spoken as a Child was not English	100	92	92	88
People with a Disability	100	N/A	N/A	N/A
People with a Disability Requiring Work-Related Adjustment	100	N/A	N/A	N/A

Note 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 less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels.

Note 2: The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

## Multicultural policies and services plan

WorkCover recognises and supports a multicultural society of NSW. We are committed to ensuring that all our services are easily accessible to people from diverse linguistic, religious and cultural backgrounds.

In 2012, WorkCover liaised with the Community Relations Commission to develop the *WorkCover NSW Multicultural Plan 2012-2016* to ensure it continues to effectively address the needs of a culturally, linguistically and religiously diverse society in all business planning, development and delivery of services. The plan was endorsed by the Community Relations Commission in October 2012. The initiatives and commitment has been reflected in the SRWSD corporate plan (developed in 2013) and has been incorporated into lower level strategy business plans. Due to the recent development of the plan, many of the initiatives are in the planning phase with implementation to commence late 2013 and 2014.

Key initiatives undertaken during 2012–13 included:

- Incorporating multicultural and linguistically diverse parameters in data collection, survey tools, project templates, planning processes and databases to aid future analysis and planning.
- Providing access to translation services where required either through a translator or Community Language Allowance Scheme (CLAS) Officer. In 2012–13, there were:
  - 1353 claims that identified with a language other than English (1.04 per cent of total claims)
  - 766 claims requiring interpreter services (0.59 per cent of total claims)
  - WorkCover spent \$130,867 in interpreter services
  - The most frequent translator services requested were Mandarin, Vietnamese, Arabic, Serbian, Spanish and Cantonese.
- Increasing promotion of the Community Language Allowance Scheme with improvements in knowledge management and the collation of data. There are currently 16 officers offering services in 12 languages.

- Translation of key communication materials, such as:
  - the 'Come home safely' kit is available in 15 languages
  - the 'contact us' material on the website is available in 27 languages
  - communication material for the wood products manufacturing industry project is available in multiple languages, including Arabic, Korean and Cantonese.
- Promoting and participating 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.

In 2012, implementation of the SRWSD Disability Employment Strategy, which aligned with the NSW Department of Premier and Cabinet employABILITY Strategy, commenced.

The main initiatives of the plan undertaken in 2012–13 included:

- sponsoring of eight Paralympians who were injured in the workplace, to assist with the promotion of workplace safety
- promoting and participating in key social justice events, such as International Day for People with a DisAbility and Loud Shirt Day

## Learning and Development

In addition to programs focused on enhancing skills and capability, the key focus for the last 12 months was on career management and wellbeing to support staff.

In the 2012–13 financial year, there were a total of 1414 permanent and temporary staff. In 2012–13 163 programs were conducted across SRWSD, with a total attendance of 2135.



## Corporate governance

### Risk management

During the year, WorkCover moved from an individual agency-based risk management approach to an integrated whole-of-SRWSD risk management approach. The new approach is consistent with AS/NZS standards (31000) and is appropriate for WorkCover as it reflects how the Board's responsibilities across SRWSD resides with the Safety, Return to Work and Support Board and the Workers' Compensation (Dust Diseases) Board, following the formation of SRWSD under the *Safety, Return to Work and Support Board Act 2012* in August 2012. The implementation of the risk management approach commenced with the delivery of a Strategic Risk Review.

### Internal Audit Unit

The SRWSD Internal Audit Unit (IAU) is an independent review function that manages, through an outsourced service provider, an annual plan of risk-based audits across all the SRWSD agencies, including WorkCover.

In 2012–13, 17 reviews were completed in WCA. These reviews made 101 audit recommendations to strengthen the organisation's internal controls.

The following internal audit reports were issued in 2012–13:

- SRWSD OHSS\*
- SRWSD Procurement
- SRWSD Business Continuity Management
- SRWSD Grants and rebates
- SRWSD Information Requests including GIPA
- SRWSD Mobile Phones
- WorkCover Self and Specialised Insurer Monitoring\*
- WorkCover Medical Providers Unit\*
- WorkCover Audit Management and Operational Governance Team\*
- WorkCover Government Licensing System (GLS)\*
- WorkCover Requests for Service, Incidents and Investigations
- WorkCover Claims Branch
- WorkCover Major Hazards Facilities
- WorkCover Regional Office Newcastle
- Investment Division Derivatives Exposure and Mandate Compliance\*
- Investment Division Operational Review\*
- Investment Division Procurement and Contract Management

\*Internal audit reviews from the 2011–12 audit plan completed during the 2012–13 year.

In addition to the above, the following internal audit reviews, from the 2012–13 audit plan, were in progress as at 30 June 2013:

- SWSRD Shared Services Delivery
- SWSRD Project Management
- Investment Division Performance Reporting to Management and Stakeholders
- WorkCover Workers' Compensation Insurance Fund (WCIF)

The IAU also undertakes a range of fraud and corruption prevention activities. In 2012–13, SRWSD-wide policies for Fraud and Corruption Control and Internal Reporting were updated and issued to all staff by the SRWSD Chief Executive Officer. IAU staff act as Public Interest Disclosure Officers to whom staff can report allegations of corrupt conduct within the *Public Interest Disclosure Act 1994*. IAU also manages investigations into corrupt conduct liaising, where appropriate, with the Independent Commission Against Corruption (ICAC).

The Director Corporate Governance acts as the Chief Audit Executive and reports directly to the SRWSD Audit and Risk Committee for strategic direction and accountability purposes, and reports administratively to the Chief Executive Officer to facilitate day to day operations.

### Public Interest Disclosures (PIDs)

The Department Head, being the CEO, has taken action to make staff aware of their rights and responsibilities under the *Public Interest Disclosure Act 1994*. Awareness activities within the current PID reporting period (1 July 2012 to 30 June 2013) include induction training, refresher training, external training, and internet communications.

The WorkCover Authority (WCA) has an Internal Reporting Policy that was updated and re-issued by the Chief Executive Officer to all WCA staff in December 2012.

PIDs	1 July 2012 – 30 June 2013
Number of public officials who made PIDs	0
Number of PIDs received	1
<b>Of PIDs received, number primarily about:</b>	
• Corrupt conduct	0
• Maladministration	1
• Serious and substantial waste	0
• Government information contravention	0
• Local government pecuniary interest contravention	0
• Number of PIDs finalised	0

Note: The number of PIDs finalised only refers to PIDs that have been received since 1 January 2012.

## Human Resources Statistics

	2012-13								2011-12								2010-11								2009-10							
	SRWSD (5)	WCA	WCC	SIC	WIRO (6)	DDB	MAA	LCSA	CASD	WCA	WCC	SIC	DDB	MAA	LCSA	CASD (3)	WCA	WCC	SIC	DDB (2)	MAA	LCSA	CASD (1)	WCA	WCC	LSPC	SIC	DDB	MAA	LCSA		
Administration and Clerical	965	680	86	0	6	31	89	73	1046	757	91	4	33	93	68	1061	760	90	4	41	109	57	1094	745	87	60	4	40	111	47		
Associates/ Ministerial	0			0																												
Cadets	0			0												8	5				1	2	17	15	2							
Departmental Professional Officers	29	20	0	0	0	9	0	0	32	23			9			34	25			9			32	23			9					
Engineers	13	13	0	0	0	0	0	0	11	11						12	12						12	12								
General Division	0			0																												
Graduates	0			0																			15	15								
Legal Officers	42	26	7	0	7	0	2	0	37	26	9			2		38	27	9			2		37	26	7			4				
Safety Inspectors	281	281	0	0	0	0	0	0	280	280						293	293						310	310								
Senior Management (senior executive service)	33	28	0	0	1	0	2	2	11	9				1	1	13	9				2	2	15	9		1		3	2			
Senior Officers	37	25	2	0	1	1	7	1	56	45	2		1	8		55	43	2		1	9		59	48	2		1	8				
Technical Officers	10	10	0	0		0	0	0	7	7						8	8						11	11								
Trainees	0																															
Statutory and Other Officers Including Arbitrators	23	0	21	0	1	0	1	0	24		23			1		24		23			1		5		4			1				
TOTAL	1433	1083	116	0	16	41	101	76	1504	1158	125	4	43	105	69	1546	1182	124	4	51	124	61	1607	1214	102	61	4	50	127	49		

Note: The HR Statistics quoted for 2012-13 are headcount figures as at 20 June 2013 (being the census date for the PSC Annual Workforce profile data-collection).

- From 1 July 2009, employees from WorkCover NSW (WCA), the Building and Construction Industry Long Service Payments Corporation (LSPC) the Dust Diseases Board (DDB), the Sporting Injuries Committee (SIC), the Motor Accidents Authority (MAA), the Lifetime Care and Support Authority (LTCSA) and the Workers Compensation Commission (WCC) have become employees of the Compensation Authorities Staff Division (CASD)).
- DDB headcount is as at 22 July 2010, due to DDB not being on the WorkCover NSW HR System until July 2010.
- From 4 April 2011, employees from the Building and Construction Industry Long Service Payments Corporation (LSPC) no longer formed part of the Compensation Authorities Staff Division (CASD).
- There were 34 vacant inspector positions as at 20 June 2013.
- Compensation Authorities Staff Division (CASD) retitled to Safety Return to Work and Support Division (SRWSD) in August 2012.
- From 1 October 2012, The WorkCover Independent Review Office (WIRO) was established.



# Internal audit and risk management statement

## Internal Audit and Risk Management Statement for the 2012-2013 Financial Year for the WorkCover Authority

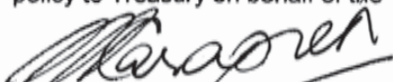
I, Michael Carapiet, Chair of the Safety, Return to Work and Support Board, am of the opinion that the WorkCover Authority has internal audit and risk management processes in operation that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

I, Michael Carapiet, Chair of the Safety, Return to Work and Support Board, am of the opinion that the Safety, Return to Work and Support Division Audit and Risk Committee for the WorkCover Authority is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Raymond Whitten, independent Chair (Term: 31 October 2012 - 30 September 2016)
- Raymond Petty, independent Member (Term: 31 October 2012 - 30 September 2015)
- Elizabeth Carr, independent Member (Term: 31 October 2012 - 30 September 2016)
- Mark Lennon, independent Member (Term: 31 October 2012 - 30 September 2016)

These processes provide a level of assurance that enables the senior management of the WorkCover Authority to understand, manage, and satisfactorily control risk exposures.

As required by the policy, I have submitted an Attestation Statement outlining compliance with the policy to Treasury on behalf of the Treasurer.



Michael Carapiet  
Chair, Safety, Return to Work and Support Board

Dated this 29<sup>th</sup> day of July 2013

Contact Officer: Julie Newman, Chief Executive Officer  
WorkCover Authority  
92-100 Donnison Street, GOSFORD NSW 2250  
Telephone: (02) 4321 5000

# WorkCover Authority of NSW

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## Statement by Chief Executive Officer and Chairman

### WORKCOVER AUTHORITY OF NEW SOUTH WALES FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### Statement by Chief Executive Officer and Chairman

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

1. the accompanying financial statements exhibit a true and fair view of the financial position of the WorkCover Authority of New South Wales as at 30 June 2013 and transactions for the year then ended; and
2. these statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2010, Australian Accounting Standards and the Treasurer's Directions.

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



Michael Carapiet  
Chairman  
Safety, Return to Work and Support Board

17 September 2013



Julie Newman PSM  
Chief Executive Officer  
Safety, Return to Work and Support

17 September 2013

# Actuarial Certificate



## WORKCOVER AUTHORITY of NSW Actuarial Certificate Outstanding claims liabilities at 30 June 2013

PricewaterhouseCoopers (PwC) has been contracted by the WorkCover Authority of NSW ("WorkCover Authority") to make estimates of the outstanding claims liabilities as at 30 June 2013 of the following funds:

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

### Data

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

### Basis of Our Estimates

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

- Future inflation and investment return;
- Claims handling expenses; and
- Future expected recoveries.

### Valuation Results

The PwC estimated liability for the above funds, net of recoveries, is \$139.026 million. This amount is made up as follows:

Net Outstanding Claims Liability at 30 June 2013	\$M
ERWCF	12.800
BFFCF	17.629
IGF - Non-HIH	83.096
IGF-HIH	25.501
<b>Total Net Outstanding Claims Liability</b>	<b>139.026</b>

It is a decision for the WorkCover Authority as to the amount adopted in the accounts.

*PricewaterhouseCoopers, Actuarial Pty Limited, ACN 003 562 696, ABN 29 003 562 696,  
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171  
T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)*



### **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 volunteers lodging claims under the funds, 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 above funds are set out in two separate reports dated 15 July 2013 for ERWCF/BFFCF and IGF.

### **Relevant Standards**

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

A handwritten signature in black ink that reads 'Michael Playford'.

Michael Playford

A handwritten signature in black ink, appearing to be 'Thuan Ho'.

Thuan Ho

A handwritten signature in black ink, appearing to be 'Laura Gregg'.

Laura Gregg

Fellows of the Institute of Actuaries of Australia  
15 July 2013

# Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

### WorkCover Authority of New South Wales

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of WorkCover Authority of New South Wales (the Authority), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

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

The members of the Board are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act and, for such internal control as the Board determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 statements.

I believe 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
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements
- about the assumptions used in formulating the budget figures disclosed in the financial statements.

### **Independence**

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

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



A Oyetunji  
Director, Financial Audit Services

19 September 2013  
SYDNEY

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

### Statement of comprehensive income for the year ended 30 June 2013

		Actual 2013	Budget 2013	Actual 2012
	Notes	\$ '000	\$ '000	\$ '000
<b>Expenses excluding losses</b>				
Operating expenses				
Personnel services	4	103,933	141,479	213,272
Other operating expenses	5	55,768	70,082	62,261
Depreciation and amortisation		5,005	10,780	9,484
Grants and subsidies	6	2,734	6,428	3,181
Finance costs	7	4,406	-	6,725
Other expenses	7	36,329	46,855	55,759
<b>Total expenses excluding losses</b>		<b>208,175</b>	<b>275,624</b>	<b>350,682</b>
<b>Revenue</b>				
Sale of goods and services	8	14,123	8,720	12,586
Investment revenue	9	19,443	10,383	6,700
Retained taxes, fees and fines	10	229,780	250,059	250,130
Other revenue	11	1,306	8,403	2,928
<b>Total Revenues</b>		<b>264,652</b>	<b>277,565</b>	<b>272,344</b>
<b>Gain/(Loss) on disposal</b>	12	(1,777)	-	41
<b>Other gains/(losses)</b>	13	(1,023)	(1,941)	(2,023)
<b>Net result</b>		<b>53,677</b>	<b>-</b>	<b>(80,320)</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified to net result				
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	17	(2,454)	-	-
<b>Total other comprehensive income</b>		<b>(2,454)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>51,223</b>	<b>-</b>	<b>(80,320)</b>

The accompanying notes form part of these financial statements.



# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

## Statement of financial position as at 30 June 2013

		Actual 2013	Budget 2013	Actual 2012
	Notes	\$ '000	\$ '000	\$ '000
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	14	87,085	57,981	72,025
Receivables	15	16,242	16,653	16,932
<b>Total Current Assets</b>		<b>103,327</b>	<b>74,634</b>	<b>88,957</b>
<b>Non-Current Assets</b>				
Receivables	15	24,528	37,504	24,054
Financial assets at fair value	16	144,025	130,633	130,651
Property, plant and equipment				
Land and buildings	17	13,860	16,078	16,650
Plant and equipment	17	6,392	8,932	9,248
Total Property, plant and equipment		20,252	25,010	25,898
Intangible assets	18	4,476	8,243	6,140
<b>Total Non-Current Assets</b>		<b>193,281</b>	<b>201,390</b>	<b>186,743</b>
<b>Total Assets</b>		<b>296,608</b>	<b>276,024</b>	<b>275,700</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Payables	20	13,445	9,556	12,951
Provisions	21	43,742	45,558	48,269
Other	22	14,755	11,807	16,814
<b>Total Current Liabilities</b>		<b>71,942</b>	<b>66,921</b>	<b>78,034</b>
<b>Non-Current Liabilities</b>				
Payables	20	45,327	55,264	31,217
Provisions	21	116,874	75,544	153,907
Other	22	126,567	114,290	128,857
<b>Total Non-current Liabilities</b>		<b>288,768</b>	<b>245,098</b>	<b>313,981</b>
<b>Total Liabilities</b>		<b>360,710</b>	<b>312,019</b>	<b>392,015</b>
<b>Net Assets</b>		<b>(64,102)</b>	<b>(35,995)</b>	<b>(116,315)</b>
<b>Equity</b>				
Reserves		14,028	16,969	16,482
Accumulated Funds		(78,130)	(52,964)	(132,797)
<b>Total Equity</b>		<b>(64,102)</b>	<b>(35,995)</b>	<b>(116,315)</b>

The accompanying notes form part of these financial statements.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

## Statement of cash flows for the year ended 30 June 2013

		Actual 2013	Budget 2013	Actual 2012
	Notes	\$ '000	\$ '000	\$ '000
<b>Cash flows from operating activities</b>				
<b>Payments</b>				
Personnel services		(142,315)	(141,607)	(134,241)
Grants and subsidies		(2,734)	(6,428)	(3,181)
Other		(116,527)	(122,784)	(108,439)
<b>Total Payments</b>		<b>(261,576)</b>	<b>(270,819)</b>	<b>(245,861)</b>
<b>Receipts</b>				
Sale of goods and services		5,780	16,074	5,274
Retained taxes, fees and fines		244,265	246,675	234,950
Interest received		2,257	2,566	2,821
Other receipts		18,974	7,301	16,386
<b>Total Receipts</b>		<b>271,276</b>	<b>272,616</b>	<b>259,431</b>
<b>Net cash flows from operating activities</b>	24	<b>9,700</b>	<b>1,797</b>	<b>13,570</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment		22	-	755
Proceeds from sale of investments		6,000	7,728	6,000
Purchase of property, plant and equipment and intangibles		(1,769)	(11,000)	(3,301)
<b>Net cash flows from investing activities</b>		<b>4,253</b>	<b>(3,272)</b>	<b>3,454</b>
<b>Net increase/(decrease) in cash</b>		<b>13,953</b>	<b>(1,475)</b>	<b>17,024</b>
Opening cash and cash equivalents		72,025	59,456	55,001
Cash transferred in (out) as a result of administrative restructure	23	1,107	-	-
<b>Closing cash and cash equivalents</b>	14	<b>87,085</b>	<b>57,981</b>	<b>72,025</b>

The accompanying notes form part of these financial statements.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

### Statement of changes in equity for the year ended 30 June 2013

		Accumulated Funds	Asset Revaluation Reserve	Total
	Notes	\$ '000	\$ '000	\$ '000
<b>Balance at 1 July 2012</b>		<b>(132,797)</b>	<b>16,482</b>	<b>(116,315)</b>
<b>Net result for the year</b>		53,677		53,677
<b>Other comprehensive income</b>				
Net increase/(decrease) in property, plant and equipment		-	(2,454)	(2,454)
<b>Total other comprehensive income for the year</b>		<b>-</b>	<b>(2,454)</b>	<b>(2,454)</b>
<b>Total comprehensive income for the year</b>		<b>53,677</b>	<b>(2,454)</b>	<b>51,223</b>
<b>Transactions with owners in their capacity as owners</b>				
Increase/decrease in net assets from equity transfers	23	990	-	990
<b>Balance at 30 June 2013</b>		<b>(78,130)</b>	<b>14,028</b>	<b>(64,102)</b>
<b>Balance at 1 July 2011</b>		<b>(52,964)</b>	<b>16,969</b>	<b>(35,995)</b>
<b>Net result for the year</b>		(80,320)	-	(80,320)
<b>Other comprehensive income</b>				
Net increase/(decrease) in property, plant and equipment		487	(487)	-
<b>Total other comprehensive income for the year</b>		<b>487</b>	<b>(487)</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(79,833)</b>	<b>(487)</b>	<b>(80,320)</b>
<b>Transactions with owners in their capacity as owners</b>		-	-	-
<b>Balance at 30 June 2012</b>		<b>(132,797)</b>	<b>16,483</b>	<b>(116,315)</b>

The accompanying notes form part of these financial statements.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

## Notes to the financial statements

### 1. Reporting Entity

The WorkCover Authority of NSW is a NSW government entity. The WorkCover Authority is a not for profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The WorkCover Authority as a reporting entity previously included the Workers Compensation Commission (WCC) as it was considered to be controlled by the Authority. The relationship between the Authority and the WCC has been reviewed and it is now considered that the Authority does not control the WCC. Accordingly the WCC is no longer part of the WorkCover Authority reporting entity and is not consolidated into these financial statements.

Under the *Safety, Return to Work and Support Board Act 2012* the SWRSD Board determines the Authority's general policies and strategic direction. Additionally it oversees the Authority's performance including ensuring that its activities are carried out properly/efficiently and provides advice to the Minister/CEO on the Authority. Additionally the Chief Executive Officer of the Safety, Return to Work and Support is the Chief Executive Officer of WorkCover Authority of NSW.

These financial statements for the year ended 30 June 2013 have been authorised for issue by the Chief Executive Officer of the Safety, Return to Work and Support on 17 September 2013.

### 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 28. A reference in these financial statements to the Authority refers to all of those funds.

### 3. Summary of Significant Accounting Policies

#### a. Basis of preparation

These financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2010* and
- the Financial Reporting Directions published in the Financial reporting code for NSW General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment and financial assets at 'fair value through profit or loss' are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

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

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

#### b. Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

#### c. Finance costs

Finance costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's mandate to not-for-profit general government sector entities.

#### d. Insurance

WorkCover's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claim experience.

#### e. Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not receivable from the Australian Taxation Office (ATO). 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 ATO is included with other receivables or payables in the statement of financial position.

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

#### f. Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

##### i. Retained Taxes and Fines

##### Retained Taxes

Retained taxes (Contributions) to the major funds, the WorkCover Authority Fund and the Insurers' Guarantee Fund, are principally made by the Nominal Insurer and licensed self and specialised insurers and:

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

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

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

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.

Contributions to the Supplementary Sporting Injuries Benefits Scheme (SSIBS) are met by NSW Treasury pursuant to notices served under Section 11B(2) of the *Sporting Injuries Insurance Act 1978*.

Pending recoupment from NSW Treasury, the Act provides for the use of funds from the Sporting Injuries Insurance Scheme which is repayable with interest.

Injury Prevention Levies are paid by sporting organisations that have applied for, and been granted, under the *Sporting Injuries Insurance Act 1978* an insurance exemption for a private scheme rather than participate in the Sporting Injuries Insurance Scheme. An annual levy is paid for the insurance exemption and the revenue from all such levies is used to fund the sports injury prevention and reduction programs.

### Fines

Worker Health Safety (WHS) prosecution fines are issued by the Industrial Relations Commission and the Chief Industrial Magistrates Court but are collected by the Office of State Revenue once the matter has been referred by the Courts to them. Infringement notices are issued by WorkCover and collected by the Office of State Revenue.

WorkCover recognises the WHS prosecution fines after the appeal period has finished and infringement notices upon receipt from the Office of State Revenue.

#### ii. Sale of goods

Revenue from the sale of goods is recognised as revenue when the entity transfers the significant risks and rewards of ownership of the assets.

#### iii. Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date). Specific items included under fees for services are:

- Premium Income – comprise amounts charged to sporting organisations declared to be members of the Sporting Injuries Insurance Scheme. Premiums are assessed on an estimate of the number of participants expected to register for the sporting period and on completion of that period adjustments are made in accordance with actual registrations. Premium income is treated as earned from the date of attachment of risk. The earned portion of premiums received or receivable relating to the financial year is recognised as income.

#### iv. Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

## g. Assets

#### i. Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by WorkCover. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction, or where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction.

Where payment for an asset is deferred beyond normal credit terms, the cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted at an asset-specific rate.

#### ii. Capitalisation thresholds

Property, plant and equipment are those assets with a useful life of more than one year and with a unit or network asset value greater than \$5,000.

Intangibles are those assets with a useful life of more than one year and with a unit cost in excess of \$100,000 including direct allocation of personnel service costs.

#### iii. Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the “Valuation of Physical Non-Current Assets at Fair Value” Policy and Guidelines Paper (TPP 07-1) (as amended by NSW TC 12/05 and NSW TC 10/07). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

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

### g. Assets (continued)

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the assets fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

WorkCover revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset class does not materially differ from its fair value at reporting date. Details of the latest revaluations are given in Note 17.

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

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the asset), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

### iv. Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for WorkCover are regarded as immaterial.

### v. Depreciation of property, plant and equipment

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 to WorkCover. Land is not a depreciable asset.

The rates applied are:

	2012-13	2011-12
	%	%
Buildings	3.0-7.0	3.0-7.0
Furniture and fittings	10	10
Library	10	10
Scientific equipment	4.0-50.0	4.0-50.0
Technical equipment	4.0-20.0	4.0-20.0
Office machines and equipment	20.0-100.0	20.0-100.0
Computer hardware	20.0-33.3	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.

### vi. Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of the asset, to the extent it is recognised as a liability.

### vii. Maintenance

Day to day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.



# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

## Notes to the financial statements

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

#### g. Assets (continued)

##### viii. Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased asset, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

##### ix. Intangible assets

WorkCover recognises intangible assets only if it is probable that the future economic benefits will flow to WorkCover and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for WorkCover's intangible assets, the assets are carried at cost less any accumulated amortisation.

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:

	2012-13	2011-12
	%	%
Computer Software	7.70-33.0	7.70-33.0

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss.

##### x. Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

##### xi. Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. WorkCover determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end. At the end of the current financial reporting period all of WorkCover's assets have been designated as fair value through profit or loss.

**Fair value through profit or loss** – WorkCover subsequently measures investments classified as “held for trading” or designated upon initial recognition “at fair value through profit or loss” at fair value. Financial assets are classified as “held for trading” if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the net result for the year.

The Hour-Glass Investment Facilities are designated at fair value through profit or loss using the second leg of the fair value option; i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to WorkCover's key management personnel.

The movement in the fair value of the Hour-Glass Investment Facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item ‘investment revenue’.

##### xii. Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that WorkCover will not be able to collect all amounts due.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

## Notes to the financial statements

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

#### g. Assets (continued)

##### xiii. Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire: or if WorkCover transfers the financial asset:

- where substantially all the risks and rewards have been transferred or
- where WorkCover has not transferred substantially all the risks and rewards, if WorkCover has not retained control

Where WorkCover has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of WorkCover's continuing involvement in the asset.

A financial liability is extinguished when the obligation specified in the contract is discharged or cancelled or expires.

#### h. Liabilities

##### i. Payables

These amounts represent liabilities for goods and services provided to WorkCover and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest rate method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

##### ii. Employee benefits and other provisions

###### a. Personnel service, annual leave, sick leave and on-costs

The Authority's staff is supplied by the Safety, Return to Work and Support Division (SRWSD). Liabilities for personnel services (including non-monetary benefits) that are due to be settled within 12 months after the period in which the employees render the service are recognised and measured in respect of the employee's service up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 "Employee Benefits." Market yields on government bonds are used to discount long term annual leave.

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

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

###### b. Long service leave and superannuation

WorkCover's liabilities for long service leave and defined benefits are actuarially assessed.

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

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

Long service leave has been measured as the present value of accrued liabilities at balance date. The present value of the liabilities has been determined by estimating for each future year the amounts of entitlements expected to be paid in service and on termination of employment for each employee based on their current salary, long service leave balance, assumed rates of taking long service leave in service, rates of death, disablement, retirement and resignation and rates of salary escalation. The resulting cash flows have then been converted to a present value by discounting from the expected date of payment to the valuation date at the long term government bond yield rate. The assumed rate of salary escalations applied for this valuation was 2.5% pa for all future years and the discount rate applied was 3.75% (3.0% – 2012).

###### c. Make-good provision (building leases)

Make-good provision is recognised for the estimate of future payments for make good upon termination of the leases of current office premises.

##### i. 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 in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* for the majority of the Authority's compensation schemes to determine the central estimate of that liability which is brought to account.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

## Notes to the financial statements

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

#### i. Net claims incurred (continued)

However, the Sporting Injuries Insurance Scheme is valued in accordance with AASB 1023: *General Insurance Contracts* and has a risk margin applied to the net central estimate to bring the liability for this Scheme up to an acceptable level of probability of adequacy of 75%. The 75% level of probability of adequacy is in compliance with the Australian Prudential Regulation Authority's prudential standard GPS 310 for commercial insurers.

#### j. Grants

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

#### k. Other expenses

Other expenses include the cost of funding the Workers Compensation Commission and the WorkCover Independent Review Officer.

##### Workers Compensation Commission

The Workers Compensation Commission was constituted on 1 January 2002 pursuant to the *Workplace Injury Management and Workers Compensation Act 1998*. The WorkCover Authority is responsible for funding the Commission and has to provide to the Commission:

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

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

##### WorkCover Independent Review Officer

The WorkCover Independent Review Officer (WIRO) was established pursuant to Schedule 10 of the *Workers Compensation Legislation Amendment Act 2012 No 53*. The functions of WIRO are:

- To deal with complaints made to the Independent Review Officer under Division 2 of Schedule 10 of the *Workers Compensation Legislation Amendment Act 2012 No. 53*
- To review work capacity decisions of insurers under Division 2 (Weekly compensation by way of income support) of Part 3 of the 1987 Act
- To inquire into and report to the Minister on such matters arising in connection with the operation of the Workers Compensation Acts as the Independent Review Officer considers appropriate or as may be referred to the Independent Review Officer for inquiry and report by the Minister
- To encourage the establishment by insurers and employers of complaint resolution processes for complaints arising under the Workers Compensation Acts
- Such other functions as may be conferred on the Independent Review Officer by or under the Workers Compensation Acts or any other Act.

The WorkCover Authority Fund is responsible for funding the remuneration of the Independent Review Officer and staff of the Independent Review Officer and costs incurred in connection with the exercise of the functions of the Independent Review Officer.

The Minister established the Independent Legal Assistance and Review Service (ILARS) to facilitate the provision of legal services at no cost to injured workers, in respect to their claims for compensation.

ILARS considers the merits of any application for legal assistance in deciding to provide funding. If legal assistance is approved ILARS will make a determination as to an appropriate level of funding that will be provided for the legal assistance.

The legal service providers submit invoices for their costs and expenses at certain times during the course of a claim. The costs incurred by ILARS are recognised upon submission of the invoice.

#### l. Equity and reserves

##### i. Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with WorkCover's policy on the revaluation of property, plant and equipment as discussed in note 3(g)(iii).

##### ii. Accumulated Funds

The category Accumulated Funds includes all current and prior period retained funds.

#### m. Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

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

### n. Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

### o. New Australian Accounting Standards issued but not effective

NSW public sector entities are not permitted to early adopt new Accounting Standards, unless Treasury determines otherwise.

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

AASB Amendment	Affected Standards	Operative Date
AASB 9	Financial instruments	1 January 2015
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9	1 January 2015
AASB 2012-6	Amendments to Australian Accounting Standards – Mandatory Effective date of AASB 9 and Transition Disclosures	1 January 2013
AASB 13	Fair value measurement	1 January 2013
AASB 2011-8	Amendments to Australian Accounting Standards arising from AASB 13	1 January 2013
AASB 2012-1	Amendments to Australian Accounting Standards arising from AASB 13	1 July 2013
AASB 119	Employee Benefits	1 January 2013
AASB 2011-10	Amendments to Australian Accounting Standards arising from AASB 119	1 January 2013

The new standards are concerned with disclosures and will have no direct impact on the Authority's financial statements. Other accounting standards exist that have not been applied and are not yet effective, they have been excluded from the above table as they are not considered relevant to WorkCover.

### p. Deficiencies in Net Assets

The Statement of Financial Position shows a deficiency of \$64,102m for Net Assets. The Chief Executive Officer and the Board of Directors have considered the deficiency when preparing the financial statements and assessed that they should be prepared on a going concern basis as the funding model ensures sufficient cash for each financial year is received from the Nominal Insurer.

## 4. Personnel Services

	2013	2012
	\$'000	\$'000
Salaries and wages (including recreation leave)	116,151	114,484
Long service leave	1,709	7,670
Payroll tax and fringe benefits tax	7,611	7,420
Workers compensation insurance	1,891	1,747
Superannuation – defined benefit plans (including actuarial gains/(losses))	(30,972)	74,206
Superannuation – defined contribution plans	7,543	7,745
	<b>103,933</b>	<b>213,272</b>

Included in the superannuation expense item is an actuarial assessed superannuation gain of \$33.9m (loss of \$70.9m – 2012).

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

5. Other operating expenses		
	2013	2012
	\$'000	\$'000
Payment to Board Members	652	690
Compensation Court of NSW	(930)	2,881
Office Accomodation	4,188	3,616
Operating lease rental expenses	8,999	9,271
Bad Debts	82	72
Consultants	804	1,309
Contractors	5,685	4,328
Travel & Vehicle expenses	4,327	5,230
Communication expenses	1,716	1,801
Advertising	330	458
Fees	10,096	10,125
External audit – Audit of the financial statements	229	231
Internal Audit	377	432
Printing	1,655	1,717
Repairs & maintenance	7,153	6,951
Stores	1,196	1,499
Training	976	1,206
Media expenses	151	1,408
Legal aid and Rehabilitation	1,671	460
Interpreter Services	31	43
Cost of inventories held for distribution & written off	-	1,678
Insurance	146	203
Other	6,234	6,652
	<b>55,768</b>	<b>62,261</b>

Payments to Board members are made in accordance with Premier's Guidelines and cover the Safety, Return to Work and Support Division Board plus the former WorkCover Board and the Workers Compensation Insurance Fund Investment Board.

Included in Other Expenses are funds that the Safety, Return to Work and Support Board may resolve as being surplus and so transfer back to the WCIF in accordance with the *Workplace Injury Management and Workers Compensation Act 1998*. In 2013 no funds were resolved as being surplus (2012: \$ Nil).

6. Grants and subsidies		
	2013	2012
	\$'000	\$'000
Injury prevention, education and research grants	5	30
WorkCover Assistance	2,463	3,005
Grants – Research Sporting Injuries Scheme	106	-
Other	160	146
	<b>2,734</b>	<b>3,181</b>

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

### 7. Other Expenses and Finance Costs

	2013	2012
	\$'000	\$'000
Finance costs*	4,406	6,725
Other expenses	36,329	55,759
	<b>40,734</b>	<b>62,485</b>

Dissection of other expenses and finance costs into the nature of expenditure incurred under these items:

	2013	2012
	\$'000	\$'000
Finance costs – Judges Pension Scheme	500	900
Net claims incurred	4,830	27,137
Workers Compensation Commission	31,328	34,448
WorkerCover Independent Review Officer	4,076	-
	<b>40,734</b>	<b>62,485</b>

\*Finance costs are included in Net claims incurred and as part of the movement in the Judges Pension Scheme.

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

	Claims paid	Finance costs	Movement in claims liabilities	Net claims incurred	
	2013	2013	2013	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Insurers' Guarantee Fund	5,675	3,040	(8,178)	537	28,530
Bush Fire Fighters Compensation Fund	2,360	421	989	3,770	(2,643)
Emergency & Rescue Workers Compensation Fund	3,532	377	(3,293)	616	1,250
Sporting Injuries Insurance Scheme	228	68	(302)	(6)	-
Supplementary Sporting Injuries Benefit scheme	-	-	(87)	(87)	-
	<b>11,795</b>	<b>3,906</b>	<b>(10,871)</b>	<b>4,830</b>	<b>27,137</b>

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 22 refers)



# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

### 7. Other Expenses and Finance Costs (continued)

Details of expenses incurred by the Workers Compensation Commission are:

	2013	2012
	\$'000	\$'000
Salaries and allowances (including recreation leave)	10,911	11,393
Other	2,512	6,236
<b>Total Personnel Service Costs</b>	<b>13,423</b>	<b>17,629</b>
Operating lease rental expenses	1,726	1,678
Bad debts	-	5
Consultants	-	52
Contractors	5	106
Payments to Arbitrators (ARB)	2,381	1,574
Payments to Approved Medical Specialists (AMS)	7,315	6,422
Payments for Medical Appeals panels	1,349	1,261
Payments for mediators	1,132	1,067
ARB & AMS superannuation payments	916	1,218
Auditors remuneration – audit of financial statements	-	17
Other	3,012	2,569
<b>Total Other Operating Expenses</b>	<b>17,836</b>	<b>15,969</b>
<b>Depreciation &amp; amortisation</b>	<b>69</b>	<b>850</b>
<b>Total Workers Compensation Commission</b>	<b>31,328</b>	<b>34,448</b>

Details of expenses incurred by the WorkCover Independent Review Officer are:

	2013
	\$'000
Salaries and wages (including recreation leave)	2,167
Other	212
<b>Total Personnel Services Costs</b>	<b>2,379</b>
Operating lease rental expenses	42
Consultants	18
Contractors	19
Legal Fees	876
Other	742
<b>Total Other Expenses</b>	<b>1,697</b>
<b>Total WorkCover Independent Review Officer</b>	<b>4,076</b>

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

## 8. Sale of goods and services

	2013	2012
	\$'000	\$'000
TestSafe Australia testing fees	3,461	3,521
Biological monitoring	1,296	1,337
Consultancy and training	175	167
Premium Income	656	-
Fees for Services rendered to other Agencies	8,400	7,312
Other	135	249
	<b>14,123</b>	<b>12,586</b>

## 9. Investment revenue

	2013	2012
	\$'000	\$'000
Interest on call and term deposits	2,257	2,821
Movement in market values	17,186	3,879
	<b>19,443</b>	<b>6,700</b>

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

## 10. Retained taxes, fees and fines

Retained taxes (Contributions) to the various funds were:

	2013	2012
	\$'000	\$'000
<b>Retained Taxes</b>		
WorkCover Authority Fund		
Nominal Insurer, self and specialised insurers	217,059	204,780
Insurers' Guarantee Fund	(14,935)	24,656
Bush Fire Fighters Compensation Fund	4,193	(2,128)
Emergency & Rescue Workers Compensation Fund	1,280	2,028
Supplementary Sporting Injuries Fund	13	-
Injury prevention levies	52	-
<b>Total Retained taxes</b>	<b>207,662</b>	<b>229,336</b>
<b>Fees</b>		
Certificates of competency	5,096	5,591
Registration of plant	1,094	1,185
Demolition and pest control licences	509	480
Construction Induction Training	1,435	1,829
Dangerous goods licensing activities	2,602	2,356
Asbestos licences & removal permits	590	389
Accreditation fees	552	121
Other	113	55
<b>Total Fees</b>	<b>11,991</b>	<b>12,006</b>
<b>Fines</b>		
OHS prosecution fines	4,054	3,782
Professional costs recoveries	2,502	2,764
Workers compensation s.156 recoveries	3,359	1,893
Infringement Notices	212	349
<b>Total Fines</b>	<b>10,127</b>	<b>8,788</b>
<b>Total Retained taxes, fees and fines</b>	<b>229,780</b>	<b>250,130</b>

The WorkCover Authority Fund receives contributions from specialised and self insurers at the rate of 4.0% of the self-insurers deemed premium income and the specialised insurers' premium income (4.0% – 2012).

Contributions received from the 'Nominal Insurer' are fixed and are determined after having regard to the estimate of WorkCover's net operating expenses.

## 11. Other revenue

	2013	2012
	\$'000	\$'000
Distribution from liquidator – IGF	21	1,317
Other	1,285	1,611
	<b>1,306</b>	<b>2,928</b>

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

### 12. Gain/(Loss) on disposal

	2013	2012
	\$'000	\$'000
Net gain/(loss) on disposal of property, plant & equipment	(1,777)	41

### 13. Other gain/(losses)

	2013	2012
	\$'000	\$'000
Allowance for impairment of receivables	1,023	2,023

### 14. Current assets – Cash and Cash Equivalents

	2013	2012
	\$'000	\$'000
Cash and cash on hand	14,730	13,218
T Corp Hour glass – cash facility	72,355	58,807
	<b>87,085</b>	<b>72,025</b>

For the purposes of the statement of cash flows, cash assets include cash (at bank and on hand), call deposits, investments held in TCorp cash facilities and NSW Treasury special deposits.

Cash and cash equivalents assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

	2013	2012
	\$'000	\$'000
Cash and cash equivalents (per statement of financial position)	<b>87,085</b>	<b>72,025</b>
Closing cash and cash equivalents (per statement of cash flows)	<b>87,085</b>	<b>72,025</b>

### 15. Current/Non Current Assets – Receivables

	2013	2012
	\$'000	\$'000
<b>Current</b>		
Receivables	19,787	20,805
Less allowance for impairment	(4,138)	(4,274)
Prepayments	593	401
<b>Total current receivables</b>	<b>16,242</b>	<b>16,932</b>
<b>Non-current</b>		
Receivables	24,528	24,054
<b>Total receivables</b>	<b>40,770</b>	<b>40,986</b>

	2013	2012
	\$'000	\$'000
<b>Movement in the allowance for impairment</b>		
Balance at 1 July	(4,274)	(5,022)
Amounts written off during the year	1,159	2,771
Amounts recovered during the year	-	-
(Increase)/decrease in allowance recognised in profit or loss	(1,023)	(2,023)
<b>Balance at 30 June</b>	<b>(4,138)</b>	<b>(4,274)</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 30.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

### 16. Current/Non-Current – Financial assets at Fair Value

	2013	2012
	\$'000	\$'000
<b>Current</b>	-	-
<b>Non-current</b>		
TCorp Hour Glass investment facilities – Medium & Long term growth	144,025	130,651
<b>Total Non-current</b>	144,025	130,651
<b>Total Financial Assets</b>	144,025	130,651

These assets relate to the Insurers' Guarantee Fund and their availability for use by the Authority is "restricted". They can only be used for purposes set out in the legislation that established the Insurers' Guarantee Fund. Note 28 provides more details on this.

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.

Refer to Note 30 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

### 17. Non Current Assets – Property, plant and equipment

		2013	2012
	Note	\$'000	\$'000
<b>Land and buildings</b>		-	-
Freehold land			
At fair value	17(a)	8,350	12,110
<b>Total freehold land at fair value</b>	17(b)	<b>8,350</b>	<b>12,110</b>
<b>Buildings</b>			
Gross carrying value		5,790	5,117
Accumulated depreciation and impairment		(280)	(577)
<b>Total buildings at fair value</b>		<b>5,510</b>	<b>4,540</b>
<b>Total land and buildings at fair value</b>		<b>13,860</b>	<b>16,650</b>
<b>Leasehold improvements</b>			
Gross carrying value		32,260	33,362
Accumulated depreciation and impairment		(29,309)	(29,124)
<b>Total leasehold improvements at fair value</b>		<b>2,951</b>	<b>4,238</b>
<b>Office machines and equipment</b>			
Gross carrying value		561	543
Accumulated depreciation and impairment		(502)	(484)
<b>Total office machines and equipment at fair value</b>		<b>59</b>	<b>59</b>
<b>Furniture and fittings (incl library)</b>			
Gross carrying value		202	54
Accumulated depreciation and impairment		(45)	(43)
<b>Total furniture and fittings at fair value</b>		<b>157</b>	<b>11</b>
<b>Computer hardware</b>			
Gross carrying value		8,202	9,652
Accumulated depreciation and impairment		(6,027)	(6,902)
<b>Total computer hardware at fair value</b>		<b>2,175</b>	<b>2,750</b>
<b>Scientific and technical equipment</b>			
Gross carrying value	17(a)	1,078	2,813
Accumulated depreciation and impairment		(28)	(1,486)
<b>Total scientific and technical equipment at fair value</b>		<b>1,050</b>	<b>1,327</b>
<b>Motor vehicles</b>			
Gross carrying value		208	208
Accumulated depreciation and impairment		(208)	(207)
<b>Total motor vehicles at fair value</b>		<b>-</b>	<b>1</b>
<b>Capital works in progress</b>			
At fair value or gross carrying value		-	862
<b>Total capital works in progress at fair value</b>		<b>-</b>	<b>862</b>
<b>Total property, plant &amp; equipment</b>		<b>20,252</b>	<b>25,898</b>



# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

## Notes to the financial statements

### 17. Non Current Assets – Property, plant and equipment (continued)

- a. In accordance with a policy of revaluing non-current assets with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at the reporting date, buildings and freehold land and scientific and technical equipment were re-valued in 2013. Freehold land, buildings and scientific and technical equipment were revalued on the basis of net fair value.

The independent valuations as at 30 June 2013 were carried out by:

#### Land & Buildings

Nicholas Brady AAPI – Hymans Asset Management

#### Scientific and technical equipment

Nirav Shah – Hymans Asset Management

- b. Details of land owned by WorkCover:

Description of Use	Location	Fair Value
36.549 Hectares	919 Londonderry Road, Londonderry NSW	\$8,350,000
Used as a centre for occupational health and safety research and testing.		

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

Class of asset	Net carrying amount at 1/7/12	Additions/ Transfers	Disposals	Depn. w/back on disposal	Net revaln. movements	Depn. expense	Net carrying amount at 30/6/13
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Freehold land	12,110	-	-	-	(3,760)	-	8,350
Buildings	4,540	-	-	-	1,218	(248)	5,510
Leasehold improvements & makegood	4,238	-	(1,101)	1,033	-	(1,219)	2,951
Office machines and equipment	59	34	(16)	16	-	(34)	59
Furniture and fittings	11	148	-	-	-	(2)	157
Computer hardware	2,750	480	(1,930)	1,894	-	(1,019)	2,175
Scientific and technical equipment	1,327	5	-	-	89	(371)	1,050
Motor vehicles	1	-	-	-	-	(1)	-
Capital WIP	862	(256)	(606)	-	-	-	-
<b>Total property, plant and equipment</b>	<b>25,898</b>	<b>411</b>	<b>(3,653)</b>	<b>2,943</b>	<b>(2,454)</b>	<b>(2,894)</b>	<b>20,252</b>

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

17. Non Current Assets – Property, plant and equipment (continued)			
		2012	2011
	Note	\$'000	\$'000
<b>Land and buildings</b>			
Freehold land			
At fair value	17(a)	12,110	12,810
<b>Total freehold land at fair value</b>	17(b)	<b>12,110</b>	<b>12,810</b>
<b>Buildings</b>			
Gross carrying value		5,117	5,117
Accumulated depreciation and impairment		(577)	(301)
<b>Total buildings at fair value</b>		<b>4,540</b>	<b>4,816</b>
<b>Total land and buildings at fair value</b>		<b>16,650</b>	<b>17,626</b>
<b>Leasehold improvements</b>			
Gross carrying value		33,362	31,590
Accumulated depreciation and impairment		(29,124)	(25,695)
<b>Total leasehold improvements at fair value</b>		<b>4,238</b>	<b>5,895</b>
<b>Office machines and equipment</b>			
Gross carrying value		543	578
Accumulated depreciation and impairment		(484)	(525)
<b>Total office machines and equipment at fair value</b>		<b>59</b>	<b>53</b>
<b>Furniture and fittings (incl library)</b>			
Gross carrying value		54	53
Accumulated depreciation and impairment		(43)	(40)
<b>Total furniture and fittings at fair value</b>		<b>11</b>	<b>13</b>
<b>Computer hardware</b>			
Gross carrying value		9,652	9,506
Accumulated depreciation and impairment		(6,902)	(6,445)
<b>Total computer hardware at fair value</b>		<b>2,750</b>	<b>3,061</b>
<b>Scientific and technical equipment</b>			
Gross carrying value	17(a)	2,813	2,812
Accumulated depreciation and impairment		(1,486)	(1,028)
<b>Total scientific and technical equipment at fair value</b>		<b>1,327</b>	<b>1,784</b>
<b>Motor vehicles</b>			
Gross carrying value		208	344
Accumulated depreciation and impairment		(207)	(327)
<b>Total motor vehicles at fair value</b>		<b>1</b>	<b>17</b>
<b>Capital works in progress</b>			
At fair value or gross carrying value		862	32
<b>Total capital works in progress at fair value</b>		<b>862</b>	<b>32</b>
<b>Total property, plant &amp; equipment</b>		<b>25,898</b>	<b>28,481</b>

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

## 17. Non Current Assets – Property, plant and equipment (continued)

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the prior reporting period is set out below:

Class of asset	Net carrying amount at 1/7/11	Additions/ Transfers	Disposals	Depn. w/back on disposal	Net revaln. movements	Deprn. expense	Net carrying amount at 30/6/12
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Freehold land	12,810	-	(700)	-	-	-	12,110
Buildings	4,816	-	-	-	-	(276)	4,540
Leasehold improvements & makegood	5,895	1,778	(6)	6	-	(3,435)	4,238
Office machines and equipment	53	56	(44)	44	-	(50)	59
Furniture and fittings	13	1	-	-	-	(3)	11
Computer hardware	3,061	894	(795)	795	-	(1,205)	2,750
Scientific and technical equipment	1,784	20	(19)	5	-	(463)	1,327
Motor vehicles	17	(1)	(136)	136	-	(15)	1
Capital WIP	32	830	-	-	-	-	862
<b>Total property, plant and equipment</b>	<b>28,481</b>	<b>3,578</b>	<b>(1,700)</b>	<b>986</b>	<b>-</b>	<b>(5,447)</b>	<b>25,898</b>

## 18. Intangibles

	2013	2012
	\$'000	\$'000
<b>Internally generated</b>		-
<b>Computer software</b>		
Gross carrying value	21,613	31,444
Accumulated amortisation and impairment	(19,793)	(30,011)
<b>Total computer software at fair value</b>	<b>1,820</b>	<b>1,433</b>
<b>Capital works in progress</b>		
Gross carrying value	1,728	1,546
<b>Total capital works in progress</b>	<b>1,728</b>	<b>1,546</b>
<b>Total internally generated intangibles at fair value</b>	<b>3,548</b>	<b>2,979</b>
<b>Computer software purchased</b>		
Gross carrying value	3,792	6,312
Accumulated amortisation and impairment	(2,864)	(3,151)
<b>Total intangible computer software purchased</b>	<b>928</b>	<b>3,161</b>
<b>Total intangibles</b>	<b>4,476</b>	<b>6,140</b>

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

### 18. Intangibles (continued)

A reconciliation of the carrying amount of intangibles at the beginning and end of the current reporting period is set out below:

Class of asset	Net carrying amount at 1/7/12	Additions/ Transfers	Disposals	Amort. w/back on disposal	Amort. expense	Net carrying amount at 30/6/13
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internally generated	1,433	1,828	(13,218)	13,218	(1,441)	1,820
Capital WIP	1,546	1,270	(1,088)	-	-	1,728
Computer software	3,161	(1,563)	(957)	957	(670)	928
<b>Total Intangibles</b>	<b>6,140</b>	<b>1,535</b>	<b>(15,263)</b>	<b>14,175</b>	<b>(2,111)</b>	<b>4,476</b>

Expenditure during the research & development phase of software development was \$Nil in 2013 (-2012).

	2012	2011
	\$'000	\$'000
<b>Internally generated</b>		-
<b>Computer software</b>		
Gross carrying value	31,444	32,564
Accumulated amortisation and impairment	(30,011)	(29,045)
<b>Total computer software at fair value</b>	<b>1,433</b>	<b>3,519</b>
<b>Capital works in progress</b>		
Gross carrying value	1,546	1,454
<b>Total capital works in progress</b>	<b>1,546</b>	<b>1,454</b>
<b>Total internally generated intangibles at fair value</b>	<b>2,979</b>	<b>4,973</b>
<b>Computer software purchased</b>		
Gross carrying value	6,312	8,642
Accumulated amortisation and impairment	(3,151)	(5,247)
<b>Total intangible computer software purchased</b>	<b>3,161</b>	<b>3,395</b>
<b>Total intangibles</b>	<b>6,140</b>	<b>8,368</b>

A reconciliation of the carrying amount of intangibles at the beginning and end of the prior reporting period is set out below:

Class of asset	Fair value as at 1/7/11	Additions/ Transfers	Disposals	Amort. w/back on disposal	Amort. expense	Fair value as at 30/6/12
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internally generated	3,519	242	(1,363)	1,363	(2,328)	1,433
Capital WIP	1,454	92	-	-	-	1,546
Computer software	3,395	1,475	(3,805)	3,805	(1,709)	3,161
<b>Total Intangibles</b>	<b>8,368</b>	<b>1,809</b>	<b>(5,168)</b>	<b>5,168</b>	<b>(4,037)</b>	<b>6,140</b>

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

### 19. Inventory

	2013	2012
	\$'000	\$'000
Carrying amount as at 1 July	-	1,441
Purchases	-	237
Distributions	-	(292)
Writedowns	-	(1,386)
Reversal of previous writedowns	-	-
<b>Total Inventory</b>	<b>-</b>	<b>-</b>

During 2011–12 WorkCover's policy in relation to publications was reviewed. This review has resulted in WorkCover moving to a model where publications are only printed on demand. This means that publications are no longer held for distribution and that WorkCover no longer has any Inventory.

### 20. Current/Non-Current Liabilities – Payables

	2013	2012
	\$'000	\$'000
<b>Current</b>		
Accrued salaries, wages and on-costs	4,564	3,858
Creditors	8,435	9,093
Premium Income received in advance	418	-
Premium Liability deficiency	-	-
Injury Prevention Levies income received in advance	28	-
<b>Total current liabilities</b>	<b>13,445</b>	<b>12,951</b>
Creditors	45,327	31,217
<b>Total non-current liabilities</b>	<b>45,327</b>	<b>31,217</b>
<b>Total liabilities</b>	<b>58,772</b>	<b>44,168</b>

Details regarding credit risk, liquidity risk and market risk, including maturity analysis of the above payables, are disclosed in Note 30.

#### a. Sporting Injuries Insurance Scheme Premium liability deficiency reserve

	2013
	\$'000
Unexpired risk liability as at 1 July	-
Movement in the unexpired risk liability recognised in the Statement of Comprehensive Income	-
<b>Premium liability deficiency reserve as at 30 June</b>	<b>-</b>

#### b. Calculation of deficiency

	2013
	\$'000
Unearned premium liability relating to contracts issued under the Sporting Injuries Insurance Scheme (A)	418
Central estimate of the present value of expected future cashflows arising from future claims on contracts issued under the Sporting Injuries Insurance Scheme	262
Risk Margin (75% Probability of Sufficiency)	131
(B)	393
<b>Deficiency (B)-(A) (zero minimum)</b>	<b>-</b>

The process for determining the overall risk margin, including the way in which diversification of risks has been allowed for is discussed in Note 22 (f). As with outstanding claims, the overall risk margin is intended to achieve a 75% probability of adequacy.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

## 21. Current/Non-Current Liabilities – Provisions

	2013	2012
	\$'000	\$'000
<b>Current</b>		
Annual Leave entitlements including oncosts	10,411	11,806
Extended Leave entitlements including oncosts	31,291	34,473
Compensation Court Judges pension	2,040	1,990
Provision for transfer of surplus funds to WCIF	-	-
<b>Total current liabilities</b>	<b>43,742</b>	<b>48,269</b>
<b>Non-current</b>		
Extended Leave entitlements including oncosts	1,437	1,875
Superannuation payable to SRWSD	99,860	133,806
Compensation Court Judges pensions	13,900	16,490
Make good – Leased buildings	1,677	1,736
<b>Total non-current liabilities</b>	<b>116,874</b>	<b>153,907</b>
<b>Total liabilities</b>	<b>160,616</b>	<b>202,176</b>

### Aggregate employee benefits and related on-costs

	2013	2012
	\$'000	\$'000
Provisions – current	41,702	46,279
Provisions – non-current	101,297	135,681
Accrued salaries, wages and on-costs (Refer Note 20)	4,564	3,858
	<b>147,563</b>	<b>185,818</b>

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

	2013	2012
Discount Rate	3.75%	3.0%
Future salary growth	3.0%	4.0%

Provisions include amounts due to the Safety, Return to Work and Support Division (SRWSD) for staff entitlements for leave and associated on-costs and superannuation. (Refer Note 3(h)(ii)).

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 once 7 years service has been reached for SRWSD employees is unconditional and accordingly all of this leave and associated on-costs have been classified as current. Extended leave is recognised after 5 years and as the taking of this leave is conditional until 7 years service is reached this leave and associated on-costs have been classified as non current.



# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

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Notes to the financial statements

### 21. Current/Non-Current Liabilities – Provisions (continued)

It is expected that the leave provisions and on-costs will be settled over the following period:

	2013	2012
	\$'000	\$'000
<b>Expected to be settled within twelve months</b>		
Recreation and extended leave	14,468	12,937
On costs on leave	1,892	1,841
	16,360	14,778
<b>Expected to be settled after twelve months</b>		
Extended leave	23,921	29,947
On costs on leave	2,858	3,429
	26,779	33,376
	<b>43,139</b>	<b>48,154</b>

	Provision for make good	Judges Pension	Total 2013
		\$'000	\$'000
Carrying amount 1 July	1,736	18,480	20,216
Amounts used	(3)	(2,110)	(2,113)
Finance cost – Unwinding of discount rate	-	500	500
Change in discount rate	-	(800)	(800)
Additional provisions recognised	(56)	-	(56)
Changes in other actuarial assumptions	-	(130)	(130)
<b>Carrying amount 30 June</b>	<b>1,677</b>	<b>15,940</b>	<b>17,617</b>

#### Judges Pensions

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.

As WorkCover was responsible for funding the costs of the former Compensation Court it became responsible for funding the pension costs of retired judges of the former Compensation Court.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

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Notes to the financial statements

### 22. Current/Non-Current Liabilities – Outstanding claims

- a. Details of the nature of outstanding claims are provided in Note 28

The liability brought to account is the amount recommended by consulting actuaries being their central estimate determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* for all schemes except the Sporting Injuries Insurance Scheme which is determined in accordance with AASB 1023 *General Insurance Contracts* and has a risk margin applied. Statutory provision provides assurances for the funding of the total liability. The dissection of the total liability by fund is:

	2013	2012
	\$'000	\$'000
Bush Fire Fighters Compensation Fund	17,629	16,219
Emergency & Rescue Workers Compensation Fund	12,800	15,717
Insurer's Guarantee Fund comprising:		
– Non HIH	83,096	91,132
– HIH Insurance Co Ltd	25,501	22,603
Total Insurer's Guarantee Fund	108,597	113,735
Supplementary Sporting Injuries Benefit Scheme	564	-
<b>Total outstanding claims valued under AASB 137</b>	<b>139,590</b>	<b>145,671</b>
Sporting Injuries Insurance Scheme	1,732	-
<b>Total outstanding claims valued under AASB 1023</b>	<b>1,732</b>	<b>-</b>
<b>Total outstanding claims</b>	<b>141,322</b>	<b>145,671</b>

	2013	2012
	\$'000	\$'000
Expected future claims payments	202,585	179,424
Claims handling expenses	49,018	46,909
Discount to present value	(110,281)	(80,662)
<b>Liability for outstanding claims</b>	<b>141,322</b>	<b>145,671</b>
Current	14,755	16,814
Non-current	126,567	128,857
<b>Total Liability for outstanding claims</b>	<b>141,322</b>	<b>145,671</b>

Outstanding claims valued in accordance with AASB 137

	2013	2012
	\$'000	\$'000
Carrying amount start of year	145,671	127,908
Amounts used	(11,567)	(9,374)
Finance cost – unwinding of discount rate	3,838	5,825
Change in discount rate	(11,617)	24,046
Increase/(Decrease) in amounts provided	13,265	(2,734)
<b>Carrying amount end of year</b>	<b>139,590</b>	<b>145,671</b>

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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Notes to the financial statements

## 22. Current/Non-Current Liabilities – Outstanding claims (continued)

Outstanding claims valued in accordance with AASB 1023

	2013	2012
	\$'000	\$'000
<b>Sporting Injuries Insurance Scheme</b>		
Central Estimate	1,053	1,238
Claims handling costs	274	291
Risk margin	493	544
Outstanding claims liability – undiscounted	1,820	2,073
Discount to present value	(88)	(107)
<b>Liability for Outstanding Claims – discounted</b>	<b>1,732</b>	<b>1,966</b>

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

	2013	2012
Bush Fire Fighters Compensation Fund	7.7 years	6.5 years
Emergency & Rescue Workers Compensation Fund	4.1 years	4.1 years
Insurers' Guarantee Fund	11.6 years	11.7 years
Sporting Injuries Insurance Scheme	2.0 years	2.0 years
Supplementary Sporting Injuries Benefit Scheme	2.0 years	2.0 years

- c. 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:

	2013	2012
	%	%
Inflation rate	3.50	4.00
Discount rate	2.54-2.80	2.39-2.60

- d. 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:

	2013	2012
	%	%
Inflation rate	3.06-3.50	1.90-3.75
Discount rate	2.61-5.41	1.86-4.25

- 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 these financial statements arise from the following:
- The actual model and method may not exactly match the claims process.
  - Past claim fluctuations may create uncertainty in the estimated model parameters.
  - Undetected errors in the data may result in errors in the model parameters.
  - Future economic and environmental conditions may be different to those assumed.
  - Future claims fluctuations result in uncertainty of the projected liability, even if the model and its parameters were perfect.

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

- f. Risk margin – Sporting Injuries Insurance Scheme

The overall risk margin was determined allowing for the relative uncertainty of the outstanding claims estimate. Uncertainty was analysed using stochastic modelling and also taking into account potential uncertainties relating to the actuarial models and assumptions, the quality of the underlying data used in the models, the general insurance environment, the underlying characteristics of business written and the impact of legislative reform.

The estimate of uncertainty is greater for long tailed classes when compared to short tailed classes due to the longer time until settlement of the outstanding claims.

The assumptions regarding uncertainty were applied to the central estimates of the liability for the Sporting Injuries Insurance Scheme only and are intended to result in a 75% probability of adequacy.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

## 22. Current/Non-Current Liabilities – Outstanding claims (continued)

### Risk margins applied

	2013	2012
	%	%
Risk margins applied	37.0	35.6

### g. Reconciliation of movement in discounted outstanding claims liability for the Sporting Injuries Insurance Schemes

	2013
	\$'000
Brought forward	2617
Reconciliation of discounted risk margin under AIFRS	(45)
Effect of changes in experience and assumptions on claims occurring in prior years	(496)
Increase in claims incurred arising from claims occurring in current year	448
Claim payments during the year	(228)
<b>Carried forward</b>	<b>2,296</b>

### h. Claims development table

The following table shows the development of undiscounted outstanding claims relative to the ultimate expected claims for the most recent accident years for the Sporting Injuries Schemes.

### Gross

Accident year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Estimate of ultimate claims cost:</b>												
At end of accident year	881	674	733	728	595	577	506	598	509	537	509	6,847
One year later	662	955	1,018	503	371	381	363	541	305	404		5,503
Two years later	546	750	787	650	270	474	278	426	300	-		4,481
Three years later	413	464	735	802	325	406	383	504	-	-		4,032
Four years later	317	427	729	754	293	481	262	-	-	-		3,263
Five years later	271	404	694	736	527	450	-	-	-	-		3,082
Six years later	224	411	698	634	497	-	-	-	-	-		2,464
Seven years later	140	411	656	618	-	-	-	-	-	-		1,825
Eight years later	137	444	640	-	-	-	-	-	-	-		1,221
Nine years later	164	436	-	-	-	-	-	-	-	-		600
Ten years and later	162	-	-	-	-	-	-	-	-	-		162
Current estimate of cumulative claims cost	162	436	640	618	497	450	262	504	300	404	509	4,782
Cumulative payments	(161)	(432)	(621)	(592)	(454)	(353)	(127)	(243)	(44)	(81)	(171)	(3,279)
<b>Outstanding claims – undiscounted</b>	<b>1</b>	<b>4</b>	<b>19</b>	<b>26</b>	<b>43</b>	<b>97</b>	<b>135</b>	<b>261</b>	<b>256</b>	<b>323</b>	<b>338</b>	<b>1,503</b>
Discount												(77)
2002 and prior												25
Claims handling expenses												376
<b>Outstanding claims as per statement of financial position</b>												<b>1,827</b>
Risk Margin (Main Scheme only)												469
<b>Final Outstanding claims including risk margin</b>												<b>2,296</b>

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

### 23. Increase in Net Assets from Equity Transfers

The Safety, Return to Work and Support Board Bill 2012 (the Bill) abolished the Sporting Injuries Committee and transferred the assets, rights and liabilities of the Sporting Injuries Committee to the WorkCover Authority. This Bill was effective from 1 August 2012.

The transfer of net assets between the Sporting Injuries Committee and the WorkCover Authority as a result of the Bill is designated or required by Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds.' This treatment is consistent with AASB 1004 Contributions and Australian Interpretation 1038 Contributions by owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

Details of the amounts transferred follow:

#### Statement of comprehensive income for the year ended 30th June 2013

	Actual 1/7-31/7/12	Actual 1/8/12- 30/06/13	Actual 2013	Actual 2012
<b>Expenses excluding losses</b>				
Operating expenses				
Personnel services	30	246	276	308
Other operating expenses	12	184	196	276
Grants and subsidies	-	106	106	72
Finance costs	-	68	68	-
Other expenses	117	(160)	(43)	718
<b>Total expenses excluding losses</b>	<b>159</b>	<b>444</b>	<b>603</b>	<b>1,374</b>
<b>Revenue</b>				
Sale of goods and services	98	656	754	776
Investment revenue	21	353	374	77
Retained taxes, fees and fines	17	65	82	474
Other revenue	-	1	1	-
<b>Total revenues</b>	<b>136</b>	<b>1,075</b>	<b>1,211</b>	<b>1,326</b>
Gain/(Loss) on disposal	-	-	-	-
Other gains/(losses)	-	-	-	-
<b>Net Result</b>	<b>(23)</b>	<b>631</b>	<b>608</b>	<b>(48)</b>
<b>Other Comprehensive Income</b>				
Items that will not be reclassified to net result				
Net (decrease) in property, plant and equipment asset revaluation reserve	-	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>(23)</b>	<b>631</b>	<b>608</b>	<b>(48)</b>

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

### 23. Increase in Net Assets from Equity Transfers (continued)

Details of assets and liabilities transferred from Sporting Injuries Committee to the WorkCover Authority as at 31st July 2012

	Actual 31 July 2012
	\$'000
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	1,107
Receivables	944
<b>Total Current Assets</b>	<b>2,051</b>
<b>Non-Current Assets</b>	
Financial assets at fair value	2,187
<b>Total Non-Current Assets</b>	<b>2,187</b>
<b>Total Assets</b>	<b>4,238</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Payables	559
Provisions	63
Other	1,021
<b>Total current Liabilities</b>	<b>1,643</b>
<b>Non-Current Liabilities</b>	
Provisions	9
Other	1,596
<b>Total non-current liabilities</b>	<b>1,605</b>
<b>Total liabilities</b>	<b>3,248</b>
<b>Net assets</b>	<b>990</b>
<b>Equity</b>	
Reserves	-
Accumulated Funds	990
<b>Total equity</b>	<b>990</b>

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

## 24. Reconciliation of Cash flows from operating activities to Net Result

	2013	2012
	\$'000	\$'000
<b>Net cash flows from operating activities</b>	9,700	13,570
Depreciation/asset writeback	(5,005)	(9,484)
Loss/(gain) on sale of asset	(1,777)	41
Unrealised investment income	17,186	3,879
<b>(Increase)/Decrease in provisions</b>		
– Outstanding claims	6,965	(17,763)
– Superannuation	33,946	(70,862)
– Doubtful debts	136	748
– Leave	5,101	(7,494)
– Provisions	2,599	(1,680)
Decrease in Inventory	-	(1,441)
(Decrease)/increase in debtors and prepayments	(1,320)	(9,557)
(Increase)/decrease in creditors	(13,854)	19,723
<b>Net result</b>	<b>53,677</b>	<b>(80,320)</b>

## 25. Commitments for Expenditure

### Operating Lease commitments

	2013	2012
	\$'000	\$'000
Future non-cancellable operating lease		
Rentals not provided for and payable		
Not later than one year	9,288	9,535
Later than one year but not later than five years	22,918	27,245
Later than five years	1,393	1,997
<b>Total (including GST)</b>	<b>33,599</b>	<b>38,777</b>

Expenditure commitments for the entity include input tax credits of \$3.054m (\$3.512m – 2012) which are expected to be recoverable from the Australian Taxation Office.

There are no capital expenditure commitments.

## 26. Self-Insurers and Specialised Insurers Security deposits and bank guarantees

Under sections 182 and 213-215B of the *Workers Compensation Act 1987*, WorkCover administers security deposits and bank guarantees lodged by self-insurers and specialised insurers.

As of 30 June 2013, WorkCover held deposits and bank guarantees to the value of \$1,739m (\$1,727m – 2012). These deposits and guarantees are held 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 2013 was \$2k (\$6.6m – 2012).

A reconciliation of the movement in deposits and bank guarantees held by WorkCover follows:

	2013	2012
	\$m	\$m
Balance at 1 July	1,727	1,624
Deposits and guarantees lodged	671	1,100
Deposits and guarantees returned	(659)	(997)
<b>Balance at 30 June</b>	<b>1,739</b>	<b>1,727</b>



# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

## Notes to the financial statements

### 27. Contingent Liabilities and Contingent Assets

#### a. Contingent Liabilities

There are no known contingent liabilities.

#### b. Contingent Assets

There are no known contingent assets.

### 28. Restricted Assets and Liabilities (Funds)

The Authority has direction, control and management responsibilities for a number of funds. These funds are mutually exclusive. For this reason these funds are viewed as being “restricted” and the assets and liabilities in each fund can not be utilised by the Authority for any other purpose than that specified in the legislation that created these funds.

These funds are:

#### a. WorkCover Authority Fund

This fund is constituted under Section 34 of the *Workplace Injury Management and Workers Compensation Act, 1998*. It is funded from contributions by insurers and self-insurers and it meets WorkCover’s operating expenses as well as payments to the Workers’ Compensation Commission responsible for the determination of workers compensation disputes.

Funds are also received from the Workers Compensation Insurance Fund which are applied, in part, to support research into occupational health and safety, workers compensation and injury management issues through a WorkCover Grants Scheme.

#### b. Insurers’ Guarantee Fund

As a consequence of National Employers’ Mutual General Insurance Association Limited being placed into provisional liquidation on 1 May 1990, the Insurers’ Guarantee Fund was established. Contributions from insurers and distributions by the liquidators are applied to meet the claims costs and administrative expenses of the fund.

The fund also meets the cost of the run-off of remaining claims liabilities of the HIH Insurance Group, the Greatlands General Insurance Co Ltd, Bishopsgate Insurance Australia Ltd, Associated General Contractors Insurance Co Ltd and Rural & General Insurance Limited.

#### 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. 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.

#### f. Sporting Injuries Fund

The Sporting Injuries Fund has been established as required by Section 11 of the Sporting Injuries Insurance Act 1978, to facilitate administration of the Sporting Injuries Insurance Scheme. The scheme covers registered participants of sporting organisations for injury while engaged in specific activities or events. The scheme provides capital lump sum benefits for injuries that lead to a prescribed percentage of permanent loss of use or fatality.

This fund has been transferred to the WorkCover Authority in accordance with the Safety, Return to Work and Support Board Bill from 1 August 2012. (Refer Note 23).

#### g. Supplementary Sporting Injuries Fund

The Supplementary Sporting Injuries Fund has been established, as required by Section 11A of the Sporting Injuries Insurance Act 1978, to facilitate administration of the Supplementary Sporting Injuries Benefits Scheme.

The Supplementary Scheme is a non-contributory scheme funded by the NSW Government. The Supplementary Scheme provides capital lump sum benefits for injuries that lead to a prescribed percentage of permanent loss of use or fatality to (a) children who are seriously injured while participating in organised school sport or athletic activities and (b) persons likewise injured while participating in certain programs of activity conducted or sanctioned by NSW Sport and Recreation.

This fund has been transferred to the WorkCover Authority in accordance with the Safety, Return to Work and Support Board Bill from 1 August 2012. (Refer Note 23).

Details of the operations of these funds are disclosed in the comparative financial statements following these notes (page 76).

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

## 29. Budget Review

### Net Result

The net result was \$54.0m favourable to budget primarily due to:

- Superannuation actuarial gains of \$35.1m due to an increase in the discount rate used to calculate these liabilities and strong investment returns.
- Favourable investment revenue of \$9.1m due to strong investment returns in 2012–13.
- Favourable depreciation and amortisation expenses of \$5.8m due to lower levels of asset purchases in 2012–13.

### Assets and liabilities

Total assets of \$20.9m favourable to budget mainly due to:

- Favourable cash balances of \$29.1m due in part to higher operational cash being received than required in 2012–13 and lower expenditure.
- Lower capital asset acquisitions of \$8.5m to budget.

Total liabilities were \$48.7m unfavourable to budget primarily due to the superannuation liability budget being based on actuarial assumptions as at June 2011.

### Cash flows

Net operating activities were \$7.9m favourable to budget primarily due to lower claims paid by the Bush Fire Fighters Fund (BFF), Emergency Rescue Workers Fund (ERWF) and Insurers Guarantee Fund (IGF).

Investing cash activities were \$7.5m favourable to budget due to lower levels of asset purchases in 2012–13.

## 30. Financial Instruments

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

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

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

### a. Financial Instrument categories

		Category	2013	2012
	Note		\$'000	\$'000
<b>Financial Assets</b>				
Cash and cash equivalents	14	N/A	87,085	72,025
Receivables (1)	15	Loans and receivables at amortised cost	8,970	10,289
Financial Assets at fair value	16	At fair value through profit or loss designated as such upon initial recognition	144,025	130,651
<b>Financial Liabilities</b>				
Payables (2)	20	Financial liabilities measured at amortised cost	12,977	12,435

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

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

### b. Credit Risk

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

Credit risk arises from the financial assets of WorkCover, including cash and receivables. No collateral is held by WorkCover. WorkCover has not granted any financial guarantees. WorkCover is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors.

Credit risk associated with WorkCover's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. All cash and investments are held in Australian banks or TCorp and therefore the credit risk associated with these assets is considered minimal.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

## 30. Financial Instruments (continued)

### b. Credit Risk (continued)

#### Cash

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

#### Receivables – trade debtors

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

Details of WorkCover's past due trade debtors follows:

	Total	Past due but not impaired	Considered impaired
	\$'000	\$'000	\$'000
<b>2013</b>			
< 3 months overdue	795	795	-
3 months – 6 months overdue	87	87	-
> 6 months overdue	702	695	7
<b>2012</b>			
< 3 months overdue	213	213	-
3 months – 6 months overdue	28	28	-
> 6 months overdue	11	7	4

Note: Excludes statutory receivables as they are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the statement of financial position.

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

#### Authority Deposits

The Authority has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 2.52% (2012-5.1%), while over the year the weighted average interest rate was 3.69% (2012-4.90%) on a weighted average balance during the year of \$53.1m (2012-\$49.2m). None of these assets are past due or impaired.

### c. Liquidity risk

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

WorkCover does not have any loans payable and no assets have been pledged as collateral. WorkCover's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Chief Executive Officer or their nominated delegate may automatically pay the supplier simple interest. There were no interest payments made for late payment of accounts in 2013. (2012-Nil).

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

## 30. Financial Instruments (continued)

### c. Liquidity risk (continued)

The table below summarises the maturity profile of WorkCover's financial liabilities, together with the interest rate exposure.

#### Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Interest Rate	Nominal Amount	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non-interest Bearing	< 1 year	1-5 years	> 5 years
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2013</b>								
Payables	N/A	12,977	-	-	12,977	12,977	-	-
<b>2012</b>								
Payables	N/A	12,435	-	-	12,435	12,435	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Authority can be required to pay. The tables include both interest (if applicable) and principal cash flows and therefore may not reconcile to the Statement of financial position.

### d. Market risk

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

The effect on the net result and equity due to a reasonably possible change in a risk variable such as interest rate risk and other price risk is outlined in the information below. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which WorkCover operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis for 2012. The analysis assumes that all other variables remain constant.

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

	Market value 2013	Market value 2012
	\$'000	\$'000
<b>Financial assets</b>		
Financial assets at fair value	144,025	130,651
Cash & cash equivalents	87,085	72,025
<b>Total financial assets exposed to market risk</b>	231,110	202,676
Receivables	8,970	10,289
<b>Total financial assets not exposed to market risk</b>	8,970	10,289
<b>Total financial assets</b>	240,080	212,965
<b>Financial liabilities</b>		
Payables	12,977	12,435
<b>Total financial liabilities not exposed to market risk</b>	12,977	12,435

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

## 30. Financial Instruments (continued)

### Interest rate risk

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

Financial instruments	Weighted average effective interest 2013	Floating interest rate 2013	Non-interest bearing 2013	Total 2013
	%	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash at bank	4.67	8,393	6,337	14,730
Receivables	N/A	-	8,970	8,970
Financial assets at fair value	3.69	72,355	-	72,355
<b>Total financial assets</b>		<b>80,748</b>	<b>15,307</b>	<b>96,055</b>
<b>Financial liabilities</b>				
Payables	N/A	-	12,977	12,977
<b>Total financial liabilities</b>		<b>-</b>	<b>12,977</b>	<b>12,977</b>

Financial instruments	Weighted average effective interest 2012	Floating interest rate 2012	Non-interest bearing 2012	Total 2012
	%	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash at bank	4.87	4,837	8,381	13,218
Receivables	N/A	-	10,289	10,289
Financial assets at fair value	4.90	58,807	-	58,807
<b>Total financial assets</b>		<b>63,644</b>	<b>18,670</b>	<b>82,314</b>
<b>Financial liabilities</b>				
Payables	N/A	-	12,435	12,435
<b>Total financial liabilities</b>		<b>-</b>	<b>12,435</b>	<b>12,435</b>

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

	Change in interest rate	Impact on net result		Impact on equity	
		2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
Cash at bank	+/-1%	71	34	71	34

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

## 30. Financial Instruments (continued)

### Other price risk

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

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

Facility	Investment Sectors	Investment horizon	2013	2012
			\$'000	\$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	72,355	58,807
Medium term growth facility	Cash, money market instruments, Australian and International bonds, listed property, Australian shares	3 years to 7 years	95,564	98,035
Long term growth facility	Cash, money market instruments, Australian and International bonds, listed property, Australian shares	7 years and over	48,461	32,616

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

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

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

NSW TCorp provides sensitivity analysis information for each of the facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (i.e. 95% probability).

The TCorp Hour Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on the net result (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption price as at 30th June each year for each facility. However, given the legislative guarantee of funding for the Insurer's Guarantee Fund (IGF) holdings with TCorp in the Hour Glass facility that relate to this fund will not impact on WorkCover's net result and have been excluded from the sensitivity analysis below:

	Change in unit price	Impact on profit/(loss)		Impact on equity	
		2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
Hour Glass Investment – Cash facility	+/-1%	714	574	714	574
Hour Glass Investment – Medium term growth facility	+/-6%	73	-	73	-
Hour Glass Investment – Long term growth facility	+/-15%	195	-	195	-

### e. Fair value compared to carrying amount

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

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

### f. Fair value recognised in the statement of financial position

WorkCover uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

Level 1 – Derived from quoted prices in active markets for identical assets/liabilities

Level 2 – Derived from inputs other than quoted prices that are observable directly or indirectly

Level 3 – Derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs)

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

## 30. Financial Instruments (continued)

### f. Fair value recognised in the statement of financial position (continued)

Financial assets at fair value	2013			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
TCorp Hour-Glass Invt. Facility	-	144,025	-	144,025

There were no transfers between Levels 1 and 2 during the period ended 30 June 2013.

Financial assets at fair value	2012			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
TCorp Hour-Glass Invt. Facility	-	130,651	-	130,651

There were no transfers between Levels 1 and 2 during the period ended 30 June 2012.

(The tables above only include financial assets, as no financial liabilities were measured at fair value in the statement of financial position).



# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

## 28. Restricted Assets and Liabilities (Funds) (continued)

### Comparative Statement of Comprehensive Income

Funds	WorkCover Authority Fund		Insurers' Guarantee Fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Comp Fund		Sporting Injuries Insurance Fund		Supplementary Sporting Injuries Benefit Scheme		TOTAL*	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
<b>Expenses excluding losses</b>														
<b>Operating expenses</b>														
Personnel services	103.6	213.3	-	-	-	-	-	-	0.2	0.1	-	-	103.9	213.3
Other operating expenses	53.0	59.5	1.4	1.4	0.4	0.5	0.7	0.8	0.3	-	-	-	55.8	62.2
Depreciation & amortisation	4.9	9.5	0.1	-	-	-	-	-	-	-	-	-	5.0	9.5
Grants and subsidies	2.6	3.2	-	-	-	-	-	-	0.1	-	-	-	2.7	3.2
Finance costs	0.5	0.9	3.0	4.2	0.4	0.9	0.4	0.8	0.1	-	-	-	4.4	6.7
Other expenses	35.5	34.4	(2.5)	24.4	3.3	(3.6)	0.2	0.5	(0.1)	(0.1)	-	-	36.3	55.8
<b>Total expenses excluding losses</b>	<b>200.1</b>	<b>320.8</b>	<b>2.0</b>	<b>30.0</b>	<b>4.1</b>	<b>(2.2)</b>	<b>1.3</b>	<b>2.1</b>	<b>0.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>208.1</b>	<b>350.7</b>
<b>Revenues</b>														
Sale of goods and services	13.5	12.6	-	-	-	-	-	-	0.7	-	-	-	14.2	12.6
Investment revenue	2.1	2.7	16.9	4.0	-	-	-	-	0.4	-	-	-	19.4	6.7
Retained taxes, fees and fines	239.2	225.6	(14.9)	24.7	4.1	(2.2)	1.3	2.1	0.1	-	-	-	229.8	250.2
Other revenue	1.3	1.6	-	1.3	-	-	-	-	-	-	-	-	1.3	2.9
<b>Total revenues</b>	<b>256.1</b>	<b>242.5</b>	<b>2.0</b>	<b>30.0</b>	<b>4.1</b>	<b>(2.2)</b>	<b>1.3</b>	<b>2.1</b>	<b>1.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>264.7</b>	<b>272.4</b>
Gain/(Loss) on disposal	(1.8)	-	-	-	-	-	-	-	-	-	-	-	(1.8)	-
Other gains/(losses)	(1.0)	(2.0)	-	-	-	-	-	-	-	-	-	-	(1.0)	(2.0)
<b>Net Result</b>	<b>53.2</b>	<b>(80.3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53.8</b>	<b>(80.3)</b>
<b>Other Comprehensive Income</b>														
Net (decrease) in property, plant and equipment asset revaluation reserve	(2.5)	-	-	-	-	-	-	-	-	-	-	-	(2.5)	-
<b>Total other comprehensive income</b>	<b>(2.5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2.5)</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>50.7</b>	<b>(80.3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51.3</b>	<b>(80.3)</b>

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

\*\* The Sporting Injuries Insurance Fund and Supplementary Sporting Injuries Benefit Scheme transferred to WCA from 1/8/12 so there are no comparatives for 2012 (Refer Note 23).

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

## 28. Restricted Assets and Liabilities (Funds) (continued)

### Comparative Statement of Financial Position

Funds	WorkCover Authority Fund		Insurers' Guarantee Fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Comp Fund		Sporting Injuries Insurance Fund		Supplementary Sporting Injuries Benefit Scheme		TOTAL*	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
<b>Assets</b>														
Receivables	15.3	16.9	-	-	14.5	12.4	10.0	11.7	0.3	-	0.6	-	40.8	41.0
Other financial assets	-	-	141.5	130.7	-	-	-	-	2.5	-	-	-	144.0	130.7
Other	102.1	92.6	2.3	3.0	3.2	4.0	3.1	4.4	1.1	-	-	-	111.8	104.0
<b>Total Assets</b>	<b>117.3</b>	<b>109.5</b>	<b>143.9</b>	<b>133.7</b>	<b>17.8</b>	<b>16.4</b>	<b>13.1</b>	<b>16.1</b>	<b>3.9</b>	<b>-</b>	<b>0.6</b>	<b>-</b>	<b>296.6</b>	<b>275.7</b>
<b>Liabilities</b>														
Outstanding Claims	-	-	108.6	113.7	17.6	16.2	12.8	15.7	1.7	-	0.6	-	141.3	145.7
Other	183.0	225.8	35.3	20.0	0.2	0.2	0.3	0.4	0.6	-	-	-	219.4	246.3
<b>Total Liabilities</b>	<b>183.0</b>	<b>225.8</b>	<b>143.9</b>	<b>133.7</b>	<b>17.8</b>	<b>16.4</b>	<b>13.1</b>	<b>16.1</b>	<b>2.3</b>	<b>-</b>	<b>0.6</b>	<b>-</b>	<b>360.7</b>	<b>392.0</b>
<b>Equity</b>	<b>(65.7)</b>	<b>(116.3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(64.1)</b>	<b>(116.3)</b>

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

\*\* The Sporting Injuries Insurance Fund and Supplementary Sporting Injuries Benefit Scheme transferred to WCA from 1/8/12 so there are no comparatives for 2012 (Refer Note 23).

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

WorkCover Authority of NSW

Notes to the financial statements

## 28. Restricted Assets and Liabilities (Funds) (continued)

### Comparative Statement of cash flows for the year ended 30 June 2013

Funds	WorkCover Authority Fund		Insurers' Guarantee Fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Comp Fund		Sporting Injuries Insurance Fund		Supplementary Sporting Injuries Benefit Scheme		TOTAL*	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
<b>Cash flows from operating activities</b>														
<b>Payments</b>														
Personnel services	(142.0)	(134.2)	-	-	-	-	-	-	(0.3)	-	(0.1)	-	(142.3)	(134.2)
Grants	(2.6)	(3.2)	-	-	-	-	-	-	(0.1)	-	-	-	(2.7)	(3.2)
Other	(102.0)	(95.6)	(6.9)	(6.1)	(2.8)	(2.4)	(4.3)	(4.4)	(0.5)	-	(0.1)	-	(116.5)	(108.5)
<b>Total Payments</b>	<b>(246.6)</b>	<b>(233.0)</b>	<b>(6.9)</b>	<b>(6.1)</b>	<b>(2.8)</b>	<b>(2.4)</b>	<b>(4.3)</b>	<b>(4.4)</b>	<b>(0.9)</b>	<b>-</b>	<b>(0.1)</b>	<b>-</b>	<b>(261.6)</b>	<b>(245.9)</b>
<b>Receipts</b>														
Sale of goods and services	5.1	5.3	-	-	-	-	-	-	0.7	-	-	-	5.8	5.3
Retained taxes, fees and fines	239.1	223.9	-	2.0	2.0	3.0	3.0	6.0	-	-	0.1	-	244.3	234.9
Interest received	2.1	2.7	0.1	0.1	-	-	-	-	-	-	-	-	2.3	2.8
Other receipts	18.7	16.4	0.2	-	-	-	-	-	0.1	-	-	-	19.0	16.4
<b>Total Receipts</b>	<b>265.0</b>	<b>248.3</b>	<b>0.3</b>	<b>2.1</b>	<b>2.0</b>	<b>3.0</b>	<b>3.0</b>	<b>6.0</b>	<b>0.9</b>	<b>-</b>	<b>0.1</b>	<b>-</b>	<b>271.3</b>	<b>259.4</b>
<b>Net cash flows from operating activities</b>	<b>18.4</b>	<b>15.3</b>	<b>(6.6)</b>	<b>(4.0)</b>	<b>(0.8)</b>	<b>0.6</b>	<b>(1.3)</b>	<b>1.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9.7</b>	<b>13.5</b>
<b>Cash flows from investing activities</b>														
Proceeds on sale of property, plant and equipment	-	0.8	-	-	-	-	-	-	-	-	-	-	0.0	0.8
Proceeds from sale of investments	-	-	6.0	6.0	-	-	-	-	-	-	-	-	6.0	6.0
Purchase of property, plant and equipment and intangibles	(1.7)	(3.3)	-	-	-	-	-	-	-	-	-	-	(1.7)	(3.3)
Purchase of investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net cash flows from investing activities</b>	<b>(1.7)</b>	<b>(2.5)</b>	<b>6.0</b>	<b>6.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.3</b>	<b>3.5</b>
<b>Net increase/(decrease) in cash</b>	<b>16.7</b>	<b>12.8</b>	<b>(0.6)</b>	<b>2.0</b>	<b>(0.8)</b>	<b>0.6</b>	<b>(1.3)</b>	<b>1.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14.0</b>	<b>17.0</b>
Opening cash and cash equivalents	60.6	47.8	3.0	1.0	4.0	3.4	4.4	2.8	-	-	-	-	72.0	55.0
Cash transferred in (out) as a result of administrative restructure	-	-	-	-	-	-	-	-	1.1	-	-	-	1.1	-
<b>Closing cash and cash equivalents</b>	<b>77.3</b>	<b>60.6</b>	<b>2.4</b>	<b>3.0</b>	<b>3.2</b>	<b>4.0</b>	<b>3.1</b>	<b>4.4</b>	<b>1.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87.1</b>	<b>72.0</b>

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

\*\* The Sporting Injuries Insurance Fund and Supplementary Sporting Injuries Benefit Scheme transferred to WCA from 1/8/12 so there are no comparatives for 2012 (Refer Note 23).

End of Audited Financial Statements

# Safety, Return to Work and Support Division Financial statements

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## Statement by Department Head

### SAFETY, RETURN TO WORK AND SUPPORT DIVISION

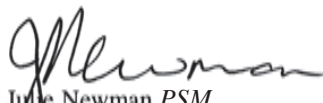
#### FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

##### Statement by Department Head

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

1. the accompanying financial statements exhibits a true and fair view of the financial position of the Safety, Return to Work and Support Division as at 30 June 2013 and transactions for the year then ended; and
2. these financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2010, Australian Accounting Standards and the Treasurer's Directions.

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



Julie Newman PSM  
Chief Executive  
Safety, Return to Work and Support Division

17 September 2013

# Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

### Safety, Return to Work & Support Division

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Safety, Return to Work & Support Division (the Division), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

#### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Division as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

#### The Chief Executive Officer's Responsibility for the Financial Statements

The Chief Executive Officer are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Division's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division'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 statements.

I believe 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 Division
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements
- about the assumptions used in formulating the budget figures disclosed in the financial statements.

### **Independence**

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

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



A Oyetunji  
Director, Financial Audit Services

19 September 2013  
SYDNEY



# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

Safety, Return to Work and Support Division

### Statement of comprehensive income for the year ended 30 June 2013

		Actual 2013	Budget 2013	Actual 2012
	Notes	\$ '000	\$ '000	\$ '000
<b>Expenses excluding losses</b>				
Operating expenses				
Employee related	2	161,029	178,434	166,767
Other expenses		16	14	15
<b>Total expenses excluding losses</b>		<b>161,045</b>	<b>178,448</b>	<b>166,782</b>
<b>Revenue</b>				
Personnel services revenue		129,668	178,371	246,468
Investment revenue		79	77	93
<b>Total Revenue</b>		<b>129,747</b>	<b>178,448</b>	<b>246,561</b>
<b>Net result</b>		<b>(31,298)</b>	<b>-</b>	<b>79,779</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to net result</b>				
Superannuation actuarial gain/(loss)		31,298	-	(79,779)
<b>Total other comprehensive income</b>		<b>31,298</b>	<b>-</b>	<b>(79,779)</b>
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>

The accompanying notes form part of these financial statements.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

Safety, Return to Work and Support Division

### Statement of financial position as at 30 June 2013

		Actual 2013	Budget 2013	Actual 2012
	Notes	\$ '000	\$ '000	\$ '000
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	3	3,049	6,000	5,409
Receivables	4	57,991	53,015	60,491
<b>Total Current Assets</b>		<b>61,040</b>	<b>59,015</b>	<b>65,900</b>
<b>Non-Current Assets</b>				
Receivables	4	110,159	68,315	147,549
<b>Total Non-Current Assets</b>		<b>110,159</b>	<b>68,315</b>	<b>147,549</b>
<b>Total Assets</b>		<b>171,199</b>	<b>127,330</b>	<b>213,449</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Payables	5	8,870	9,839	9,823
Provisions	6	52,170	49,176	56,077
<b>Total Current Liabilities</b>		<b>61,040</b>	<b>59,015</b>	<b>65,900</b>
<b>Non-current liabilities</b>				
Provisions	6	110,159	68,315	147,549
<b>Total non-current liabilities</b>		<b>110,159</b>	<b>68,315</b>	<b>147,549</b>
<b>Total liabilities</b>		<b>171,199</b>	<b>127,330</b>	<b>213,449</b>
<b>Net Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity</b>				
Accumulated Funds		-	-	-
<b>Total Equity</b>		<b>-</b>	<b>-</b>	<b>-</b>

The accompanying notes form part of these financial statements.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

Safety, Return to Work and Support Division

### Statement of cash flows for the year ended 30 June 2013

		Actual 2013	Budget 2013	Actual 2012
	Notes	\$ '000	\$ '000	\$ '000
<b>Cash flows from operating activities</b>				
<b>Payments</b>				
Employee related		(165,937)	(178,667)	(160,800)
Other		(24)	(14)	(4)
<b>Total Payments</b>		<b>(165,961)</b>	<b>(178,681)</b>	<b>(160,804)</b>
<b>Receipts</b>				
Personnel services revenue received		163,522	178,604	159,981
Interest received		79	77	93
<b>Total Receipts</b>		<b>163,601</b>	<b>178,681</b>	<b>160,074</b>
<b>Net cash flows from operating activities</b>	7	<b>(2,360)</b>	<b>-</b>	<b>(730)</b>
<b>Net increase/(decrease) in cash</b>		<b>(2,360)</b>	<b>-</b>	<b>(730)</b>
Opening cash and cash equivalents		5,409	6,000	6,139
<b>Closing cash and cash equivalents</b>	3	<b>3,049</b>	<b>6,000</b>	<b>5,409</b>

The accompanying notes form part of these financial statements.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

Safety, Return to Work and Support Division

### Statement of changes in equity for the year ended 30 June 2013

	Accumulated Funds	Total
Notes	\$ '000	\$ '000
<b>Balance at 1 July 2012</b>	-	-
Net result for the year	(31,298)	(31,298)
Other comprehensive income		
Superannuation actuarial gain (loss)	31,298	31,298
<b>Total other comprehensive income for the year</b>	<b>31,298</b>	<b>31,298</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 June 2013</b>	<b>-</b>	<b>-</b>
<b>Balance at 1 July 2011</b>	-	-
Net result for the year	79,779	79,779
Other comprehensive income		
Superannuation actuarial gain (loss)	(79,779)	(79,779)
<b>Total other comprehensive income for the year</b>	<b>(79,779)</b>	<b>(79,779)</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 June 2012</b>	<b>-</b>	<b>-</b>

The accompanying notes form part of these financial statements.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Safety, Return to Work and Support Division

Notes to the financial statements

## 1. Summary of Significant Accounting Policies

### a. Reporting entity

The Safety, Return to Work and Support Division (SRWSD) is a Division of the Government Service, established pursuant to Part 1 of Schedule 1 to the *Public Sector Employment and Management Act 2002*.

Effective from 1 August 2012 in accordance with the Safety, Return to Work and Support Board Bill the former Compensation Authorities Staff Division was renamed to the Safety, Return to Work and Support Division.

SRWSD's objective is to provide personnel services to the following entities:

- Lifetime Care and Support Authority of New South Wales
- Motor Accidents Authority of New South Wales
- WorkCover Authority of New South Wales
- Workers Compensation Commission
- Workers Compensation (Dust Diseases) Board of New South Wales
- WorkCover Independent Review Officer

SRWSD is a NSW government division. SRWSD is a not for profit entity (as profit is not its principal objective) and it has no cash generating units.

The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

These financial statements for the year ended 30 June 2013 have been authorised for issue by the Chief Executive of the Safety, Return to Work and Support Division on 17 September 2013.

### b. Basis of financial statements

These financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2010 and
- the Financial Reporting Directions published in the Financial reporting code for NSW General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment and financial assets at 'fair value through profit or loss' are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

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

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

### c. Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

### d. Insurance

SRWSD's workers compensation insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claim experience.

### e. Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not receivable from the Australian Taxation Office (ATO). 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 ATO is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis.

### f. Income Recognition

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.

#### i. Personnel services revenue

Revenue from providing personnel services is recognised as revenue when SRWSD transfers the significant risks and rewards of ownership of the assets.

#### ii. Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

### g. Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest rate method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Safety, Return to Work and Support Division

Notes to the financial statements

## 1. Summary of Significant Accounting Policies (continued)

### h. Cash and cash equivalents

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

### i. Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that SRWSD will not be able to collect all amounts due.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence.

### j. Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or if SRWSD transfers the financial asset:

- a. where substantially all the risks and rewards have been transferred or
- b. where SRWSD has not transferred substantially all the risks and rewards, if SRWSD has not retained control

Where SRWSD has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of SRWSD's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

### k. Liabilities

#### i. Payables

These amounts represent liabilities for goods and services provided to SRWSD and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

#### ii. Employee benefits and other provisions

##### a. Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits) that are due to be settled within 12 months after the period in which the employees render the service are recognised and measured in respect of the employee's service up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on government bonds are used to discount long term annual leave.

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

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

##### b. Long service leave and superannuation

Superannuation and long service leave liabilities are recognised as expenses and provisions when the obligations arise, which is usually through the rendering of service by employees.

Long service leave has been measured as the present value of accrued liabilities at balance date. The present value of the liabilities has been determined by estimating for each future year the amounts of entitlements expected to be paid in service and on termination of employment for each employee based on their current salary, long service leave balance, assumed rates of taking long service leave in service, rates of death, disablement, retirement and resignation and rates of salary escalation. The resulting cash flows have then been converted to a present value by discounting from the expected date of payment to the valuation date at the long term government bond yield rate. The assumed rate of salary escalations applied for this valuation was 2.5% pa for all future years (2.5% for all future years – 2012) and the discount rate applied was 3.75% (3.0%-2012).

Superannuation relating to defined benefit schemes 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.

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

The amount recognised in the Statement of Comprehensive Income for superannuation is the net total of current service cost, interest cost (the unwinding of the discount rate due to the passage of time), the expected return on any plan assets for defined benefit schemes and the level of expense paid for accumulation schemes. Actuarial gains or losses and adjustments for limits on net assets are recognised separately in the Statement of comprehensive income 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.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Safety, Return to Work and Support Division

Notes to the financial statements

## 1. Summary of Significant Accounting Policies (continued)

### I. New Australian Accounting Standards issued but not effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise.

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

AASB Amendment	Affected Standards	Operative Date
AASB 9	Financial instruments	1 January 2015
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9	1 January 2015
AASB 13	Fair value measurement	1 January 2013
AASB 2011-8	Amendments to Australian Accounting Standards arising from AASB 13	1 January 2013
AASB 2012-1	Amendments to Australian Accounting Standards arising from AASB 13	1 July 2013
AASB 2012-6	Amendments to Australian Accounting Standards – Mandatory Effective date of AASB9 and Transition Disclosures	1 January 2013
AASB 119	Employee Benefits	1 January 2013
AASB 2011-10	Amendments to Australian Accounting Standards arising from AASB 119	1 January 2013

The new standards are concerned with disclosures and will have no direct impact on SRWSD's financial results. Other accounting standards exist that have not been applied and are not yet effective, they have been excluded from the above table as they are not considered relevant to SRWSD.

## 2. Employee related expenses

	2013	2012
	\$'000	\$'000
Salaries and wages (including recreation leave)	139,313	135,630
Long service leave	2,352	9,301
Superannuation – defined benefit plans*	(1,740 )	1,130
Superannuation – defined contribution plans*	9,694	9,749
Payroll tax and fringe benefits tax	9,179	8,947
Workers compensation insurance	2,231	2,010
	<b>161,029</b>	<b>166,767</b>

\*Total superannuation expense recognised in the Statement of Comprehensive Income of \$7.9m includes expenses related to defined benefits superannuation schemes (Refer Note 6(e)), actuarial losses related to defined benefits superannuation scheme (Refer Note 6(f)) and expenses related to defined contribution schemes.

## 3. Current Assets – Cash and cash equivalents

	2013	2012
	\$'000	\$'000
Cash at bank and on hand	3,049	5,409
	<b>3,049</b>	<b>5,409</b>

Cash and cash equivalents assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

	2013	2012
	\$'000	\$'000
Cash and cash equivalents (per statement of financial position)	3,049	5,409
Closing cash and cash equivalents (per statement of cash flows)	<b>3,049</b>	<b>5,409</b>



# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

Safety, Return to Work and Support Division

Notes to the financial statements

### 4. Current/Non-Current Assets – Receivables

	2013	2012
	\$'000	\$'000
<b>Current</b>		
Receivable from agencies using employee services for employee provisions & other costs	53,203	56,200
Receivable from agencies using employee services for accrued salaries & oncosts	4,788	4,291
	<b>57,991</b>	<b>60,491</b>
<b>Non-Current</b>		
Receivable from agencies using employee services for employee provisions	110,159	147,549
	110,159	147,549
<b>Total receivable</b>	<b>168,150</b>	<b>208,040</b>

### 5. Current Liabilities – Payables

	2013	2012
	\$'000	\$'000
<b>Current</b>		
Creditors	4,082	5,532
Accrued salaries and wages and oncosts	4,788	4,291
<b>Total payable</b>	<b>8,870</b>	<b>9,823</b>

### 6. Current/Non-Current liabilities – Provisions

	2013	2012
	\$'000	\$'000
<b>Current</b>		
Recreation Leave provisions & oncosts	13,285	14,449
Long Service Leave provisions & oncosts	38,885	41,628
	<b>52,170</b>	<b>56,077</b>
<b>Non-Current</b>		
Long Service Leave provisions & oncosts	1,736	2,238
Superannuation – defined benefit plans	108,423	145,311
	110,159	147,549
	<b>162,329</b>	<b>203,626</b>

### Aggregate employee benefits and related on-costs

	2013	2012
	\$'000	\$'000
Provisions – current	52,170	56,077
Provisions – non-current	110,159	147,549
Accrued salaries and wages and oncosts (Refer Note 5)	4,788	4,291
	<b>167,117</b>	<b>207,917</b>

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 recreation leave and extended leave once 7 years service has been reached for SRWSD employees is unconditional and accordingly all of this leave and associated on-costs have been classified as current. Extended leave is recognised after 5 years and as the taking of this leave is conditional until 7 years service is reached this leave and associated on-costs have been classified as non current.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Safety, Return to Work and Support Division

Notes to the financial statements

## 6. Current/Non-Current liabilities – Provisions (continued)

It is expected that the leave provisions and on-costs will be settled over the following period:

	2013	2012
	\$'000	\$'000
<b>Expected to be settled within twelve months</b>		
Recreation & Extended Leave	17,393	15,726
Oncosts on leave	2,292	2,250
	<b>19,685</b>	<b>17,976</b>
<b>Expected to be settled after twelve months</b>		
Extended Leave	30,569	36,192
Oncosts on leave	3,652	4,147
	<b>34,221</b>	<b>40,339</b>
	<b>53,906</b>	<b>58,315</b>

### Superannuation

#### a. General description of the type of plan

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Superannuation Scheme (SSS)
- State Authorities Superannuation Scheme (SASS)
- State Authorities Non-contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes as at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the schemes are closed to new members.

#### b. Reconciliation of the present value of the defined benefit obligation

	SASS		SANCS		SSS		Total	
	Financial year to 2013	Financial year to 2012	Financial year to 2013	Financial year to 2012	Financial year to 2013	Financial year to 2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligations at the beginning of the year	53,286	49,822	12,529	11,722	248,371	183,687	314,186	245,231
Current Service cost	1,936	1,896	505	528	392	909	2,833	3,333
Interest cost	1,521	2,501	351	583	7,465	9,497	9,337	12,581
Contributions by fund participants	901	956	-	-	860	950	1,761	1,906
Actuarial (gains)/losses	1,680	2,906	(662)	995	(18,184)	61,865	(17,166)	65,766
Benefits paid	(6,950)	(4,795)	(1,932)	(1,300)	(7,048)	(8,537)	(15,930)	(14,632)
Past service cost	-	-	-	-	-	-	-	-
Curtailments	-	-	-	-	-	-	-	-
Settlements	-	-	-	-	-	-	-	-
Business combinations	-	-	-	-	-	-	-	-
Exchange rate changes	-	-	-	-	-	-	-	-
<b>Present value of partly funded defined benefit obligations at the end of the year</b>	<b>52,374</b>	<b>53,286</b>	<b>10,791</b>	<b>12,528</b>	<b>231,856</b>	<b>248,371</b>	<b>295,021</b>	<b>314,185</b>

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Safety, Return to Work and Support Division

Notes to the financial statements

## 6. Current/Non-Current liabilities – Provisions (continued)

### c. Reconciliation of the fair value of fund assets

	SASS		SANCS		SSS		Total	
	Financial year to 2013	Financial year to 2012	Financial year to 2013	Financial year to 2012	Financial year to 2013	Financial year to 2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fair value of fund assets at the beginning of the year	34,085	35,580	6,131	6,918	128,658	134,418	168,874	176,916
Expected return on fund assets	2,708	2,929	458	559	10,745	11,297	13,911	14,785
Actuarial gains/(losses)	3,243	(2,441)	441	(569)	10,447	(11,003)	14,131	(14,013)
Employer contributions	1,953	1,856	513	523	1,386	1,533	3,852	3,912
Contributions by Fund participants	900	956	-	-	860	950	1,760	1,906
Benefits paid	(6,950)	(4,795)	(1,931)	(1,300)	(7,048)	(8,537)	(15,929)	(14,632)
Settlements	-	-	-	-	-	-	-	-
Business combinations	-	-	-	-	-	-	-	-
Exchange rate changes	-	-	-	-	-	-	-	-
<b>Fair value of Fund assets at the end of the year</b>	<b>35,939</b>	<b>34,085</b>	<b>5,612</b>	<b>6,131</b>	<b>145,048</b>	<b>128,658</b>	<b>186,599</b>	<b>168,874</b>

### d. Reconciliation of the assets and liabilities recognised in the statement of financial position

	SASS		SANCS		SSS		Total	
	Financial year to 2013	Financial year to 2012	Financial year to 2013	Financial year to 2012	Financial year to 2013	Financial year to 2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligation at end of year	52,374	53,286	10,791	12,528	231,856	248,371	295,021	314,185
Fair value of Fund assets at end of year	(35,939)	(34,085)	(5,612)	(6,131)	(145,048)	(128,658)	(186,599)	(168,874)
	16,435	19,201	5,179	6,397	86,808	119,713	108,422	145,311
Adjustment for limitation on net assets	-	-	-	-	-	-	-	-
Unrecognised past service cost	-	-	-	-	-	-	-	-
<b>Net liability to be recognised in the statement of financial position</b>	<b>16,435</b>	<b>19,201</b>	<b>5,179</b>	<b>6,397</b>	<b>86,808</b>	<b>119,713</b>	<b>108,422</b>	<b>145,311</b>

### e. Expense recognised in the Statement of Comprehensive Income

	SASS		SANCS		SSS		Total	
	Financial year to 2013	Financial year to 2012	Financial year to 2013	Financial year to 2012	Financial year to 2013	Financial year to 2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current service cost	1,936	1,896	505	528	393	909	2,834	3,333
Interest on obligation	1,521	2,501	351	583	7,465	9,497	9,337	12,581
Expected return on plan assets	(2,707)	(2,929)	(458)	(559)	(10,745)	(11,297)	(13,910)	(14,785)
Past service cost	-	-	-	-	-	-	-	-
Losses/(gains) on curtailments and settlements	-	-	-	-	-	-	-	-
<b>Total included in employee related payments</b>	<b>750</b>	<b>1,468</b>	<b>398</b>	<b>552</b>	<b>(2,887)</b>	<b>(891)</b>	<b>(1,740)</b>	<b>1,130</b>

The superannuation expense recognised in the Statement of Comprehensive income is included in the line item "Employee Related". Superannuation actuarial gains of \$31.3m (2011-12 losses of \$79.8m) are separately identified under "Other Comprehensive Income" in the Statement of Comprehensive income.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Safety, Return to Work and Support Division

Notes to the financial statements

## 6. Current/Non-Current liabilities – Provisions (continued)

### f. Amounts recognised under Other Comprehensive Income in the Statement of Comprehensive Income

	SASS		SANCS		SSS		Total	
	Financial year to 2013	Financial year to 2012	Financial year to 2013	Financial year to 2012	Financial year to 2013	Financial year to 2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Actuarial (gains)/losses	(1,563)	5,347	(1,104)	1,564	(28,631)	72,868	(31,298)	79,779
Adjustment for limit on net assets	-	-	-	-	-	-	-	-
<b>Expense recognised in the Statement of Comprehensive income</b>	<b>(1,563)</b>	<b>5,347</b>	<b>(1,104)</b>	<b>1,564</b>	<b>(28,631)</b>	<b>72,868</b>	<b>(31,298)</b>	<b>79,779</b>

### Cumulative amount recognized in Other Comprehensive Income

	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
As at 30th June 2013	<b>7,344</b>	<b>1,470</b>	<b>53,833</b>	<b>62,647</b>
As at 30th June 2012	8,907	2,574	82,464	93,945
As at 30th June 2011	3,560	1,010	9,596	14,166
As at 30th June 2010	2,339	757	11,638	14,734

### g. Actual return on fund assets

	SASS		SANCS		SSS		Total	
	Financial year to 2013	Financial year to 2012	Financial year to 2013	Financial year to 2012	Financial year to 2013	Financial year to 2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Actual return on Fund assets</b>	<b>5,478</b>	<b>(18)</b>	<b>899</b>	<b>(10)</b>	<b>21,658</b>	<b>20</b>	<b>28,035</b>	<b>(8)</b>

### h. Percentage of super fund assets in each class

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

	30-Jun-13	30-Jun-12
Australian equities	30.4%	28.0%
Overseas equities	26.1%	23.7%
Australian fixed interest securities	6.9%	4.9%
Overseas fixed interest securities	2.2%	2.4%
Property	8.3%	8.6%
Cash	13.1%	19.5%
Other	13.0%	12.9%

### i. Fair value of fund assets

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

### j. Expected rate of return on assets

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

### k. Valuation method and principal actuarial assumptions at the reporting date

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

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Safety, Return to Work and Support Division

Notes to the financial statements

## 6. Current/Non-Current liabilities – Provisions (continued)

### l. Economic assumptions

Economic Assumptions	2013	2012
Salary increase rate (excluding promotional increases)		
2013–14	2.25%	2.5%
2014–15	2.25%	-
2015–16 to 2019–2020	2.00%	-
2020 onwards	2.50%	-
Rate of CPI increase	2.5%	2.5%
Expected rate of return on Fund assets backing current pension liabilities	8.60%	8.60%
Discount rate	3.80%	3.06%

### m. Demographic Assumptions

The demographic assumptions at 30 June 2013 are those that were used in the 2012 triennial actuarial valuation. The triennial review report is available from the NSW Treasury website.

### n. Historical information

SASS				
	Financial year to 2013	Financial year to 2012	Financial year to 2011	Financial year to 2010
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	52,374	53,286	49,822	52,383
Fair value of Fund assets	(35,939)	(34,085)	(35,580)	(39,275)
<b>(Surplus)/Deficit in Fund</b>	<b>16,435</b>	<b>19,201</b>	<b>14,242</b>	<b>13,108</b>
Experience adjustments – Fund liabilities	1,680	2,906	645	3,494
Experience adjustments – Fund assets	(3,243)	2,441	576	(1,155)
N/A: Information note available for this period				

SANCS				
	Financial year to 2013	Financial year to 2012	Financial year to 2011	Financial year to 2010
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	10,791	12,528	11,722	12,425
Fair value of Fund assets	(5,612)	(6,131)	(6,918)	(7,860)
<b>(Surplus)/Deficit in Fund</b>	<b>5,179</b>	<b>6,397</b>	<b>4,804</b>	<b>4,565</b>
Experience adjustments – Fund liabilities	(662)	995	256	797
Experience adjustments – Fund assets	(441)	569	(2)	(40)
N/A: Information note available for this period				

SSS				
	Financial year to 2013	Financial year to 2012	Financial year to 2011	Financial year to 2010
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	231,856	248,371	183,687	196,096
Fair value of Fund assets	(145,048)	(128,658)	(134,418)	(139,978)
<b>(Surplus)/Deficit in Fund</b>	<b>86,808</b>	<b>119,713</b>	<b>49,269</b>	<b>56,118</b>
Experience adjustments – Fund liabilities	(18,184)	61,865	(2,331)	12,885
Experience adjustments – Fund assets	(10,448)	11,003	289	(1,247)
N/A: Information note available for this period				

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Safety, Return to Work and Support Division

Notes to the financial statements

## 6. Current/Non-Current liabilities – Provisions (continued)

### o. Expected contributions

	SASS	SANCS	SSS
	Financial year to 2013	Financial year to 2013	Financial year to 2013
	\$'000	\$'000	\$'000
Expected employer contributions to be paid in the next reporting period	1,711	485	1,335

### p. Funding Arrangements for Employer Contributions

The following is a summary of the 30 June 2013 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS		SANCS		SSS		Total	
	Financial year to 2013	Financial year to 2012	Financial year to 2013	Financial year to 2012	Financial year to 2013	Financial year to 2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accrued benefits	47,450	46,494	9,363	10,679	140,490	136,130	197,303	193,303
Net market value of fund assets	(35,939)	(34,085)	(5,612)	(6,161)	(145,048)	(128,658)	(186,599)	(168,904)
<b>Net (surplus)/deficit</b>	<b>11,511</b>	<b>12,409</b>	<b>3,751</b>	<b>4,518</b>	<b>(4,558)</b>	<b>7,472</b>	<b>10,704</b>	<b>24,399</b>

Recommended contribution rates for the entity are:

<b>SASS</b>	multiple of member contributions	1.90
<b>SANCS</b>	% of member salary	2.50
<b>SSS</b>	multiple of member contributions	0.93

Contribution rates are set after discussions between the employer, STC and NSW Treasury.

NSW Treasury has the responsibility for arranging for the actuarial review of the Fund to be performed across the whole government sector. The last triennial actuarial review was conducted in 2012 and the economic assumptions adopted for this review were:

	2013	2012
Expected rate of return on Fund assets backing current pension liabilities	8.3%	8.3%
Expected rate of return on Fund assets backing other liabilities	7.3%	7.3%
Expected salary increase rate	2.7% for 6 years then 4.0%	4.0%
Expected rate of CPI increase	2.5%	2.5%

### q. 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.

## 7. Reconciliation of Cash flows from Operating Activities to Net result

	2013	2012
	\$'000	\$'000
Net cash flows from operating activities	(2,360)	(730)
(Decrease)/Increase in Trade & Other Receivables	(39,891)	85,941
(Increase) in Trade & Other Payables	955	(9)
Superannuation actuarial (gain)/loss	(31,298)	79,779
Decrease/(Increase) in Provisions	41,296	(85,202)
<b>Net result</b>	<b>(31,298)</b>	<b>79,779</b>

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Safety, Return to Work and Support Division

## Notes to the financial statements

### 8. Financial Instruments

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

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

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

#### a. Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2013	2012
			\$'000	\$'000

##### Class:

Cash and cash equivalents	3	N/A	3,049	5,409
Receivables *(1)	4	Loans and receivables (at amortised cost)	168,150	208,040

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
			2013	2012
			\$'000	\$'000

##### Class:

Payables *(2)	5	Financial liabilities Measured at amortised cost	8,867	9,823
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Notes:

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

#### b. Liquidity risk

Liquidity risk is the risk that SRWSD will be unable to meet its payment obligations when they fall due. During the current year there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. SRWSD is fully funded by the entities to which it provides personnel services. Given this SRWSD's exposure to liquidity risk is deemed to be insignificant.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Chief Executive Officer or their nominated delegate may automatically pay the supplier simple interest. There were no interest payments made for late payment of accounts in 2013. (2012: Nil).

#### c. Credit risk

Credit risk arises where there is the possibility of SRWSD's debtors defaulting on their contractual obligations, resulting in a financial loss to SRWSD. The maximum exposure to credit risk at balance date is generally represented by the carrying amount of the financial assets net of any allowance for impairment as indicated in the Statement of Financial Position.

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

Credit risk is minimal as SRWSD's receivables are from other government entities predominately for leave liabilities (annual and extended leave and associated on-costs) and superannuation liabilities. Cash is held in Australian banks.

SRWSD is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. At balance date, no debtors are past due nor have any been determined as impaired. (2012: Nil).

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Safety, Return to Work and Support Division

## Notes to the financial statements

### d. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. SRWSD has no exposure to foreign currency risk and does not enter into commodity contracts.

SRWSD is exposed to market risk through its liability to defined benefit superannuation funds. Should the earnings on these funds underlying assets differ from the funds actuarial projections due to, for example changes in the market values of those underlying assets, then SRWSD's liability to these funds will vary from the amount included in these accounts.

Given the nature of SRWSD's funding arrangements whereby all of its obligations are met by the entities to which it provides personnel services to any movements in these liabilities will be funded by these entities. As a result there will be no impact on SRWSD's net result or equity.

### e. Fair Value

Financial instruments are generally recognised at cost

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

## 9. Commitments for Expenditure

There were no expenditure commitments.

## 10. Budget Review

### Net Result

The actual net result was lower than budget by \$31.3m, due to superannuation actuarial gains mainly caused by the increase in the discount rate from 3.06% at 30 June 2012 to 3.80% at 30 June 2013 and strong investment returns on the fund assets.

### Assets and liabilities

#### Current assets and Current liabilities

Current assets were \$2.0m higher than budget due to movements in the value of extended leave liabilities caused by changes to the discount rate used to value these liabilities.

As SRWSD is funded by the agencies that it provides personnel services to then its liabilities are ultimately the liabilities of those agencies and so a receivable is recognised representing that these agencies owe these liabilities to SRWSD.

#### Non current assets and Non Current liabilities

Non current assets were \$41.9m higher than budget primarily due superannuation actuarial losses in 2011–12 offset by superannuation actuarial gains in 2012–13. These movements were caused by changes to the discount rates used to value these liabilities and were not reflected in the Budget.

### Cash flows

Net cash flows from operating activities were \$2.4m lower than the budget primarily due to reductions in employee related payments of \$12.7m offset by decreases in personnel services income of \$15.1m.

## 11. Contingent Liabilities and Contingent Assets

### a. Contingent Liabilities

There are no known contingent liabilities

### b. Contingent Assets

There are no known contingent assets.

### End of audited Financial Statements.



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## Appendix 1: Legislation and statutory amendments

### Principal legislation administered

#### Acts

##### Constitution of WorkCover

- *Workplace Injury Management and Workers Compensation Act 1998*

##### Work Health and Safety

- *Work Health and Safety Act 2011*
- *Explosives Act 2003*
- *Rural Workers Accommodation Act 1969*
- *Dangerous Goods (Road and Rail Transport) Act 2008*

##### Workers Compensation

- *Workplace Injury Management and Workers Compensation Act 1998*
- *Workers Compensation Act 1987*
- *Workers Compensation (Bush Fire, Emergency and Rescue Services) Act 1987*
- *Workers' Compensation (Dust Diseases) Act 1942*
- *Associated General Contractors Insurance Company Limited Act 1980*
- *Bishopsgate Insurance Australia Limited Act 1983*
- *Safety, Return to Work and Support Board Act 2012*

##### Other

- *Sporting Injuries Insurance Act 1978*

#### Regulations

##### ***Work Health and Safety Act 2011***

*Work Health and Safety Regulation 2011*

*Explosives Act 2003*

*Explosives Regulation 2005*

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

*Workers Compensation Regulation 2010*

*Workers Compensation Commission Rules 2011*

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

*Workers Compensation (Bush Fire, Emergency and Rescue Services) Regulation 2007*

##### ***Workers' Compensation (Dust Diseases) Act 1942***

*Workers' Compensation (Dust Diseases) Regulation 2008*

##### ***Sporting Injuries Insurance Act 1978***

*Sporting Injuries Insurance Regulation 2009*

*Sporting Injuries Insurance Rule 1997*

#### Changes to acts

##### ***Safety Return to Work and Support Board Act 2012***

Date of Commencement 1.8.2012.

##### ***Workers Compensation Legislation Amendment Act 2012***

Date of commencement of Schs 1 and 4 [1], 1.10.2012, sec 2 (1) and 2012 (474) LW 28.9.2012.

#### Changes to regulations

##### ***Workers Compensation (Bush Fire, Emergency and Rescue Services) Regulation 2012***

Date of commencement, on publication on LW being 3.8.2012.

##### ***Workers Compensation Amendment (Miscellaneous) Regulation 2012***

Date of commencement, 17.9.2012.

##### ***Workers Compensation Amendment (Transitional) Regulation 2012***

Date of commencement, 1.10.2012.

##### ***Workers Compensation Amendment (Further Transitional) Regulation 2012***

Date of commencement, on publication on LW being 21.12.2012.

##### ***Workers Compensation Amendment (Disclosure of Information) Regulation 2012***

Date of commencement, on publication on LW being 7.12.2012.

##### ***Workers Compensation Amendment (Latest Index Number) Regulation 2013***

Date of commencement, on publication on LW being 22.3.2013.

##### ***Workers Compensation Amendment (Small Employers Wages Returns) Regulation 2013***

Date of commencement, 4pm on 30.6.2013.

##### ***New and amending subordinate legislation under the Workers Compensation Act 1987 and the Workplace Injury Management and Workers Compensation Act 1998***

##### ***Workers Compensation Commission Rules 2011***

The rules provide rules for the Workers Compensation Commission. The Rules were tabled on 7 June 2013 and commenced on 1 July 2013.

##### ***Workers Compensation (Weekly Payments Indexation) Order 2013***

Date of commencement, on publication on LW being 28.3.2013.

##### ***Workers Compensation (Weekly Payments Indexation) Amendment (Current Weekly Earnings) Order 2013***

Date of commencement, on publication on LW being 28.6.2013.

These orders index various amounts under the workers compensation legislation.

## Repealed legislation

- *Occupational Health and Safety Act 2000* (also administered by the Department of Primary Industries in relation to mines) (repeal effective on 1 January 2012)
- *Workers' Compensation (Brucellosis) Act 1979* (repeal effective on 8 July 2011)
- *Workmen's Compensation (Lead Poisoning – Broken Hill) Act 1922* (repeal effective on 6 January 2012)
- *The Standard Insurance Company Limited and Certain Other Insurance Companies Act 1963* (repeal effective on 6 July 2012)
- *Occupational Health and Safety Regulation 2001* (repeal effective on 1 January 2012)

## Appendix 2: Chief and senior executive performance statements

<b>Name</b>	Julie Newman PSM
<b>Position and level</b>	Chief Executive Officer SES Level 7
<b>Total remuneration package</b>	\$412,200
<b>Performance pay</b>	Nil
<b>Period in position</b>	Appointed effective 23 October 2012 to 30 June 2013 Acting CEO for the period 5 December 2011 to 22 October 2012

- Delivered significant reform to the Workers Compensation System including scheme design, resulting in an improvement in the NSW Workers Compensation Scheme funding position from 91% at 30 June 2012 to 95% at 31 December 2012.
- Delivered the continued implementation of the national workplace health and safety legislation in NSW including development of the return to work inspectorate.
- Provided strategic leadership to the development of CTP reform options for the NSW Government.
- Directed the development and implementation of stakeholder engagement and customer experience strategies supporting the implementation of regulatory reforms.
- Provided strategic leadership and commitment to the development and implementation of talent management, leadership, performance management, service delivery, and customer experience strategies to further build capability and develop an empowered, productive and constructive workplace culture across the Safety, Return to Work and Support Division.
- Delivered workplace health safety and wellbeing strategies, including an early intervention model, resulting in a 70% reduction in the outstanding 2012–13 workers compensation claims performances achieved by SRWSD as an employer.

- Led significant organisational change including the review and implementation of new business operating models across SRWSD to improve productivity and accountability to deliver business results.
- Enhanced senior executive capability across SRWSD including the recruitment of new leadership teams for People & Culture Group, Investment Division, Motor Accidents Authority and Lifetime Care and Support Authority.
- Influenced positive outcomes for NSW in national agendas regarding asbestos management, National Injury Insurance Scheme, National Disability Insurance Scheme and Workers Compensation and Work Health and Safety.
- Enhanced SRWSD's governance through the development of an enterprise risk management strategy/framework and commenced program of work to improve organisational performance reporting.
- Led the implementation of the *Safety, Return to Work and Support Board Act 2012*.
- Delivered the SRWSD business and financial plans.

<b>Name</b>	John Watson PSM
<b>Position and level</b>	General Manager, Occupational Health and Safety Division SES Level 5
<b>Total remuneration package</b>	\$292,450
<b>Performance pay</b>	Nil
<b>Period in position</b>	1 April 2004 to 30 June 2013

- Led the successful implementation of the national workplace legislation in NSW, ensuring that WorkCover and its stakeholders were equipped to operate under a new legislative framework upon commencement in January 2012.
- Developed and delivered a program of workplace injury prevention strategies designed to focus on the highest risks and to achieve ongoing reductions in injury and fatality incidence rates in NSW.
- Implemented risk based targeted work health and safety prevention programs including the high risk industries of road freight transport, sheep and beef cattle farming and wooden product manufacturing.
- Commenced implementation of the NSW State-wide Asbestos Plan aimed at securing safe management of asbestos and reducing the incidence of asbestos related diseases in NSW. The Plan targets initiatives on four priority areas: research, risk communication, prevention and coordination.
- Developed and commenced implementation of the Healthy Worker Initiative, focusing on the manufacturing, transport and construction industries as part of the project's first phase.

- Implemented a Return to Work pilot program focusing on WorkCover's engagement with employers on the delivery of improved return to work options for injured workers and reduce the costs of worker compensation claims in the NSW scheme.
- Developed and implemented change management reforms within the Work Health and Safety Division to improve customer service, specialist services and to achieve improved operational efficiencies.
- Continued to build the capability of the Work Health and Safety Division to evaluate the impact that prevention programs have on health and safety outcomes in NSW workplaces.
- Represented NSW as a member of Safe Work Australia, providing input and oversight of the national workers compensation and workplace health and safety agendas. Significant achievements include the development and endorsement of the Australian WHS Strategy 2012-2022, development of nationally consistent operational procedures, templates and guidance material and development of a range of model Codes of Practice as part of the package of harmonised work health and safety laws.
- Contributed to the negotiations surrounding the national legislative reform program in relation to explosives, major hazard facilities and mining.
- Took a lead role on behalf of NSW at the National level, chairing the Safe Work Australia Strategic issues Group – WHS and the Heads of Workplace Safety Authorities (HWSA).

<b>Name</b>	Carmel Donnelly
<b>Position and level</b>	General Manager, Strategy & Performance Division SES Level 5
<b>Total remuneration package</b>	\$292,450
<b>Performance pay</b>	Nil
<b>Period in position</b>	23 May 2011 to 30 June 2013

- Supported Government policy development and the development of regulatory and service delivery priorities initiatives including reform of legislation administered by WorkCover, proposed legislative reform of the CTP Scheme and the development of the National Injury Insurance Scheme.
- Coordinated SRWSD Board and executive corporate planning processes, refinement of performance reporting and evaluation methods and SRWSD agency annual reports.
- Led development of an integrated research strategy for SRWSD agencies.
- Developed and implemented new processes and policies to improve customer experience complaints management and feedback across SRWSD and to review and improve privacy management plans and processes for SRWSD agencies.

- Developed and delivered communication and stakeholder engagement strategies around major reforms, including the work health and safety and workers compensation insurance reforms.
- Led consultation and collaborative development of a small business strategy for WorkCover.
- Successfully delivered the 2012 WorkCover Safety Awards and Safety Show event program and publicity for WorkCover safety messages including an advertising campaign to inform workers and employers how to manage the risk of heat stress.
- Realigned the consolidated WorkCover Customer Service Centre, delivered further implementation of the Government Licensing System for WorkCover authorisations and progressed improvement of the customer experience and workplace culture within the Customer Service Centre.
- Implemented a new operating structure and reviewed and re-aligned the capability within Strategy and Performance Division to provide enhanced strategic planning communication and ministerial, support shared services for the Safety, Return to Work & Support Division.

<b>Name</b>	Geniere Aplin
<b>Position and level</b>	General Manager Workers Compensation Insurance Operations SES Level 7
<b>Total remuneration package</b>	\$412,200
<b>Performance pay</b>	Nil
<b>Period in position</b>	8 August 2011 to 30 June 2013

- Implemented the NSW Government's reforms to the workers compensation legislation across the NSW system that have contributed to an improvement in the NSW Workers Compensation Scheme funding position from 91% at 30 June 2012 to 95% at 31 December 2012.
- Transitioned 940 of the most seriously injured workers to the new reforms which have delivered 70 per cent more benefits to these workers, and transitioned approximately one third of existing claims in the NSW Scheme to the new benefits structure as at 30 June 2013.
- Implemented initiatives aimed at determining effective, outcomes-focused claims management practices that have contributed to an improvement in the Return To Work rate in NSW of injured workers that had 10 or more days off work by 2%, with the NSW rate ahead of the national average by 3%.
- Reduced premiums by an average 7.5% from 30 June 2013 for two thirds of employers in NSW operating across 346 industries that have demonstrated improvement in workplace safety and claims performance, returning over \$200 million back to NSW business.

- Implemented the *Small Employers Incentive Package* that provides 95% of all employers under the NSW Scheme with more certainty of their premium calculations, affords further premium discounts of 10% through workplace safety and return to work incentives, and reduces red tape for small business.
- Reduced the financial security requirements for those local councils in NSW who self-insure their workers compensation liability by one third totalling \$5.7 million in recognition of their risk profile and enabling them to better fund community programs.
- Completed the *Return to Work Engagement with Workplaces Program* over a 12 week period to assist a targeted number of large, medium and small businesses in NSW take proactive steps to provide suitable employment for their injured workers using an integrated direct engagement approach with WorkCover frontline staff and executives, employers of injured workers and scheme agent case managers.
- Implemented a medical profession engagement program to facilitate the development of health care strategies for effective claims management, based on provider participation and collaboration that emphasises evidence-based treatment practices focused on capacity, return to work, recovery at work and the health benefits of work
- Implemented a new operating structure for the Workers Compensation Insurance Division to facilitate the delivery of customer focused insurance services, optimal claims and return to work outcomes for injured workers, and competitive insurance products and pricing for employers in the NSW system.

<b>Name</b>	Steven McKenna
<b>Position and level</b>	General Manager, Investment Division SES Level 6
<b>Total remuneration package</b>	\$312,625
<b>Performance pay</b>	Nil
<b>Period in position</b>	5 November 2012 to 30 June 2013

- Established a common set of guiding policies for internal governance and investment management of the funds.
- Ongoing implementation of a consistent risk framework across the SRWSD funds.
- Achievement of solid investment returns within a volatile investment environment that contributed to an improvement in the funding position of the NSW Workers Compensation Scheme.
- Met or exceeded the short term investment objectives for each of the funds.

- Negotiated a contract to appoint a single custodian for the SRWSD funds.
- Renegotiation of the custody fees resulting in significant cost savings.
- Negotiation of significant investment management cost savings with existing investment managers.
- Completion of a significant number of reviews of new and existing managers and their operations to ensure the assets of the funds were managed by professional and capable organisations.
- Close collaboration with the Department of Finance & Services, NSW Treasury, TCorp and SAS Trustee Corporation to assess the scope for efficiencies in investments, administration and operational areas.

<b>Name</b>	Megan Hancock
<b>Position and level</b>	A/Chief Financial Officer SES Level 6
<b>Total remuneration package</b>	\$275,981
<b>Performance pay</b>	Nil
<b>Period in position</b>	6 February 2012 to 30 June 2013

- Ensured the delivery of savings targets for 2012–13 and achieved better than budget financial performance through ongoing financial analysis, financial control, and reporting.
- Finalised SRWSD's 2013–14 budget and forward estimates incorporating significant savings targets, and developed savings strategies in Conjunction with agencies to achieve the savings targets.
- Implemented strategies to improve the quality and timeliness of statutory financial statements and ensure SRWSD's compliance with revised annual reporting requirements.
- Led the design and creation of tools to enable people leaders to better monitor and manage current resources and associated costs and future workforce needs.
- Reviewed and realigned the organisational structures of the Finance and Facilities and Services branches to improve effectiveness and meet future delivery needs.
- Completed the implementation of the recommendations from the TestSafe Australia capability and business review.
- Finalised tool of trade equipment policies to better manage costs and productivity.

<b>Name</b>	Chris Grogan
<b>Position and level</b>	A/General Manager, Investment Division SES Level 5
<b>Total remuneration package</b>	\$231,526
<b>Performance pay</b>	Nil
<b>Period in position</b>	4 July 2011 to 2 July 2012

<b>Name</b>	Wayne Weatherbee
<b>Position and level</b>	General Manager Workers Compensation Insurance Strategy SES Level 6
<b>Total remuneration package</b>	\$315,188
<b>Performance pay</b>	Nil
<b>Period in position</b>	8 August 2011 to 4 March 2013

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

	2012-13								2011-12								2010-11								2009-10							
	SRWSD (3)	WCA	WCC	SIC	DDB	MAA	LTCSA	CASD (1)	WCA	WCC	SIC	DDB	MAA	LTCSA	WCA	OWCA	WCA	WCC	SIC	DDB	MAA	LTCSA	WCA	OWCA	WCA	WCC	LSPC (2)	SIC	DDB	MAA	LTCSA	
Number of CES/SES positions	41	36				3	2	16	10					2	2	16	10				3	2	2	11	10		1					
Number of positions filled by women	17	16					1	7	5					1	1	7	6				1	1	4	5								
Positions at or above SES level 5	9	7				1	1	9	7					1	1	7	7				1	1	5	5								

Note:

1. Motor Accidents Authority (MAA) and Lifetime Care and Support Authority (LTCSA) are reported as part of the Compensation Authorities Staff Division as of 2009-2010.
2. From 4 April 2011, employees from the Building and Construction Industry Long Service Payments Corporation (LSPC) no longer formed part of the Compensation Authorities Staff Division (CASD).
3. Compensation Authorities Staff Division retitled to Safety Return to Work & Support Division in August 2012.



## Appendix 3: Government information (public access)

### ***Government Information (Public Access) Act 2009***

WorkCover's Right to Information Unit administers and fulfils WorkCover's obligations under the *Government Information (Public Access) Act 2009* (GIPA Act). In line with most other agencies, during 2012–13 WorkCover continued to apply fees and charges to requests for access to the government information the agency holds.

#### **Clause 7 – Authorised proactive release of government information**

Under section 7(3) of the GIPA Act, at least every 12 months WorkCover is required to review its program for the proactive release of government information that is considered to be in the public interest without imposing unreasonable costs to the agency.

#### **How the agency carried out the review**

During the 2012–13 financial year WorkCover's Right to Information team consulted throughout the organisation to identify information that could be proactively released, including any new information created or received. This ensured all areas of WorkCover were aware of the importance of proactive release of information to the public.

Information released as a result of the review included:

- work health and safety alerts
- a summary of prosecutions conducted and details relating to prosecution matters where there was a finding of guilt and a conviction
- information about scheme agent contracts
- work health and safety updates including details of and updates from the Heads of Asbestos Coordination Authorities – its members, its model asbestos policy for all local councils, and a newly created asbestos and demolition licence holder search
- information about changes to workers compensation legislation
- access to its new Customer Service Charter
- the Scheme Agent performance report
- Workers Compensation Scheme issues paper that outlines a number of options for reform to the Workers Compensation Scheme
- aspects of the 2010 Scheme Agent Deed.

WorkCover primarily uses its website to release information free of charge that is considered to be in the public interest, including forms, publications, codes, guides, manuals, policies and reports, as well as the Insurance Premium Order, Annual Report, actuarial valuation of outstanding claims liability for the NSW Workers Compensation Nominal Insurer conducted twice a year for the periods ending 30 June and 31 December and Workers Compensation Benefits Guide. These documents can also be accessed by contacting the WorkCover Assistance Service on **13 10 50**. In addition, WorkCover uses its website to provide ready access to current safety alerts, media releases, fact sheets and FAQs.

WorkCover utilises social media outlets, including Facebook and Twitter, to direct members of the public to appropriate links on its website in relation to a range of current work health and safety topics, and in particular new media releases.

In the 2012–13 financial year the majority of access applications received by WorkCover related to workplace incidents. Throughout the year, the Right to Information Team looked at which information was repeatedly released to determine whether there was a public interest in making that information publicly available. No repeated information was identified to be in the public interest to proactively release.

During 2013–14 WorkCover will continue to review all new records to determine information that can be made publicly available. It aims to update its GIPA page on the WorkCover website to increase the amount of information available, review its Policy Document Register and maintain the Disclosure Log.

#### **Reporting on formal access applications – GIPA statistics (2011–12)**

A total of 662 access applications were received during the 2012–13 reporting period. This includes withdrawn applications but not invalid applications. This total includes formal applications received but not decided during the 2012–13 reporting period.

A total of 15 access applications received during the reporting period were refused – eight refused in full and seven refused in part – by WorkCover because the information requested was information referred to in Schedule 1 to the GIPA Act (that is, information for which there is a conclusive presumption of an overriding public interest against disclosure).

#### **Privacy and Personal Information**

##### ***Privacy and Personal Information Protection Act 1998 (PPIP Act) and Health Records and Information Privacy Act 2002 (HRIP Act)***

In the course of carrying out its functions, WorkCover collects, retains, stores, uses and discloses personal and health information about individuals on a daily basis. The PPIP Act and the HRIP Act deal with how all NSW public sector agencies, including WorkCover, must manage personal and health information.

All personal information held by WorkCover is managed in accordance with NSW privacy legislation. This includes all types of records in any format such as documents (paper and electronic), data in business information systems and verbal decisions and objects (e.g. photographs, maps, evidence and samples).

Examples of the personal details of individuals with whom WorkCover has contact includes names, dates of birth, residential addresses, drivers licence details, financial details, bank account details, wage records, work history, medical certificates and health details.

WorkCover staff are guided in the management of personal and health information by its Privacy Management Plan. The Plan can be accessed on WorkCover's web site at **workcover.nsw.gov.au**. At the time of writing a review of the Plan is being undertaken.

During the 2012–13 financial year, WorkCover received nine applications under Privacy legislation. Five of the applications dealt with both the provisions of Part 5, section 53 of the PIPP Act and the provisions of section 21 of the HRIP Act, and two dealt only with Part 5, section 53 of the PIPP Act. Two applications were withdrawn.

Of these reviews, four applicants sought further review by the

Administrative Decisions Tribunal pursuant to section 55 of the PIPP Act and/or section 21 of the HRIP Act.

Of note, three applications made to the Administrative Decisions Tribunal during 2011–12 were decided in the 2012–13 financial year, two matters were dismissed and in one matters the Tribunal determined not to take any action.

**Table A: Number of applications by type of applicant and outcome\***

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn	Total
Media	0	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0	0
Private sector business	10	66	4	9	0	0	0	5	94
Not for profit organisations or community groups	0	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	27	270	6	107	3	1	0	49	463
Members of the public (other)	11	66	1	9	0	2	0	21	110
<b>Total</b>	<b>48</b>	<b>402</b>	<b>11</b>	<b>125</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>75</b>	<b>667</b>

\* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

**Table B: Number of applications by type of application and outcome**

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn	Total
Personal information applications*	2	4	0	3	0	0	0	1	10
Access applications (other than personal information applications)	14	59	2	18	1	1	0	9	104
Access applications that are partly personal information applications and partly other	32	339	9	104	2	2	0	65	553
<b>Total</b>	<b>48</b>	<b>402</b>	<b>11</b>	<b>125</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>75</b>	<b>667</b>

\* A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual). The total number of decisions in Table B should be the same as Table A.



**Table C: Invalid applications**

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	159
Application is for excluded information of the agency (section 43 of the Act)	10
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	169
Invalid applications that subsequently became valid applications	93

**Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act**

	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	1
Executive Council information	0
Contempt	0
Legal professional privilege	4
Excluded information	10
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

Note: More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

**Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of the Act**

	Number of occasions when application not successful
Responsible and effective government	44
Law enforcement and security	63
Individual rights, judicial processes and natural justice	362
Business interests of agencies and other persons	41
Environment, culture, economy and general matters	1
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0
<b>Total</b>	<b>511</b>

Note: More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table D.

**Table F: Timeliness**

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	607
Decided after 35 days (by agreement with applicant)	23
Not decided within time (deemed refusal)	37
<b>Total</b>	<b>667</b>

**Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)**

	Decision varied	Decision upheld	Total
Internal review	2	1	3
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of Act	1	0	1
Review by ADT	1	0	1
<b>Total</b>	<b>4</b>	<b>1</b>	<b>5</b>

**Table H: Applications for review under Part 5 of the Act (by type of applicant)**

	Number of applications
Applications by access applicants	5
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

## Appendix 4: Credit Card

Credit card use within the WCA, WCC and WIRO is certified in accordance with Premier's Memorandum and Treasurer's direction. The SRWSD has a rigorous process in place to ensure full accountability for the use of credit cards.

## Appendix 5: Response to significant matters raised in the outgoing audit report

There were no significant matters raised in the outgoing audit report.

## Appendix 6: Account payment performance

### Payment of Accounts – All suppliers

\* Figures include payments on behalf of the WCA, WCC and WIRO

Amounts outstanding to suppliers at the end of each quarter of the year were:

2012–13	September Quarter	December Quarter	March Quarter	June Quarter
Current	\$0.00	\$124,857.34	\$165,760.78	\$580,171.57
<30 days overdue	\$0.00	\$149,136.04	\$92,348.67	\$20,843.88
>30 and <60 days overdue	\$0.00	\$19,225.61	\$272.98	\$1,712.10
>60 days and <90 days	\$0.00	\$27.09	\$4,170.60	\$211.18
90 days and over	\$0.00	\$1,810.00	\$10,321.34	\$22,509.90

Amounts paid to suppliers at the end of each quarter of the year were:

2012–13	September Quarter	December Quarter	March Quarter	June Quarter	Total for Year
Number of accounts paid	4,776	4,661	4,517	5,612	19,566
Number paid on-time	4,499	4,452	4,110	5,299	18,360
% accounts paid on-time	94.20%	95.52%	90.99%	90.25%	93.84%
Value of accounts paid	\$19,143,626.88	\$14,700,058.40	\$14,049,460.91	\$15,557,820.56	\$63,450,966.75
Value paid on-time	\$18,157,482.63	\$13,882,013.24	\$12,784,695.08	\$14,526,197.60	\$59,350,388.55
% value paid on-time	94.85%	94.44%	91.00%	89.26%	93.54%

During the year WorkCover paid \$63.4m to all suppliers of which \$59.3m or 93.54% of the invoices were paid within the vendors terms. This performance compared favorably to a target of 90%.

\*September 2012: The WorkCover Authority implemented a new version of Oracle during the quarter resulting in difficulty in accessing the figures required for this period.

### Payment of Accounts – Small Business suppliers

Amounts paid to identified small business suppliers at the end of each quarter of the year were:

2012–13	September Quarter	December Quarter	March Quarter	June Quarter	Total for Year
Number of accounts paid	162	389	242	247	1,040
Number paid on-time	158	389	242	247	1,036
% accounts paid on-time	97.53%	100.00%	100.00%	100.00%	99.62%
Value of accounts paid	\$221,245.00	\$772,887.00	\$281,384.00	\$372,569.00	\$1,648,085.00
Value paid on-time	\$216,713.00	\$772,887.00	\$281,384.00	\$372,569.00	\$1,643,553.00
% value paid on-time	97.95%	100.00%	100.00%	100.00%	99.73%
Overdue interest payments	1	0	0	0	1
Overdue interest paid	\$48.00	\$0.00	\$0.00	\$0.00	\$48.00

During the year WorkCover paid \$1.648m to small businesses of which \$1.643m or 99.73% of the invoices were paid within 30 days.

## Appendix 7: Claims management performance

Reporting period	2012-13	2011/12	2010-11
<b>Workers Compensation:</b>			
No. of employees	1083	1162	1306
No. of claims	22	53	75
No. of claims per employee	0.02	0.05	0.06
Total cost of claims	\$142,645	\$955,205	\$1,110,760
Average claim cost	\$6,484	\$18,023	\$14,810
<b>Motor vehicles: (Total Claims)</b>			
Vehicles(1)	330	340	340
Number of claims	112	105	121
No. of claims per vehicle	0.34	0.31	0.36
Total cost of claims	\$257,072	\$230,575	\$295,319
Average cost per claim	\$2,296	\$2,196	\$2,441
Average cost per vehicle	\$779	\$678	\$869
<b>Property:</b>			
Number of claims	6	11	3
No. of claims per employee	0.006	0.009	0.002
Total cost of claims	\$11,566.88	\$61,338	\$13,450
Average cost per claim	\$1,928	\$5,576	\$4,483
Average cost per employee	\$11	\$53	\$11
<b>Liability:</b>			
Number of claims	Nil	Nil	Nil
Total cost of claims	Nil	Nil	Nil
Average claim	Nil	Nil	Nil
<b>Miscellaneous:</b>			
Number of claims	Nil	Nil	
Total cost of claims	Nil	Nil	
Average claim	Nil	Nil	

## Appendix 8: 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 2013, the allocation between the facilities was as follows:

Investment Type	\$ Million	Percentage of total
Long term growth	48.4	22
Medium Term Growth	95.6	44
Cash	72.4	34
<b>Total</b>	<b>216.4</b>	<b>100.0</b>

The total investment portfolio value at 30 June 2013 was \$216.4 million, with \$48.4 million allocated to the Long Term Growth Facility, \$95.6 million in the Medium Term Growth Facility and \$72.4 million held as cash. The return for the financial year for each of the facilities was 20.55 per cent for Long Term, 10.74 per cent for Medium Term and 3.69 per cent for cash. The NSW Workers Compensation Scheme results are reported separately in October to facilitate the actuarial assessments of the scheme's financial performance and position as at 30 June 2013.

## Appendix 9: Liability management performance

### Claims liability

WorkCover NSW also has outstanding workers compensation claims liabilities that arise under, the Insurers' Guarantee Fund, the Bush Fire Fighters and Emergency and Rescue Workers Compensation Funds. Following the introduction of the Safety, Return to Work and Support Board Act the Authority assumed responsibility for Sporting Injuries Insurance Scheme and the Supplementary Sporting Injuries Benefit Scheme from 1 August 2013.

These liabilities are assessed by actuaries and for the last five years were:

Year	Insurers' Guarantee Fund \$m	Bush Fire Fighters Compensation Fund \$m	Emergency & Rescue Workers Compensation Fund \$m	Sporting Injuries insurance Scheme \$m	Supplementary Sporting Injuries Benefit Scheme \$m
2008-09	85.0	14.7	10.4		
2009-10	80.9	14.9	14.0		
2010-11	89.1	20.7	18.1		
2011-12	113.7	16.2	15.7		
2012-13	108.6	17.6	12.8	1.7	0.6

Funding of the largest liabilities is by insurers' contributions and details of all liabilities are reported in the financial statements each year. WorkCover NSW does not have any borrowings.

## Appendix 10: Major assets/land – disposals and acquisitions

WorkCover did not dispose of any land in the 2012-13 financial year.

## Appendix 11: Works in progress

Major computer hardware and software projects	Total cost 30/6/2013 \$m	Cost overrun \$m	Estimated date of completion	Reason for significant delay	Asset/work in progress
Case Management System	1.7		30/09/13		WIP
<b>Total</b>	<b>1.7</b>				

## Appendix 12: Price determination method as at 30 June 2013

WorkCover NSW is primarily funded from statutory contributions by the Nominal Insurer and self-insurers. The contribution from the nominal insurer is fixed and the contributions from the self and specialised insurers' are based on their premium income and deemed premiums respectively. The amount of contributions is determined annually by the SRWS Board 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 13: Consultants 2012–13

### WorkCover Authority

Vendor	Description	Vendor total
Mercer Investments (Australia) Limited	Asset consultant for the Workers Compensation Insurance Fund	398,400.00
Hr Connections Pty Ltd	Advice and development of high priority policies and procedures for Safety, Return to Work and Support Division	103,056.00
Stratsec.net Pty Ltd	Expert Advice for information technology security	54,400.00
Soto Group Pty Limited	Expert advice for UTS Crane Collapse	50,513.00
Total Greater than \$50,000		606,369
Plus 20 Consultants \$50,000 and under		197,536
<b>Total consultants</b>		<b>803,905</b>

### WorkCover Independent Review Officer

Vendor	Description	Vendor total
Total Greater than \$50,000		0
Plus 3 Consultants \$50,000 and under		18,056
<b>Total consultants</b>		<b>18,056</b>

## Appendix 14: Overseas travel – 2012–13

### WorkCover Authority

Person travelling	Date	Purpose	Cost \$	Recovery \$	Net Cost \$
Adrian Riecdijk	May 2012	Commercial Testing Business TestSafe Aust – NZ – Audits – FM Bondor Christchurch, FM Petronics, PEC, FM Bondor Auckland	136	136	0.00
Ajay Maira	June 2012	Commercial Testing Business TestSafe Aust – Singapore – IECEX Testing Laboratory, Singapore	415	415	0.00
Xue Mei	July 2012	Commercial Testing Business TestSafe Aust – China & Germany – IECEX Testing Laboratory, Proficiency testing program China & Germany. Reaccreditation to undertake Audits	3,457	0.00	3,457
John Watson	September 2012	Attend and present at the 2012 World Conference, New Zealand as well as attend meetings with the Ministry of Business, Innovation & Employment	3,298	0.00	3,298
Gordana Ostojic	September 2012	Commercial Testing Business TestSafe Aust – Canada – IECEX meetings	7,325	7,325	0.00
Adrian Riecdijk	September 2012	Commercial Testing Business TestSafe Aust – NZ – Audits – FM Tait, FM Pertronic	1,738	1,738	0.00
James Zhao	September 2012	Commercial Testing Business TestSafe Aust – China – Audits – Kinyun, Southern Star, Shanghai Renmin	2,715	2,715	0.00
Ajay Maira	October 2012	Commercial Testing Business TestSafe Aust – NZ – Audits – Gallagher Fuel Systems LTD	1,316	1,316	0.00
Adrian Riecdijk	October 2012	Commercial Testing Business TestSafe Aust – Singapore – Audits – CMG	1,670	1,670	0.00
Adrian Riecdijk	November 2012	Commercial Testing Business TestSafe Aust – NZ – Audits – FM Tait, FM Pertronic FM Polyphen IPD, FM Polyphen Papinz, FM Polyphen Metalcraft	2,785	2,785	0.00
Wayne Weatherbee	November 2012	Attend 2nd Australasian Compensation Health Research Forum Conference, New Zealand	2,268	0.00	2,268
Kate Needham	November 2012	Final module of the 2011 ANZSOG Executive Masters in Public Administration, New Zealand	1,122	0.00	1,122
Gordana Ostojic	December 2012	Commercial Testing Business TestSafe Aust – USA – Audits – IECEX	2,998	2,998	0.00
Adrian Riecdijk	February 2013	Commercial Testing Business TestSafe Aust – NZ – Audits – FM Tait, FM Pertronic, Compac Industries	2,246	2,246	0.00
John Watt	May 2013	Commercial Testing Business TestSafe Aust – South Africa – Audits – Transval Electric	2,493	2,493	0.00
Adrian Riecdijk	May 2013	Commercial Testing Business TestSafe Aust – NZ – Audits – FM Tait, FM Pertronic, PEC	1,895	1,895	0.00
James Zhao	May 2013	Commercial Testing Business TestSafe Aust – Malaysia & China – Audits – Novaris & Elfare	2,153	2,153	0.00
Gordana Ostojic	May 2013	Commercial Testing Business TestSafe Aust – Malaysia & China – Audits – Novaris & Elfare	2,104	2,104	0.00
<b>Total</b>			<b>42,134</b>	<b>31,989</b>	<b>10,145</b>

\* TestSafe Australia is a commercial testing business conducting audits on overseas testing providers.

#### WorkCover Independent Review Officer

Person travelling	Date	Purpose	Cost \$	Recovery \$	Net Cost \$
Kim Garling	February 2013	Attendance at the American Bar Association mid-year meeting and to liaise with Workers Compensation Ombudsman offices in the USA, including Texas, Oklahoma and New Mexico	15,255	0.00	15,255
Brooke Benson	April/May 2013	Attend the International Association of Industrial Accidents Boards and Commissions (AIABC) Forum in Des Moines, Iowa, USA.	6,159	0.00	6,159
Philip Jedlin	April/May 2013	Attend the International Association of Industrial Accidents Boards and Commissions (AIABC) Forum in Des Moines, Iowa, USA.	9,674	0.00	9,674
<b>Total</b>			<b>31,088</b>	<b>0.00</b>	<b>31,088</b>

#### Appendix 15: Events that have a significant effect on the succeeding year after the balance date

There has been no significant events after the balance date that will impact the succeeding year.

#### Appendix 16: Grants to non-government organisations

Organisation	\$ Allocated
<b>Australian Research Council</b> Funding of up to \$100,000 has been made available over a three year period to contribute to the study People @ Work. This is an Australian Research council funded collaboration project between the WorkCover Authority of NSW, the University of Queensland, the Australian National University and other jurisdictions, including Workplace Health and Safety Qld, WorkSafe Victoria, ComCare, and Beyond Blue.	100,000 over 3 years

## Appendix 17: Licensed and self-insurers

### Self-Insurers: 41

	Organisation
1.	3M Australia Pty Limited
2.	Ausgrid
3.	Bankstown City Council
4.	BOC Limited
5.	Campbelltown City Council
6.	Council of the City of Blacktown
7.	Council of the City of Lake Macquarie
8.	Council of the City of Newcastle
9.	Council of the City of Sydney
10.	Council of the City of Wollongong
11.	Delta Electricity
12.	Electrolux Home Products Pty Ltd
13.	Endeavour Energy
14.	Eraring Energy
15.	Fairfield City Council
16.	Fletcher International Exports Pty Limited
17.	Forestry Corporation of New South Wales
18.	Gosford City Council
19.	Government of New South Wales (State Transit Authority Division)
20.	Hawkesbury City Council
21.	Inghams Enterprises Pty Limited
22.	ISS Property Services Pty Ltd
23.	Liverpool City Council
24.	Mars Australia Pty Ltd (Previously Effem Foods Pty Ltd)
25.	Pacific National (NSW) Pty Ltd
26.	Qantas Airways Limited
27.	Rail Corporation New South Wales
28.	Rocla Pty Limited
29.	Shoalhaven City Council
30.	Southern Meats Pty Limited
31.	Sutherland Shire Council
32.	The Star Pty Limited
33.	Toll Pty Limited
34.	Transfield Services (Australia) Pty Limited
35.	UGL Rail Services Pty Limited
36.	University of New South Wales
37.	University of Wollongong
38.	Veolia Environmental Services (Australia) Pty Ltd
39.	Warringah Council
40.	Westpac Banking Corporation
41.	Wyong Shire Council



**Group Self-Insurers: 18**

	Organisation
1.	Arrium Limited
2.	Australia and New Zealand Banking Group Limited
3.	Brambles Industries Limited
4.	BHP Billiton Limited
5.	BlueScope Steel Limited
6.	Brickworks Limited
7.	Coles Group Limited
8.	Colin Joss & Co Pty Limited
9.	CSR Limited
10.	Holcim (Australia) Holdings Pty Ltd
11.	Myer Holdings Limited
12.	McDonald's Australia Holdings Limited
13.	Northern Co-operative Meat Company Limited
14.	Primary Health Care Ltd
15.	The NSW Self Insurance Corporation
16.	Skilled Group Limited
17.	Unilever Australia (Holdings) Pty Ltd
18.	Woolworths Limited

**Specialised Insurers: 7**

	Organisation
1.	Catholic Church Insurances Limited
2.	Coal Mines Insurance Pty Ltd
3.	Guild Insurance Limited
4.	Hospitality Employers Mutual Limited
5.	Racing NSW
6.	North Insurances Pty Ltd
7.	StateCover Mutual Limited

**Licence Cancelled: NIL**

## Appendix 18: WorkCover fast facts

Work Health and Safety	Results*
Number of work related fatalities (2011–12 results)	122
Number of major workplace injuries (2011–12 results)	27,696
Total number of occupational illness claims (2011–12 results)	10,747
Total number of notices issued by WorkCover Inspectors	8,186
Total number of workplace visits conducted	19,633
Total number of successful work health and safety prosecutions	98
Total amount of fines awarded by the courts for WHS breaches	\$5,259,000
Workers Compensation Insurance	Results*
Number of scheme Agents	7
Number of Self-Insurers	41
Number of Group Self-Insurers	18
Number of Specialised Insurers	7
Specialist severe injury claims managers	21
Premiums collected in Policy Renewal Year 2011	\$2.7 billion
Number of new claims 12 months to 31 March 2013	71,991
Number of active claims over three years old at 31 March 2013	31,920
Number of employers provided workers compensation protection	Approx. 270,000
Fund Management	Results*
Sporting Injuries Fund	11.9%
Insurers' Guarantee Fund	13.0%
People and Culture	Results*
Number of staff as at 20 June 2013	1,083
Percentage of Women employees	56.5%
Percentage of Aboriginal and Torres Strait Islander employees	2.8%
Percentage of employees whose first language was not English	14.6%
Percentage of employees with a disability	7.4%
Percentage of employees with a disability requiring work related adjustment	4.1%
Customer Service Centre	Results*
Information Centre – total number of customer requests	219,965
Claims Assistance Service number of new cases	5816
Claims Assistance Service resolution rate	85%
Government Information (Public Access) – total number of applications	662

\* Results are based on 2012–13 data unless otherwise stated.

## **Appendix 19: Contact details**

### **Head office**

92-100 Donnison Street  
GOSFORD 2250  
Phone: **(02) 4321 5000**  
Fax: **(02) 4325 4145**

Postal address  
WorkCover NSW  
Locked Bag 2906  
LISAROW 2252

Office hours 8:30am – 5:00pm  
Monday to Friday

Website: **[workcover.nsw.gov.au](http://workcover.nsw.gov.au)**

## **Appendix 20: Production notes**

The WorkCover NSW Annual Report 2012–13 is a publicly available document and can be accessed on the WorkCover website [workcover.nsw.gov.au](http://workcover.nsw.gov.au).

In accordance with statutory requirements, WorkCover notes that there were no external production costs for the 2012–13 Annual Report.

Project management by WorkCover NSW – Analysis, Strategy, Innovation and Communication Branch, Strategy and Performance Division.

Design by Bluestar.

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