

ANNUAL REPORT



WorkCover. **Watching out for you.** **2001/2002**

LETTER TO THE MINISTER

29 November 2002

The Hon John Della Bosca MLC
Special Minister of State
Minister for Industrial Relations
Assistant Treasurer
Minister Assisting the Premier on Public Sector Management
Minister Assisting the Premier for the Central Coast

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 2002.

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

Yours faithfully,



Kate McKenzie
General Manager



TABLE OF CONTENTS

■ About WorkCover NSW	2
■ General Manager's Report	5
■ Year in Review	8
■ Board of Directors and Senior Management	10
■ Organisation Structure	13
■ The Occupational Health & Safety Environment	14
■ Reform	17
■ Compliance	24
■ Communication and Influence	31
■ Performance	40
■ Financial Statements	47
■ Appendices	109





WORKCOVER NSW ABOUT US

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

VISION WorkCover NSW is committed to >

- NSW workplaces being among the safest of the world's modern economies. This will reduce the significant social and economic cost of occupational injury and disease for the individual, industry and the wider community
- ensuring that when injuries do occur, the injury management and workers compensation systems operate efficiently and effectively to provide security to those affected.

ROLE WorkCover NSW administers and enforces compliance with occupational health and safety, injury management and workers compensation legislation, and manages the workers compensation system. WorkCover NSW >

- promotes the prevention of work-related injury and diseases and assists workplaces to become healthier and safer
- promotes the prompt, efficient and effective management of injuries to persons at work
- ensures the efficient operation of workers compensation insurance arrangements
- ensures the appropriate co-ordination of arrangements for the administration of the schemes to which the workers compensation legislation or the occupational health and safety legislation relates.

WorkCover NSW is responsible to the Special Minister of State and Minister for Industrial Relations, the Hon John Della Bosca MLC.

LEGISLATION WorkCover's main statutory functions are to administer the *Workers Compensation Act 1987*, *Workplace Injury Management and Workers Compensation Act 1998*, *Occupational Health and Safety Act 2000*, *Shops and Industries Act 1962*, *Dangerous Goods Act 1975*, *Workers Compensation (Bush Fire, Emergency and Rescue Services) Act 1987* and the regulations and codes of practice under those Acts.

“ENSURES THE EFFICIENT OPERATION OF WORKERS COMPENSATION INSURANCE ARRANGEMENTS”



STRUCTURE / WORKCOVER IS STRUCTURED UNDER FOUR DIVISIONS >

General Manager's Group / provides executive support to the Board and General Manager, co-ordinates advice to the Minister and provides secretariat services to WorkCover's consultative bodies. The group is also responsible for technical infrastructure and the overall management of finances, including budget, investment, accounting and taxation compliance.

Occupational Health and Safety Division / promotes safer and healthier workplaces for employees. The division enforces the occupational health and safety and workers compensation legislation through education, inspections, investigations into incidents and complaints and, when necessary, applies penalties and prosecutions. The division also has a regulatory role in licensing and certification of certain activities and hazardous equipment. The WorkCover Assistance Service provides 'one-stop-shop' information on occupational health and safety, workers compensation and injury prevention and management to employees, workers and the public.

Insurance Division / leads the continuous improvement of the workers compensation and injury management systems by assisting in securing the health, safety and welfare of workers and preventing work-related injuries. The division develops a framework to ensure that insurers or specialised insurers provide prompt treatment and effective and proactive management of injuries, as well as assisting injured workers to return to work as soon as possible through medical and vocational rehabilitation. It oversees income support to injured workers and their dependants and processes employer contributions that are commensurate with the risks faced.

Corporate Governance Division / provides specialist information, advice and services to the Minister, the Board, the Workers Compensation and Workplace Occupational Health and Safety Council, Industry Reference Groups, the General Manager's Group and two operational divisions.

The WorkCover central office is in Gosford and branches are in suburbs and regional centres throughout NSW. These are listed on page 167.

A woman in a fish market, wearing a dark apron and boots, holds a large fish. She is smiling and standing in front of a display case. The background features a sign that says "Fresh Fish" and "WE BACK TO SHIP OR FLY (48 HRS)".

Fresh Fish

WE BACK TO SHIP OR FLY
(48 HRS)

“**WORK SAFETY
STARTS BEFORE YOU
START THE JOB**”



GENERAL MANAGER'S REPORT

Excellent progress was made on implementing the systematic approach to occupational health and safety systems in the workplace, improving the operation of the workers compensation scheme management and injury management.

In 2001/02, we moved closer to achieving the overall outcomes of a well-designed workers compensation scheme that takes a systematic approach to health and safety and workers compensation, and one that is also fair and affordable.

REFORMS TO WORKERS COMPENSATION In January 2002, significant changes to workers compensation in NSW brought in a new provisional liability system that streamlines claims processing, establishes a Claims Assistance Service to provide advice, sets a new method of assessing the degree of permanent impairment to ensure consistent and fair assessment, and introduces integrated dispute resolution through the Workers Compensation Commission of NSW.

As part of phase three of scheme reform an independent review of the NSW Workers Compensation Scheme is under way. The goal is to identify optimum underwriting and insurance arrangements that will ensure the Scheme is effective and efficient and the estimated outstanding liabilities are reduced.

The WorkCover Scheme investment strategy was also reviewed and a new investment mandate was developed. In future, the investment strategy will take a strategic asset allocation approach to ensure the portfolio's asset mix meets the long-term liabilities of the Scheme. The new investment mandate includes a reduction in cash and Australian fixed interest, and an increase in Australian shares, listed property trusts and hedged and unhedged indexed international shares.

In the area of self-insurance, the Board developed a new licensing policy and standard licence conditions that compel self-insurers to improve their occupational health and safety standards to be eligible for the licence.

LEGISLATIVE AND COMPLIANCE REFORM Following implementation of the new *Occupational Health and Safety Act* and Regulation, guides were developed and seminars held for employers around NSW. In all, 11,880 people attended seminars, 19,000 publications were distributed, and employer groups were offered financial help to implement the new legislation. As the downward trend in work injury incidence rates continues, WorkCover is increasing emphasis on advisory activity that targets industries. In 2001/02, major advisory projects focused on registered clubs, brothels, service stations and the road freight industry.



General Manager Kate McKenzie



GENERAL MANAGER'S REPORT

REFORMS TO PREVENT PREMIUM EVASION AND

FALSE CLAIMS To prevent premium evasion and false claims which add to the cost of workers compensation premiums, the *Workers Compensation Legislation Amendment Act* brought in hefty penalties for non-compliance. To raise awareness of the penalties, a compliance program carried out wage audits and field investigations of employers, as well as developing advertising and articles on premium compliance obligations for industry publications.

REFORM TO MANAGEMENT OF OCCUPATIONAL HEALTH AND SAFETY AND INJURIES

As the new legislative regulations emphasise the need for risk management processes, a major education campaign was developed and financial incentives were introduced to help employers adopt risk management systems. This campaign was supported by a workplace safety kit to help medium to large businesses take stock of their current occupational health and safety management practices and identify their risk management needs. A companion kit was developed for small businesses.

For those employers that implement measurable occupational health and safety and injury management systems, the Premium Discount Scheme provides discount incentives. By 30 June 2002, 865 employers, many in high-risk industries, were benefiting under the scheme with 100 eligible for the maximum discount of \$75,000.

In the area of injury management, pilots were conducted to identify and achieve best practice in claims and injury management. The pilot program had mixed success, but in many cases return-to-work rates increased, customer service improved and employers filed injury reports faster.

To improve management of back injuries, which are suffered by between 60 and 80 per cent of people, a medical management program was developed. Strategies were introduced to encourage participating general practitioners to use the guidelines and the pilot was so successful that the program will be rolled out to approximately half of NSW general practitioners in the next 18 months.

REFORMS TO INSURER PERFORMANCE As the performance of WorkCover Scheme insurers is unsatisfactory, a new insurer remuneration package was developed, setting new performance measures that reflect the recent legislative reforms. The focus of the package is to give insurers a strong incentive for improving performance fees by linking base fees and performance fees more closely with service standards, and substantially increasing performance based incentive fees.

“A MAJOR EDUCATION CAMPAIGN WAS DEVELOPED AND FINANCIAL INCENTIVES WERE INTRODUCED TO HELP EMPLOYERS ADOPT RISK MANAGEMENT SYSTEMS”

ORGANISATIONAL REFORMS A recent benchmarking survey of government call centres showed callers to WorkCover's client contact centre receive some of the best assistance available. The client contact centre which receives around 700 telephone calls daily, rated third overall in client satisfaction.

The policy and legislative development capacity of WorkCover was reviewed in 2001/02 with the aim of taking a more systematic approach to organisational improvement. As a result, a Strategy and Policy Executive Management Committee was formed to oversee corporate direction and a Corporate Strategy and Policy Group was established. At the same time, the corporate planning process was reviewed and a new corporate plan was developed along with an improved reporting regime to monitor the plan. Supporting these organisational reforms is a strategic approach to information technology developments for WorkCover under the information management and technology strategic plan. The aim is to develop a business-to-business electronic exchange of information for clients and establish information systems that underpin informed decision-making for the organisation. Initial focus in 2001/02 was

carrying out a business planning process and the opening of the new call centre, which came online in January 2002.

THE WAY FORWARD I would like to take this opportunity to thank the WorkCover Board and the Workers Compensation and Workplace Occupational Health and Safety Council of NSW for their significant contributions to the reform processes.

With the move to Gosford set for October 2002 and a high degree of organisational change, it has been a challenging year for staff who made significant progress in implementing changes that are integral to secure workplaces for all employees and employers in NSW.

The move to Gosford is an opportunity to take stock and move the organisation forward to face the challenges of the next decade. Careful planning should ensure that we are well placed to continue operations and maintain service levels.

At the new premises in Gosford, I look forward to working with the Board, management and staff on ensuring secure workplaces for all in 2002/03. This is the solid vision that remains unchanged and that we continue to strive to reach.





YEAR IN REVIEW

HIGHLIGHTS

IMPLEMENTATION OF WORKERS COMPENSATION REFORMS

- Amended legislation to give workers access to common law in certain cases
- Introduced the Workers Compensation Commission of NSW to prevent disputes and resolve existing disputes more easily
- Set up the Client Assistance Service.

INTRODUCTION OF THE FIRST PREMIUM DISCOUNT SCHEME

- Generated high levels of interest in the voluntary Premium Discount Scheme which rewards employers for meeting WorkCover benchmarks for occupational health and safety.

“INTRODUCED THE WORKERS COMPENSATION COMMISSION TO PREVENT DISPUTES AND RESOLVE EXISTING DISPUTES MORE EASILY”



IMPLEMENTATION OF THE NEW OCCUPATIONAL HEALTH AND SAFETY REGULATION >

- Integrated legislation with key themes – risk management and consultation with employees
- Carried out a major educational campaign for employers, industry and workers including publications, a kit for small business, information seminars for industry around NSW, and the “*WorkCover. Watching Out for You*” advertising campaign
- Committed \$5 million in 48 grants to unions and employer groups to assist with implementation of the new legislation.

IMPROVED TARGETING OF OCCUPATIONAL HEALTH AND SAFETY AND WORKERS COMPENSATION COMPLIANCE INITIATIVES >

- Introduced case conferencing for prosecutions involving inspectors and the legal team
- Undertook industry specific compliance strategies targeting service stations, residential construction, fireworks, contract cleaners, laundries and dry cleaners, and road freight
- Increased penalties for non-compliance and set record keeping standards
- Carried out wage audits and field investigations of employers
- Developed advertising and articles on premium compliance obligations for industry publications.

SYSTEMATIC APPROACH TO WORKCOVER ORGANISATIONAL IMPROVEMENT INITIATIVES >

- Identified corporate priority projects
- Invested in corporate and technology planning to align resources to strategic priorities
- Undertook priority reviews including policy, strategy and legislative as well as Executive and Ministerial services
- Carried out business process mapping and work redesign issues with information technology initiatives.

THE MOVE OF WORKCOVER HEADQUARTERS TO GOSFORD >

- Carried out extensive staff consultation on relocation issues with more than 470 WorkCover staff who will be relocated
- Planned for best practice ergonomic and environmentally friendly workplace and building design.



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

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

- the Board of Directors determines the administrative policies of WorkCover and ensures activities are carried out properly and efficiently. The Board consists of seven part-time directors (including the Chairperson) and the General Manager. The part-time directors are appointed by the Governor of NSW on the recommendations of the Special Minister of State
- the General Manager controls and manages the affairs of WorkCover in accordance with the policies of the Board
- both the Board and the General Manager are subject to Ministerial control and direction.

There have been several changes to the Board over the last year. Michael Costa resigned at the end of June 2001 and was replaced by John Robertson. Sandra Berghofer's term expired in October 2001 and she was replaced by Donna Staunton. Additionally, the *Workplace Injury Management and Workers Compensation Act 1998* was amended in 2001 to provide for the appointment of the Chairperson of the Workers Compensation and Workplace Occupational Health and Safety Council to the Board of Directors. Greg McCarthy, currently the Chairperson of the Council, was appointed to the WorkCover NSW Board as a part-time director on 30 January 2002.

MEMBERS OF THE BOARD ON 30 JUNE 2002

CHAIRPERSON AND PART-TIME DIRECTOR HON JOE RIORDAN AO is a member of the Administrative Decisions Tribunal and freelance mediator, facilitator and consultant to companies and corporations in the private and public sectors. Mr Riordan has been Chairperson of the Board of WorkCover since 20 August 1997. He was a member of the House of Representatives from 1972 to 1975, serving as Minister for Housing and Construction in 1975. Between 1979 and 1982 he was Vice Chairperson of the Electricity Commission of NSW. Mr Riordan was Secretary and Department Head of the NSW Department of Industrial Relations from 1982 to 1986 and Deputy President and Senior Vice President of the Australian Industrial Relations Commission between 1986

and 1995. In 1995/96, he was Chairperson of the National Occupational Health and Safety Commission (Worksafe Australia).



Joe Riordan



Kate McKenzie



Greg Keating



Greg McCarthy



Edward Price



John Robertson



Donna Staunton



Doug Wright

“TRIBUNAL AND FREELANCE MEDIATOR, FACILITATOR AND CONSULTANT”

PART-TIME DIRECTORS (CONTINUED)

Greg Keating / Senior Partner, McClellands Lawyers. Mr Keating was admitted as a Solicitor in 1980. He has practised extensively in personal injury law, and is an accredited specialist practitioner. Mr Keating is a Director of the Paraplegic and Quadriplegic Association of New South Wales. He was an Acting Judge of the District Court of New South Wales from 1996 to 1999. Mr Keating has a Diploma of Law.

Greg McCarthy / has been involved in workers compensation and other disability classes of insurance for 30 years. His primary focus in recent years has been strategic and systematic management of injuries and claims. Mr McCarthy is an Associate of the Australian Insurance Institute, has a management Certificate in Insurance and is the current Chairperson of the NSW Occupational Health and Safety and Workers Compensation Advisory Council. Mr McCarthy was appointed to the Board on 30 January 2002.

Dr Edward Price / is a registered and practising medical practitioner, consulting in medico-legal and occupational medicine. He is Medical Director of Computerised Medical Systems (Australia). His consultancy work has included services to Senator Graham Richardson, Minister for Health, during 1993 and 1994. Formerly, Dr Price was the medical director of RPS Medicorp and was a foundation member of the NSW Doctors' Reform Society. Dr Price is the author of two books: *Is Medicine Really Necessary?* and *Supramedicine: From Health Outcomes to Outcomes Medicine*. His qualifications include a Bachelor of Medicine, a Bachelor of Surgery, a Diploma of Safety Management and a Diploma of Health Administration.

John Robertson / has extensive experience in industrial relations since joining the Labor Council in 1991 and carrying responsibility for overseeing public sector policy and negotiations, negotiating major disputes, and covering industries that include building and construction, local government, oil, and Sydney Water. Currently, he is Secretary of the Labor Council. Formerly, he held the position of Assistant Secretary for two terms. Mr Robertson is on the Boards of Energy Australia, Labor Media Pty Ltd, Getonboard Pty Ltd, Labor Campaign Pty Ltd and is on the Building and Construction Industry Long Service Payments Committee.



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

PART-TIME DIRECTORS (CONTINUED)

DONNA STAUNTON Principal, Staunton Consultancy, is one of Australia’s most experienced public affairs executives and was appointed to the Board on 14 October 2001. She has held senior management positions, including Senior Vice President Corporate Affairs and Communications at AMP Ltd, served on the senior management team at Philip Morris Ltd and was Chief Executive Officer of the Tobacco Institute of Australia. Ms Staunton is legally qualified and is on the Boards of the National Breast Cancer Centre and the Global Foundation.

DOUG WRIGHT is a former Director of the Metal Trades Industry Association, NSW Branch, and a member of the TAFE Commission Board, the Board of the Vocational Education and Training Accreditation Agency, and the Board of the Hunter Valley Training Co. He represents the Australian Industry Group on a number of Australian National Training Authority committees. Mr Wright has degrees in Economics and Arts.

GENERAL MANAGER AND DIRECTOR OF THE BOARD, KATE MCKENZIE has held the position of General Manager of WorkCover NSW since 1 August 2000.

BOARD ATTENDANCE 2001/02		
Name	Number of meetings attended	Date/s absent
Mr J Riordan	15	
Ms S Berghofer (term expired 13/10/01)	5	
Mr G Keating	15	
Mr G McCarthy (appointed 30/1/02)	6	
Dr E Price	12	6/8/01, 25/3/02, 24/6/02
Mr J Robertson (appointed 22/8/01)	13	25/3/02, 13/5/02
Ms D Staunton (appointed 14/10/01)	10	
Mr D Wright	14	10/10/01
Ms K McKenzie	15	

MEETINGS OF COMMITTEES OF THE BOARD OF DIRECTORS 2001/02 – AUDIT COMMITTEE

Membership: All Board members

Meetings held on: 30 July 2001, 7 November 2001, 25 February 2002

SENIOR MANAGEMENT ON 30 JUNE 2002

GENERAL MANAGER Kate McKenzie BA, LLB.

DIRECTOR, OFFICE OF THE GENERAL MANAGER John Garbutt MBA, B.Bus, MAICD.

ASSISTANT GENERAL MANAGER, CORPORATE GOVERNANCE DIVISION Philip Reed B.Sc. (Hons).

ASSISTANT GENERAL MANAGER, INSURANCE DIVISION Rod McInnes B.Sc. Mathematics.

ASSISTANT GENERAL MANAGER, OCCUPATIONAL HEALTH AND SAFETY DIVISION Michele Patterson Master of Science in Health Policy and Management (specialising in Occupational Health and Safety), Graduate Diploma Occupational Hazard Management, Safety Certificate, BA.

ORGANISATION STRUCTURE >

- > SPECIAL MINISTER OF STATE
- > MINISTER FOR INDUSTRIAL RELATIONS
- > ASSISTANT TREASURER
- > MINISTER ASSISTING THE PREMIER ON PUBLIC SECTOR MANAGEMENT
- > MINISTER ASSISTING THE PREMIER FOR THE CENTRAL COAST

> WORKCOVER BOARD
 The Board of Directors is responsible for determining the administrative policies of WorkCover and ensuring that the activities are carried out properly and efficiently.

> WORKERS COMPENSATION AND WORKPLACE OCCUPATIONAL HEALTH AND SAFETY COUNCIL OF NSW

> SPORTING INJURIES COMMITTEE

 Chairperson – General Manager WorkCover

GENERAL MANAGER

> WORKERS COMPENSATION (DUST DISEASES) BOARD

 Chairperson – General Manager WorkCover

> GENERAL MANAGER'S GROUP

- Office of the General Manager
Industry Reference Groups
- Finance Group
- Information Management Branch

> CORPORATE GOVERNANCE DIVISION

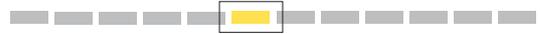
- Assistant General Manager
- Legislative Development and Review Branch
- Legal Services Branch
- Human Resources Branch
- Corporate Relations Branch
- Business Risk Management and Site Services Branch

> INSURANCE DIVISION

- Assistant General Manager
- Divisional Planning and Management Coordination Team
- Insurance Strategic Management Group
 - Business Analysis Unit
 - Information and Liaison Unit
 - Premium Discount
 - Scheme Unit
 - Project Management Unit
 - Strategic Analysis Branch
- Insurance Service Delivery Group
 - Claims Branch
 - Compliance Improvement Branch
 - Insurer Performance
 - Evaluation and Appeal Branch
 - Investment Unit
 - Licensing and Financial Review Branch
- Workplace Injury Management Branch

> OCCUPATIONAL HEALTH AND SAFETY (OHS) DIVISION

- Assistant General Manager
- Office of the Assistant General Manager
 - Best Practice Initiatives Unit
 - OHS Liaison Unit
 - TestSafe Australia (Londonderry)
 - Thornleigh Laboratory Services Unit
- Strategic Operations Group
 - Compliance Co-ordination Team
 - OHSD Administration Unit
 - Service Co-ordination Team
- Service Delivery Group
 - Construction Team
 - Consumer and Business Services Team
 - Country North Team
 - Country South Team
 - Government and Rural Team
 - Health and Community Services Team
 - Manufacturing Team
 - Retail, Wholesale, Transport and Storage Team



THE OCCUPATIONAL HEALTH & SAFETY ENVIRONMENT

INCIDENCE OF WORK RELATED INJURY AND ILLNESS

In 2000/01*, new major claims increased by 1.1 per cent on the previous year to 53,797. New major claims are claims for which the result of injury was death, permanent disability or temporary disability when five days or more were paid for total incapacity. However, the incidence rate, which takes into account the total number of workers in NSW, has fallen for the sixth consecutive year – from 28.6 per 1,000 workers in 1994/95 to 20.3 in 2000/01, a decline of 29 per cent.

The number of claims for deafness also continues to decrease with the number of cases in 2000/01 reduced to 4,095. Deafness claims have been dropping since 1994/95 when the number of deafness cases reached a peak of 11,212. The reduction in the number of cases from this period to 2000/01 represents an overall decline of 63.5 per cent. The factor that has probably had the highest impact on lowering this trend since 1995/96, especially at the initial stage, was amendments to the *Workers Compensation Act* which restricted deafness claims to a minimum of 6 per cent hearing loss for claims made after 10 November 1995.

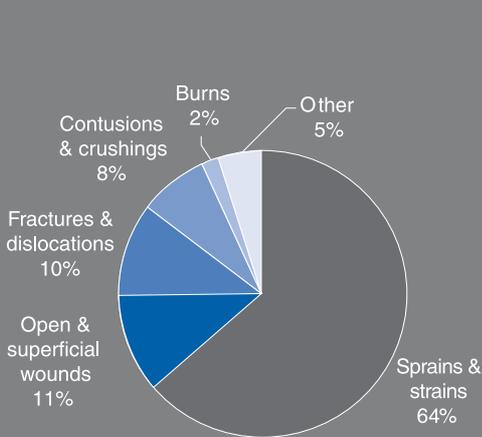
Mental disorder claims increased for the first time in the past four years, with 1,916 cases reported in 2000/01. This represents an increase of 21.5 per cent on the previous year.

Similarly, back injuries increased with 12,033 cases reported in 2000/01, an increase of 4.9 per cent on the previous year. However, as a proportion of total injuries, the number of back injuries has remained static since 1997/98 at around 30 per cent.

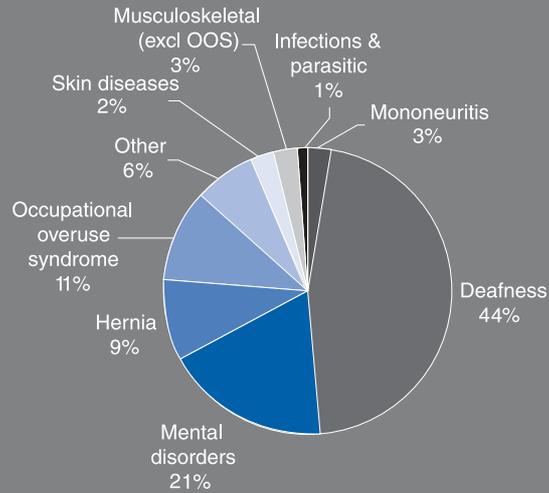
* Figures are not yet available for 2001/02

INDUSTRY INCIDENCE RATE (EMPLOYMENT INJURIES)		
INDUSTRY	YEAR 2000/01	YEAR 1999/2000
Accommodation, cafes and restaurants	20.0	22.7
Agriculture, forestry and fishing	32.9	39.2
Communication services	11.6	14.6
Construction	42.1	39.9
Cultural and recreational services	14.7	16.5
Education	9.9	10.3
Electricity, gas and water supply	21.8	25.6
Finance and insurance	6.5	5.9
Government administration and defence	21.8	25.8
Health and community services	20.3	20.8
Manufacturing	31.4	33.4
Mining	63.8	55.0
Personal and other services	20.1	20.7
Property and business services	9.7	11.1
Retail trade	14.8	14.1
Transport and storage	36.4	35.0
Wholesale trade	21.2	18.1
All industry divisions	20.3	21.3

INJURY TYPES (WORKPLACE INJURIES), 2000/01



OCCUPATIONAL DISEASES, 2000/01



WORKERS COMPENSATION CLAIMS PAYMENTS >

Total payments for 2000/01 amounted to \$2.9 billion, a 9.8 per cent increase (\$263 million) on the previous year. When adjusted for average weekly earnings, the increase was around 4 per cent. The payments that contributed significantly to this rise in 2000/01 were damages and common law (40 per cent) and commutations (redemptions) (8 per cent).

Compensation payments include weekly benefits, lump sum payments and medical expenses. Non-compensation payments comprise largely of damages and common law, legal costs and investigation expenses.

The proportion of compensation payments was 67 per cent and non-compensation was 33 per cent of total payments. Workplace injuries accounted for 80 per cent of total payments while occupational diseases accounted for 12.3 per cent. The remaining 7.7 per cent was due to non-workplace injuries.

The largest components of workplace injury payments were commutations (23 per cent), then damages and common law (17 per cent). The third highest cost for workplace injuries was total incapacity payments (14 per cent). The largest three components of occupational disease payments were commutations (21 per cent), legal costs (16 per cent) and damages and common law (15 per cent).

Overall, long-term trends show a gradual rise since 1983/84, with a steep rise around the late 1990s.



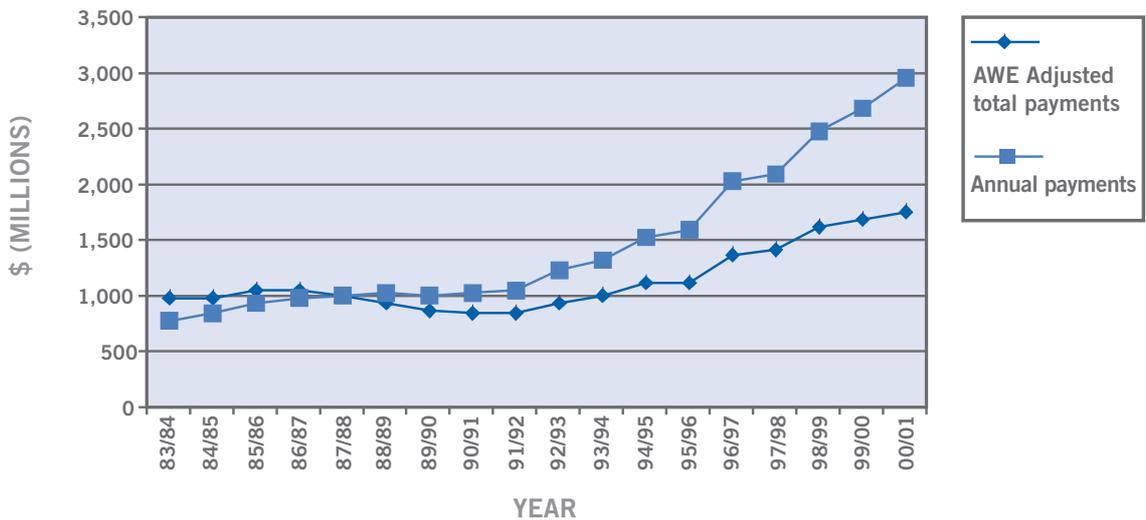
THE OCCUPATIONAL HEALTH & SAFETY ENVIRONMENT

BREAKDOWN OF PAYMENTS 2000/01

	\$'000	%
Compensation payments		
Ambulance services	7,166	0.2
Medical treatment	232,692	7.9
Hospital treatment	60,990	2.1
Rehabilitation treatment	74,258	2.5
Physiotherapy and chiropractic treatment	63,069	2.1
Damage to artificial limbs and clothing	3,328	0.1
Death payments	22,964	0.8
Permanent injury	135,930	4.6
Pain and suffering	51,068	1.7
Redemptions	665,565	22.6
Partial incapacity (S38 and S40) (weekly benefit)	236,758	8.1
Total incapacity (weekly benefit)	416,987	14.2
Non-compensation payments		
Transport and maintenance	15,312	0.5
Damages and common law	460,308	15.6
Investigation expenses	150,152	5.1
Interpreter services	1,624	0.1
Legal costs	347,938	11.8
Total	2,946,109	100.0

Note: Due to the nature of the payment types, *Shared claim costs* have not been included.

TOTAL PAYMENTS 1983/84 – 2000/01





WORKCOVER NSW REFORM

CORPORATE GOAL > OPTIMISE LEGISLATION, REGULATION AND POLICY TO DELIVER THE VISION OF SAFE SECURE WORKPLACES

STRATEGIC FOCUS > CONTRIBUTE TO LEGISLATIVE AND POLICY REFORM AT BOTH STATE AND NATIONAL LEVELS

CONTEXT WorkCover develops legislative reforms and policies to address existing and emerging occupational health and safety, and workers compensation issues and injury management. WorkCover also represents NSW on the National Occupational Health and Safety Commission and on the Heads of Workplace Safety and Workers Compensation Authorities.

PRIORITY ACTIVITIES

REVIEW POLICY AND LEGISLATION DEVELOPMENT CAPACITY The Occupational Health and Safety Council and the Workers Compensation Advisory Council merged on 1 January 2001 to form the Workers Compensation and Workplace Occupational Health and Safety Council. The Council's role is to advise the Minister on strategies for the prevention of workplace injury, injury management/return-to-work and compensation issues. Its members include a broad range of representatives with an interest in these matters. To build WorkCover's capacity and capability to plan, develop and review strategy and policy, three initiatives were implemented in 2001/02:

- a Strategy and Policy Executive Management Committee was established
- corporate planning processes were improved to support early identification and scoping of corporate priority projects
- a Strategy and Policy Group and Legal Group were established.

In 2002/03, the Strategy and Policy Group and Legal Group will be functional and a review of the skills needed to support strategy and policy development will be carried out.



WORKCOVER NSW REFORM

REVIEW SCHEME DESIGN WorkCover is facilitating an independent review of the NSW Workers Compensation Scheme to identify optimum underwriting and insurance arrangements and develop strategies to achieve better outcomes.

The aim is to ensure the Workers Compensation Scheme effectively and efficiently meets its goals of preventing injury, has a good return to work through injury management, and keeps premiums at cost-effective levels. Other goals are to reduce the estimated outstanding liabilities of almost \$9.2 billion, caused by the steep increase in the number of common law claims and the shrinking of the Scheme's asset base due to a combination of higher than expected scheme payments and lower than projected premium income.

The review followed the repeal of private underwriting provisions for workers compensation and aims to:

- identify the optimum underwriting/insurance arrangements
- recommend how to achieve better scheme outcomes
- consider the issue of management of the deficit during transition to any new system
- clarify the objectives of the legislation
- analyse the effect of the restriction on competition, including an economic cost benefit analysis of the restrictions and consideration of alternatives for achieving the same result.

Tenders were called and closed in May 2002, the review started in June 2002, and will be overseen by a steering committee of representatives from the Independent Pricing and Regulatory Tribunal, The Cabinet Office, NSW Treasury and WorkCover. The review should produce a final report to the Minister by 30 June 2003.

DEVELOP A NEW POLICY FOR SELF-INSURERS

The *Workers Compensation Act 1987* permits employers to apply to WorkCover to be licensed as self-insurers. During 2001/02, the WorkCover Board consulted with self-insurers and approved a new licensing policy and standard licence conditions for self-insurers.

The main changes to policy were:

- an increase in the standard licence term from one to three years
- a reduction in the eligible minimum number of employees for self-insurance from 750 to 500
- to consider outsourcing arrangements for claims management
- a strengthening of prudential requirements
- adoption of a revised occupational health and safety model and minimum performance standards as part of licence conditions.

Generally, self-insurers supported the changes. However, while they acknowledged it was clearly in the interests of both self-insurers and WorkCover to pursue continued improvement in occupational health and safety standards, they felt it was not necessary to make compliance with standards a condition for granting a licence or for licence renewal.

The WorkCover Board responded by considering the purpose of the *Workplace Injury Management and Workers Compensation Act 1998* which is to establish a workplace injury management and workers compensation system. One of the objectives of the legislation is to assist in securing the health, safety and welfare of workers and, in particular, prevent work-related injury. Consequently, the Board decided that only organisations that demonstrate the required level of occupational health and safety performance specified in licensing policy and licence conditions will have a licence granted or renewed.

WorkCover is currently working to assist self-insurers in the transition to these new policy requirements.

During 2001/02 the WorkCover Board suspended the self-insurer licence of Pasmenco Cockle Creek Smelter Pty Ltd, a subsidiary company of Pasmenco Ltd which was placed into voluntary administration in September 2001. WorkCover is working closely with the administrators and other parties to ensure Pasmenco's workers compensation claims continue to be managed and paid. WorkCover currently holds security for these liabilities.

At 30 June 2002, there were 51 self-insurers and 14 group self-insurers licensed by WorkCover. In 2001/02, the following new self-insurer licences were granted:

- Collex Pty Limited
- Coles Myer Limited
- Electrolux Home Products Pty Ltd
- Pacific National (NSW) Pty Ltd.

The complete list of self-insurers is in Appendix 39.

CONTRIBUTE TO THE NATIONAL IMPROVEMENT FRAMEWORK FOR OCCUPATIONAL HEALTH AND SAFETY THROUGH THE NATIONAL OCCUPATIONAL HEALTH AND SAFETY COMMITTEE In May 2002 the Workplace Relations Ministers' Council, led by NSW, agreed to commit jurisdictions to national targets which are seen as critical to achieving improved prevention outcomes.

The strategy aims to:

- reduce the incidence of workplace injury by 40 per cent by 30 June 2012, with a reduction of 20 per cent by 30 June 2007. This target reflects consensus on what are considered challenging but achievable levels of improvement

- sustain a reduction in the incidence of work-related fatalities of 20 per cent by 30 June 2012. This target corresponds to a commitment by Special Minister of State Della Bosca as part of the announcement of the NSW Workplace Safety Summit 2002.

STRATEGIC FOCUS > IMPLEMENT LEGISLATIVE REFORM

CONTEXT The Government has developed comprehensive reforms for occupational health and safety, workers compensation and injury management.

PRIORITY ACTIVITIES

IMPLEMENT WORKERS COMPENSATION REFORMS

Far reaching and comprehensive reforms were made to workers compensation in NSW, starting on 1 January 2002. The aim is a workers compensation system that provides injured workers with the treatment and support they need to return to work, prevents most disputes, and resolves existing disputes more simply and fairly.

Major components of the reforms are:

- preventing disputes through establishment of a new Claims Assistance Service and introduction of a new system of provisional liability
- resolving disputes through a new integrated dispute resolution service, the Workers Compensation Commission of NSW
- introducing new guides for evaluation of permanent impairment that ensure a consistent and fair assessment of impairment for lump sum compensation, common law and commutations.

The new Claims Assistance Service provides impartial advice to injured workers and their employers, helping them navigate the workers compensation system by providing advice on injury notification, unpaid benefits and return to work for injured workers. As a result, over 90 per cent of



WORKCOVER NSW REFORM

REFORMS TO WORKERS COMPENSATION >

The aim of the NSW Government's comprehensive reform plan for the workers compensation system is to:

- improve injury treatment and management processes to increase recovery from injuries
- prevent dispute through improved claims management and assessment processes
- develop a fair, flexible and efficient dispute resolution process
- increase incentives for improved performance within the premium system
- develop strategies to improve compliance.

these problems have been resolved early, turning around the high rate of disputed workers compensation matters that totalled 29,000 in 2001 with almost 50 per cent delayed by insurance companies. The new service has a more than 90 per cent success rate in resolving enquiries and preventing disputes. Insurers have accepted or provisionally accepted 92 per cent of claims in June 2002, compared to 90 per cent in the March 2002 quarter and 84 per cent in the December quarter.

The introduction of provisional liability has increased claims receiving the first weekly benefit payment within seven days to 77 per cent, compared to 53 per cent in the December quarter prior to its introduction.

The new, integrated dispute resolution service, established in January 2002 and headed by an independent judge, provides a complete and integrated dispute resolution service that includes conciliation, medical assistance and arbitration. The Workers Compensation Commission of NSW replaces the Workers Compensation Resolution Service which had become a stepping stone to court, settling only 10 per cent of all disputes. The new Commission had 589 disputes registered at the end of June 2002.

A consistent and fair assessment of impairment for lump sum compensation, common law and commutations was introduced on 1 January 2002 with the release of the *WorkCover Guides for Evaluation of Permanent Impairment*.

The guides replace the *Table of Disabilities* which focused on loss or damage to body parts and cover a wider range of impairments that were not compensable, such as psychological conditions, damage to internal organs and respiratory illnesses. Assessment of impairment is now undertaken by specialists trained in the use of the guides and accredited by WorkCover. The maximum amount of compensation for permanent impairment was increased to \$200,000 and an additional maximum payment for pain and suffering of \$50,000 was introduced. Arrangements relating to common law and commutations were also amended, following an independent review by the Hon Justice Terry Sheahan. The amendments give workers access to common law when a worker can prove their serious injury was a result of employer negligence. Common law payments are for economic losses suffered by the injured worker. Payments for non-economic loss, such as permanent impairment and pain and suffering, are

WORKCOVER ASSIST SCHEME HELPS REFORM OCCUPATIONAL HEALTH AND SAFETY PRACTICES IN WORKPLACES >

To assist the implementation of the new occupational health and safety and workers compensation legislation, WorkCover implemented an innovative education program for stakeholders, the WorkCover Assist Legislative Assistance Scheme. The Scheme has been allocated \$5 million that is divided equally between employer and employee organisations.

By August 2002, the Scheme had delivered 518 training sessions representing 4,200 training hours. More than 4,250 workplaces had been reached through the training sessions with participation from 8,216 union delegates and officials, business owners, managers and employees. Some 35,000 publications and 200 CD ROMs were produced as a result of the funding, with 87 products, including:

- trainer guides and training presentations
- training manuals and packages
- workplace guidelines
- brochures and booklets
- information sheets and articles
- PowerPoint presentations
- web-based information
- a web-based course.

now paid out under statutory provisions. At the same time, restrictions on access to commutations were introduced and include a 15 per cent permanent impairment threshold. For injuries of more than two years previously, weekly compensation is paid and the injured worker receives independent advice on the proposed commutation.

IMPLEMENT THE NEW OCCUPATIONAL HEALTH AND SAFETY ACT AND REGULATIONS The NSW Government introduced new occupational health and safety legislation following commencement of

the new *Occupational Health and Safety Act 2000* and *Occupational Health and Safety Regulation 2001* on 1 September 2001. In support of these changes, WorkCover embarked on a program to increase community understanding and awareness of the new legislative requirements.

Employers have 12 months from 1 September 2001 to comply with the new provisions, including risk management and consultation. Small businesses have an additional 12 months to comply with the risk management and consultation provisions.



WORKCOVER NSW REFORM

A major program of seminars in Newcastle, Sydney, Wollongong and 16 regional centres was conducted in late 2001 to explain the changes. A broad cross section of industry groups, occupational health and safety professionals and other affected parties attended the seminars which were so popular that additional meetings had to be scheduled. A total of 11,880 people attended the seminars and over 19,000 supporting publications were distributed at the seminars.

WorkCover produced a series of explanatory supporting publications to help explain the new Regulations, including information sheets,

codes of practice and guides to the Act. These covered first aid, violence, spray painting and risk management at work.

In recognition of the special needs of small business, WorkCover published the *Small Business Safety Starter Kit*.

Codes of practice on workplace amenities and work in hot and cold environments were gazetted, and codes for rural worker accommodation and safety in forest harvesting were released for public comment.



TOWARDS A WELL-DESIGNED WORKERS COMPENSATION SCHEME >

Aims of reform to workers compensation in NSW are:

- improved injury treatment and management processes to increase recovery
- preventing disputes through improved claims management and assessment processes with timely advice and assistance for injured workers and employers
- fair, flexible and efficient dispute resolution processes, reducing legal costs
- increased incentives within the premium system
- using industry-based schemes and self-insurance to achieve better outcomes
- development of strategies to improve compliance.

The overall outcome of the reforms is a well-designed scheme which delivers these improvements, takes a systematic approach to health and safety and workers compensation, and is fair and affordable.

BUSHFIRE CLEANUP >

A number of victims of the January 2002 NSW bushfires were visited by WorkCover inspectors who provided advice and support on the removal of debris and safety precautions for buildings damaged by fire. WorkCover visits were conducted in bushfire-affected areas in the Blue Mountains and the Shoalhaven area. A major issue identified by inspectors was that many damaged buildings contained asbestos. Inspectors provided advice to homeowners and building contractors on the proper removal of asbestos-cement sheeting, other dangerous substances, and safety procedures in potentially dangerous situations. Inspectors were particularly concerned that asbestos-cement sheeting could become further degraded and crumble if mishandled by people during the cleaning up process. Other concerns included unsound structures, unstable walls, potential problems with gas cylinders, and exposed electrical wiring. Discussions were held with local councils, police, the fire brigade and other emergency services on safety precautions that should be taken.



WORKCOVER NSW COMPLIANCE

CORPORATE GOAL > ENSURE COMPLIANCE WITH STATUTORY REQUIREMENTS

STRATEGIC FOCUS > DETERMINE AND IMPLEMENT THE RIGHT MIX OF INTERVENTIONS TO ENSURE A HIGH LEVEL OF COMPLIANCE WITH STATUTORY REQUIREMENTS

CONTEXT Achieving compliance with occupational health and safety and workers compensation legislation requires the right mix of compliance activities: information; assistance; licensing; enforcement. All compliance activities reinforce the primary aim of encouraging systematic management of risk to both prevent and manage workplace injury and disease.

PRIORITY ACTIVITIES

INTRODUCE CASE CONFERENCING FOR PROSECUTIONS INVOLVING INSPECTORS AND THE LEGAL TEAM

A case conferencing system was introduced in 2001/02 to provide an effective form of communication between the inspectors and the legal group. The aim is to ensure any prosecutions are based on accurate information and filed in a timely manner.

The case conferencing system forms a critical part of the new Workforce Fatalities Investigation Unit in the legal group. It permits the solicitors in the group and the relevant inspectors to communicate and liaise at an early stage in the investigative process with a view to ensuring that all relevant facts and information are taken into account in any decision to prosecute.

In the year ended June 2001 (latest data available) 1,332 prohibition notices and 12,480 improvement notices were issued, and in the year ended June 2002, 1,636 penalty notices were issued.

“THE AIM IS TO ENSURE ANY PROSECUTIONS ARE BASED ON ACCURATE INFORMATION AND FILED IN A TIMELY MANNER”

PROSECUTIONS

	2001/02	2000/01
Number of summonses laid (355 active, 550 completed)	905	444
Number of convictions	455	404
Total fines	\$9,523,150	\$5,400,000



WORKCOVER NSW

COMPLIANCE

DEVELOP AND IMPLEMENT A COMPREHENSIVE OCCUPATIONAL HEALTH AND SAFETY AND WORKERS COMPENSATION PROGRAM OF TARGETED COMPLIANCE

Achieving compliance relies on a range of complementary strategies. At one end of the spectrum, WorkCover inspectors undertake advisory projects that aim to help collaborating industry sectors better implement the legislation. At the other end, serious breaches of the legislation are prosecuted. In between these extremes, the legislation is enforced through targeted workplace inspections, investigation of complaints, dangerous occurrences and incidents, and the issue of prohibition or improvement notices or on-the-spot fines.

WorkCover inspectors can issue improvement notices requiring unsafe work situations to be rectified or, when danger is imminent, prohibition notices that direct work to cease until the situation is rectified. When minor breaches of the legislation are evident, penalty notices which are on-the-spot fines are issued. In more serious cases offenders are prosecuted.

During 2001/02 advisory projects were undertaken in a wide range of industries, such as construction, cleaning contractors, laundries and dry cleaners, thoroughbred racing and local councils. Major advisory projects included:

- *Clubs 2001*, to help registered clubs comply with their occupational health and safety, workers compensation and injury management obligations

“WORKCOVER ISSUED STOP WORK AND IMPROVEMENT NOTICES TO 190 OF 230 RESIDENTIAL CONSTRUCTION SITES AND SOME SITES WERE FINED”

- a video and training material on occupational health and safety, workers compensation and injury management, developed for brothels, have prompted some brothel owners to take out workers compensation policies, undertake hazard prevention and risk control and train employees in occupational health and safety
- *Operation Servo' Safe*, targeting 151 service stations in the Sydney metropolitan area and the Central Coast, to investigate compliance levels for dangerous goods licensing, storage and handling, as well as workers compensation and injury management requirements
- improving compliance with the *Dangerous Goods Act 1975* by fireworks suppliers and manufacturers, following an increase in reports about the illegal sale and use of fireworks.

As road freight transport has the highest workers compensation costs of all sectors in the transport industry, an investigation of work practices in road freight distribution centres revealed discrepancies in safe work practices between day and night shifts and problems of integration between occupational health and safety and injury management systems and processes that focus on operating efficiency. As a result, participating freight transport companies are implementing improvements to their occupational health and safety management procedures, employee consultation processes, training programs and risk assessments practices.

BAD BUILDING PRACTICES >

More than 75 per cent of residential construction sites visited by WorkCover during 2001 did not meet required safety standards. The visits, carried out in the first stage of the *ReSafe Program*, aimed at ensuring compliance and improving health and safety management in the medium density residential construction sector. Electrical hazards and height safety represented 58 per cent of stop-work and improvement notices issued on the sites. A third of the notices were issued for unsafe practices, such as bad light, dust control, insufficient machine guarding, inadequate amenities and unsafe use of hazardous substances. WorkCover issued stop-work and improvement notices to 190 of 230 sites and some sites were fined. Ten of the 190 sites were also fined for not complying with the original orders.

COUNCILSAFE SUCCESSES >

The WorkCover program to improve occupational health and safety and injury management in local councils across NSW has resulted in a number of councils reporting savings in workers compensation premiums and fewer injuries and illnesses. *CouncilSafe* involved 19 councils – 13 from the country and six from metropolitan areas – representing 11 per cent of the 172 councils in NSW. Under the program, all levels of staff from the General Manager down were assisted in reviewing their occupational health and safety and injury management systems. Councils developed comprehensive improvement plans covering areas such as contractor safety, safety requirements when purchasing, safe work procedures, injury reporting and injury management.



A DAIRY INDUSTRY SUCCESS >

A supervisor training program has been piloted in the food and beverage industry to help the industry improve its performance in identified high-risk areas. As an example of the effectiveness of this program, a major dairy manufacturing company has experienced a significant improvement in its workers compensation figures. This success has motivated more than 15 additional employers in the industry to become involved in the training.

The training aims to:

- support the industry to improve its performance in identified high-risk areas, including manual handling, slips, trips and falls from heights, collisions with moving objects, noise, dangerous goods, hazardous substances and injury management
- increase awareness of the costs associated with workplace injuries and occupational diseases.

Since implementing the training, Dairy Farmers' workers compensation statistics show:

- 25 per cent reduction in the number of claims against the previous year
- 23 per cent reduction in the number of claims against the 10-year average
- 15 per cent reduction in the number of claims against previous best year of 1997/98
- 83 per cent improvement in claim notification time from an average of two weeks to 2.4 days (this statistic refers to the length of time between the company becoming aware of a claim and notifying the insurer of the claim).

WORKCOVER NSW COMPLIANCE

INTRODUCE A NEW PROGRAM TO REDUCE UNDER-INSURANCE, NON-INSURANCE AND FRAUD

Premium evasion and false claims to the WorkCover Scheme add to the cost of workers compensation premiums.

A compliance working party of representatives from employer and employee bodies identified factors contributing to non-insurance, under-insurance and premium avoidance in 2001/02.

A number of options were developed to address non-compliance:

- an increase in penalties by charging interest when the final wages declaration is 25 per cent or greater than the initial wage estimate
- the setting of record keeping standards.

These recommendations underpin the Government's Workers Compensation Compliance Green Paper, released for public comment in September 2001. The 22 responses to the green paper were considered as part of a broader review of employer

“PREMIUM EVASION AND FALSE CLAIMS TO THE WORKCOVER SCHEME ADD TO THE COST OF WORKERS COMPENSATION PREMIUMS”

compliance and a revised interim report was released for further public comment in June 2002.

Fraudulent claims increase employers' premium costs and reduce the money available to compensate workers with genuine claims. As a result of new fraud provisions introduced in the *Workers Compensation Legislation Amendment Act 2000*, fraudulent claimants now face severe penalties.

Fraudulent persons are subject to a maximum penalty of \$55,000 or imprisonment for two years or both. These provisions extend the coverage of the Act to include all persons who play any part in a fraudulent act against the WorkCover Scheme.

A WorkCover brochure, *The Law has Changed*, informed employers about this new regulation and was distributed to employers taking out or renewing a workers compensation insurance policy.

Initiatives to address premium avoidance in targeted industries in 2001/02 included wage audits, field investigations of employers, and advertising and articles on premium compliance obligations in industry publications.

During September 2001, a WorkCover taskforce targeted premium avoidance in construction, metal manufacturing, clothing and cleaning industries. WorkCover asked insurers to initiate approximately 400 wage audits of employers involved in scaffolding in the construction industry during October 2001 and carried out investigations of 200-300 insurer files to assist the field investigations by WorkCover inspectors. As a result since October 2000, 550 audits have seen \$3.8 million of additional funds billed through insurance premiums. New data mining technology is expected to significantly improve compliance by uncovering fraud which was previously very difficult to trace.



WORKCOVER NSW

COMPLIANCE

CRACK DOWN ON WORKERS COMPENSATION CHEATS >

Employers cheating on their workers compensation premiums and fraudulent claimants are being identified by a team of specialists from NSW and Commonwealth public sector agencies. Advanced computer technology is being used by the team to analyse large and complex databases, using state-of-the-art data mining software. Employers who have cheated the system face severe penalties with tough new workers compensation laws penalising those who fail to maintain correct wage records and provide access on request.

NO INSURANCE

A labour hire company was uninsured for more than a year while paying a wages bill of \$17 million and avoiding \$470,000 worth of premiums. It is expected that the company will be required to pay the costs of the workers compensation claims at an estimated \$2 million.

UNDER-INSURANCE

A formwork company under-declared wages by \$24 million over three years, avoiding \$3.8 million of premiums. Debt recovery is under way in the NSW Supreme Court.

FALSE CLAIM

A worker with a diagnosed disability was found to have taken a second job. Payments were cancelled on his claim which had an outstanding estimate of \$750,000.



WORKCOVER NSW COMMUNICATION AND INFLUENCE

CORPORATE GOAL > ACTIVELY ENGAGE KEY STAKEHOLDERS AND THE BROADER COMMUNITY TOWARDS THE VISION OF SAFE, SECURE WORKPLACES

STRATEGIC FOCUS > WORKPLACES – BUILD THE CAPACITY OF PEOPLE IN WORKPLACES TO UNDERSTAND AND APPLY THE RISK MANAGEMENT PROCESS

CONTEXT The systematic application of the risk management process helps people to plan and organise their workplace in an efficient and safe manner. The process directs efforts towards a systematic approach to the management of risk to both prevent and manage workplace injury and disease.

PRIORITY ACTIVITIES

EXPAND PROMOTION OF THE SYSTEMATIC MANAGEMENT OF OCCUPATIONAL HEALTH AND SAFETY AND INJURY MANAGEMENT THROUGH WORKPLACE SAFETY KITS AND INDUSTRY SEMINARS New occupational health and safety regulations emphasise the need for employers to systematically manage occupational health and safety risk by establishing processes that identify, assess and control risks in workplaces. The regulations also emphasise the need for effective workplace consultation as part of the process of risk assessment and control.

To help employers understand and apply these risk management processes, WorkCover has undertaken a major educational campaign via media advertisements and seminars, production of support material and introduced financial incentives to adopt risk management systems through the Premium Discount Scheme.

During 2001/02, WorkCover participated in the *Futuresafe 2002* conference and workplace safety show, conducted by the National Safety Council of Australia. Support materials were distributed and seminars held on the changes to occupational health and safety, workers compensation and injury management regulatory environments.



WORKCOVER NSW COMMUNICATION AND INFLUENCE

The *Workplace Safety Kit* was developed as a self-instructional device to help medium to large businesses take stock of their current occupational health and safety management practices and identify their risk management needs. The kit assists by helping businesses create and implement an occupational health and safety management system.

During 2001/02, 19 local government councils around NSW trialled the kit. Workshops were also conducted for industry reference groups to familiarise them with the kit and promote it to their respective industries.

The *Small Business Safety Starter Kit* provided six steps on how to incorporate safety management into small business operations.

To be effective, a systematic approach to assessing occupational health and safety and injury management requires indicators of performance in key areas. Traditionally, these indicators have been injury statistics but these do not highlight the effectiveness of prevention. To fill this gap, the University of New South Wales, through WorkCover commissioned research, developed *Safety Meter*, a performance measurement tool that focuses on significant risks in a workplace and helps businesses measure efforts to reduce those risks and allows this information to be graphically displayed for comparison over time. Extensive trials have shown that using *Safety Meter* reduces on-site hazards, lowers lost time injuries and increases safety awareness.

INTRODUCE THE FIRST PREMIUM DISCOUNT SCHEME

The Premium Discount Scheme provides a discount on workers compensation premiums to employers that implement measurable occupational health and safety and injury management systems.

Under the scheme, premium discount advisers who are approved by WorkCover audit the participating employers' occupational health and safety and injury management systems against WorkCover's benchmarks.

By 30 June 2002, 120,914 employees were benefiting from the implementation of systematic occupational health and safety and injury management systems by 865 employers that have had premium discounts verified. A total of 100 employers have received the maximum discount of \$75,000. The total discount is \$21 million, \$13 million above the projected discount total. The increase in the discount given out is a very positive outcome as it shows that more employers than first anticipated are participating in the Premium Discount Scheme. This indicates they are keen to improve their occupational health and safety and injury management practices.

A substantial number of these employers are in high-risk industries, such as manufacturing, health and community services, property and business services (for example, cleaning) and construction.

“THE IMPLEMENTATION OF SYSTEMATIC OCCUPATIONAL HEALTH AND SAFETY AND INJURY MANAGEMENT SYSTEMS”

PREMIUM DISCOUNT SCHEME TARGET EMPLOYER GROUPS

WORKCOVER INDUSTRY CLASSIFICATION (WIC)	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL NUMBER OF WICs PARTICIPATING IN PREMIUM DISCOUNT SCHEME
Manufacturing	26,196	24%
Health and community services	17,518	17%
Property and business services	8,662	13%
Construction	5,030	11%
Accommodation, cafes and restaurants	14,645	9%
Wholesale	9,478	6%
Transport and storage	6,867	6%
Retail trade	7,325	5%
Personal and other services	832	2%
Government administration and defence	4,087	1%
Education	1,491	1%
Mining	1,223	1%
Agriculture	655	1%
Cultural and recreational services	2,763	1%
Finance and insurance	6,564	1%
Communication services	6,416	1%
Electricity, gas and water supply	1,162	0%
TOTAL	120,914	100%

Concurrent with the Scheme is a limited small business strategy that targets smaller employers with 20 or less full-time employees. Under this three-year strategy, 10 sponsor organisations are developing and conducting programs to assist small employers improve their occupational health and safety and injury management. A total of 1,817 small employers have subscribed to participate in sponsored programs. The first discount has been received by 1,156 of these small employers who employ an estimated 16,384 employees. The total discount is \$2.1 million.



WORKCOVER NSW COMMUNICATION AND INFLUENCE

SMALL BUSINESS STRATEGY DISTRIBUTION BY WORKCOVER INDUSTRY CLASSIFICATION (WIC)

SPONSOR	PROJECTED NUMBER OF PARTICIPANTS	NUMBER OF PARTICIPANTS NOTIFIED TO WCA	NUMBER OF DISCOUNTS VERIFIED	DISCOUNT AMOUNT \$
Australian Business Limited (ABL)	600	733	253	364,706
Australian Centre for Agricultural Health and Safety (ACAHS)	250	145	108	251,718
Australian Industry Group (AIG)	75	157	126	331,282
Australian Retailers Association (ARA)	400	71	0	0
Bus and Coach Association Incorporated (BCA)	250	180	76	87,395
Compass Training Australia Pty Ltd	80	80	32	59,001
Crossroads Consulting	30	19	3	2,552
Furnishing Industry Association of Australia (FIAA)	300	346	1	169
NSW Chamber of Fruit and Vegetable Industries Inc	100	122	76	153,941
Timber and Building Materials Association (NSW) Ltd (TABMA)	65	39	24	75,015
TOTAL	2,150	1,892	699	\$1,325,779

DEVELOP AND IMPLEMENT TARGETED INDUSTRY INITIATIVES ACROSS NSW AND ACROSS BORDERS

WorkCover NSW has worked closely with its Queensland and Victorian counterparts to eliminate problems arising from differences in the States' occupational health and safety regulatory requirements that impede businesses operating across borders. These discrepancies occur particularly in registration requirements for some hazardous equipment and the classes of work for which certificates of competency are required. In the building industry, the NSW and Victorian approaches differ in several respects, for example, induction training arrangements and requirements for testing and tagging electrical equipment on building sites. In northern NSW, significant cross-border issues revolve around safety in the cotton industry, for example, overhead electrical line strikes for cotton dusters, machine guarding in cotton ginning, hazardous substances and manual handling.

Regulators in each State have been working to formalise their cross-border interactions and apply a more structured joint approach to these problems. For example, in February, WorkCover NSW and the Queensland Department of Industrial Relations' Division of Workplace Health & Safety inaugurated a best practice management project with the cotton industry to address a number of their safety concerns.

Down south, collaboration between WorkCover NSW and WorkSafe Victoria has focused on the Cross Border Construction Industry Project. The objective is to assist construction firms operating across the Victorian-NSW border to meet their statutory obligations in both States and generally improve the safety standards of border area construction projects. The project was initiated in 1999 and during 2001/02 concentrated on intensive case management of poor performing companies identified by the investigative phase of the project.

STRATEGIC FOCUS > SERVICE PROVIDERS – MAXIMISE THE PERFORMANCE OF SERVICE PROVIDERS TO PREVENT WORK-RELATED INJURY AND DISEASE AND IMPROVE INJURY MANAGEMENT

CONTEXT The performance of service providers is fundamental to effective injury and disease prevention and management. Key service providers include insurers, injury prevention and management providers, lawyers, unions and employer associations. WorkCover will actively engage service providers in defining and achieving outstanding performance.

PRIORITY ACTIVITIES

COMPLETE INJURY MANAGEMENT PILOTS Four injury management pilots were conducted in NSW during 2001/02 to identify and achieve best practice in claims and injury management by measuring improvements in workers' health, return-to-work outcomes and service utilisation and costs, as well as establishing benchmarks for injury and claims management for the future.

The project conducted a qualitative analysis of satisfaction, carried out a cost benefit analysis and measured potential impact on the WorkCover scheme. The study compared the performance of the pilot populations in 2001 with control groups. The four groups in the pilot were:

- an industry group (private hospitals and nursing homes)
- a geographical region (Central West NSW)
- two insurers (QBE and EML/PWC).

The industry pilot had to be discontinued in August 2001 as the contractor failed to meet contractual obligations.

Overall, the pilot highlighted the extent of changes required to the fundamental structures that currently exist for injury and claims management and showed that achieving this is a long-term proposition. Preliminary results show:

- higher return-to-work rates among the study's participants (as reported by the *National Return to Work Monitor*)
- small to medium employers benefit most from insurer assistance with return to work
- customer service was rated highly by both employers and workers
- impacts on costs were inconclusive
- the three pilot schemes decreased the benefits paid to workers at weeks 8 and 13 and decreased total costs of claims at weeks 4, 8 and 13.

The performance of each pilot is being examined by Monash University at a number of levels, including worker, employer and service provider, such as a general practitioner and other health professionals.

It is anticipated that the pilots will provide a good comparison of different models of best practice in injury management and return-to-work programs that can be implemented across NSW.

“SMALL TO MEDIUM EMPLOYERS BENEFIT MOST FROM INSURER ASSISTANCE WITH RETURN TO WORK”



WORKCOVER NSW COMMUNICATION AND INFLUENCE

RETURN-TO-WORK RATE

(Proportion of injured workers who reported returning to work between the time of the claim and the time of the survey)

PILOT GROUP	RETURN-TO-WORK RATE
Non-pilot group	83%
Central West IMS	82%
EML	90%
QBE	93%
Private hospitals and nursing homes	93%

REPORTING TIMES

(Number of days from date of injury to date of notification)

PILOT GROUP	AVERAGE REPORTING TIME
Non-pilot group	26.8 days (standard deviation 34.2 days)
Central West IMS	49.4 days (standard deviation 42.1 days)
EML	20.1 days (standard deviation 11 days)
QBE	35.2 days (standard deviation 80.6 days)

DEVELOP AND IMPLEMENT A MEDICAL MANAGEMENT PROGRAM A trial of a medical management program was conducted in Western Sydney and the Riverina to ensure medical practitioners have the best and most up-to-date information on managing work injuries and can integrate the medical management of injury into return-to-work activity. As part of this initiative, clinical guidelines for back injuries were developed and tested to assess their usefulness and an educational strategy was implemented to identify the best means of encouraging general practitioners (GPs) to use the guidelines.

The program aims to:

- ensure NSW GPs have the most up-to-date information on the management of acute lower back pain, suffered by between 60 and 80 per cent of people at some stage in their lives and accounting for nearly 30 per cent of workers compensation claims
- ensure that injured workers are managed according to best available evidence from research
- identify workers who may have more serious conditions or may be at risk of developing a chronic condition
- ensure improved recovery rates and return to work for injured workers.

The guidelines are supported by an education strategy that includes a mix of evening workshops, individual sessions and Internet support to encourage uptake of the guidelines. Results of the pilot show the guidelines were well received by GPs and the aim now is to target approximately half of NSW GPs over the next 18 months.

CONSTRUCTION INDUSTRY IS SAFER >

An analysis of government safety initiatives, released in November 2001, showed a 30 per cent reduction in the incidence of injury and disease in the construction industry since 1995/96. *Safely Building NSW – Priority issues for construction industry reform* also showed marked improvement in the way principal contractors, that are party to a Memorandum of Understanding with the Government, were managing occupational health and safety. Along with progress, the report also identified major gaps in how the industry manages occupational health and safety and recommended strategies to overcome these problems. A construction safety kit, released with the report, offers contractors the latest tools in the areas of hazard management, contract management, safe design and performance measurement.

APPLY NEW 2001/02 INSURER REMUNERATION PACKAGE A new insurer remuneration package has been developed as WorkCover was not satisfied with insurer performance. The package, developed in consultation with insurers, sets new performance measures that reflect the recent legislative reforms, including provisional liability and injury management procedures.

Most employers in NSW are part of the WorkCover Scheme and are insured with the nine licensed WorkCover Scheme insurers. These insurers are key service providers as they are paid fees based on services they provide, such as administering insurance premiums, managing compensation claims and overseeing the treatment and rehabilitation of injured workers. Therefore, their performance has a significant impact on employers and their workers if there is an injury.

The focus of the 2001/02 insurer remuneration package is to provide insurers with a strong incentive for improved performance as well as discouraging continued poor performance by:

- linking base fees and performance fees more closely to service standards

- increasing substantially the performance based incentive fees.

Insurer performance is being measured by a number of short and long-term measures. These measures are subject to self-audit or audit by actuaries who assess data and carry out independent reviews.

Insurers are also required to submit business plans outlining how they intend to achieve improved performance and must report quarterly on their progress on implementing their planned initiatives.

Under the new package, insurers are expected to invest in significant improvements in performance. In return, and subject to achieving better service standards and outcomes, more money is paid. On the other hand, insurers face substantial penalties for continued under-performance. In addition, there are increased fines and penalties built into the legislation for insurers breaching their obligations under the Act. These include penalties of up to \$50,000.



WORKCOVER NSW COMMUNICATION AND INFLUENCE

AWARD FOR FOCUS ON YOUTH > An initiative that addresses workplace bullying has gained WorkCover an award of appreciation for support and ongoing partnership by the National Children’s and Youth Law Centre. The centre is Australia’s only national community legal centre dedicated to representing the rights and interests of children and young people. The workplace bullying project began with an employer awareness and information program that included forms and workshops for employers. The next stage was a bullying hotline and the posting of relevant legal information on the Law Centre’s website. Finally, a public communication campaign raised awareness of the issue and publicised the availability of the information kit, the bullying hotline and the information on the website. Information on strategies for preventing and dealing with workplace bullying is available at www.lawstuff.org.au

STRATEGIC FOCUS > BROADER COMMUNITY – RAISE COMMUNITY AWARENESS AND EXPECTATIONS IN REGARD TO WORK-RELATED INJURY AND DISEASE AND INJURY MANAGEMENT

CONTEXT Influencing the community is a key to reducing work-related injury and disease and improving injury management for injured workers.

PRIORITY ACTIVITIES

DEVELOP AND IMPLEMENT THE “WORKCOVER. WATCHING OUT FOR YOU” COMMUNICATION STRATEGY To communicate the changes to workers compensation and occupational health and safety, WorkCover developed a targeted communication strategy in 2001/02. The resulting advertising campaign used a range of media to promote community awareness of the legislative changes. Evaluation showed high levels of community understanding of the changes to workers compensation and occupational health and safety.



LIFE ON THE FARM CAN BE DANGEROUS >

Occupational health and safety on farms was highlighted during 2001/02 through an advertising blitz, training of high school students and a compliance campaign on tractor safety. Statistics show agriculture is the most dangerous industry in Australia after mining and transport. On average, one person dies every three days in rural industries and 13 per cent of farm deaths involve children under 15. The advertising campaign showed hazards such as tractors, bags and drums of farm chemicals, and farm animals. A rural safety hotline was set up as part of the campaign and a farm safety checklist was developed and distributed in rural areas. The *Future Farmers* training program to educate high school students on the importance of farm safety included presentations by Paralympian Heath Francis who lost an arm following a farm accident. Twelve training modules on farm hazards were developed for year 10 to 12 students. A five-month statewide compliance campaign targeted tractors, the deadliest piece of equipment on farms. The campaign informed farmers of their entitlement to a NSW Government \$200 rebate on the cost to fit a roll over protection structure to their tractor.

“AGRICULTURE IS THE MOST DANGEROUS INDUSTRY IN AUSTRALIA AFTER MINING AND TRANSPORT”



WORKCOVER NSW PERFORMANCE

CORPORATE GOAL > ENHANCE ORGANISATIONAL PERFORMANCE

STRATEGIC FOCUS > CONTINUOUSLY IMPROVE SERVICE DELIVERY AND EFFECTIVENESS AND EFFICIENCY OF THE OPERATION OF WORKCOVER NSW

CONTEXT The NSW Government expects agencies to adopt best practice management. WorkCover is focusing on business process review and improvement, performance measurement and monitoring, financial risk management, business risk management and learning and development.

PRIORITY ACTIVITIES

A SYSTEMATIC APPROACH TO ORGANISATIONAL IMPROVEMENT WorkCover reviewed its policy and legislative development capacity in 2001/02 and undertook a more systematic approach to organisational improvements. As a result, a centralised executive and ministerial services unit was created. A Strategy and Policy Executive Management Committee has been formed to oversee corporate direction and a Corporate Strategy and Policy Group was established. Senior management prioritised organisational improvements, such as implementation of the TRIM Records Management System and introduction of technology enhancements that will improve communications systems, including telephony and videoconferencing.

In 2002/03, a strategic communications framework and plan will be developed and a business process and organisational improvement program will be introduced.

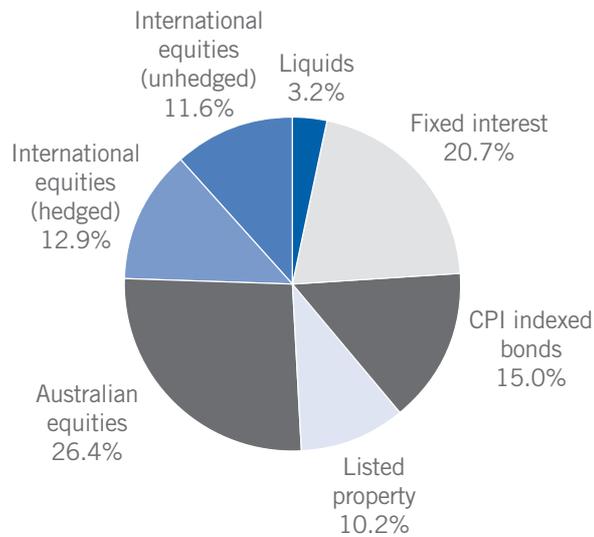
WorkCover's inspectorate was strengthened in 2001/02 with the authorisation of 42 new inspectors and creation of another 20 entry-level positions. The recent recruitment targeted women and people from non-English speaking backgrounds with expertise in occupational health and safety.

The aim is that the WorkCover staff profile better reflects the cultural diversity of NSW workplaces. This approach is consistent with WorkCover's social justice initiative to be truly representative of the diverse communities and workplaces in NSW.

INTRODUCE A NEW SCHEME INVESTMENT STRATEGY >

Following a review of the WorkCover Scheme Investment Strategy in April, a new investment mandate was approved in November 2001.

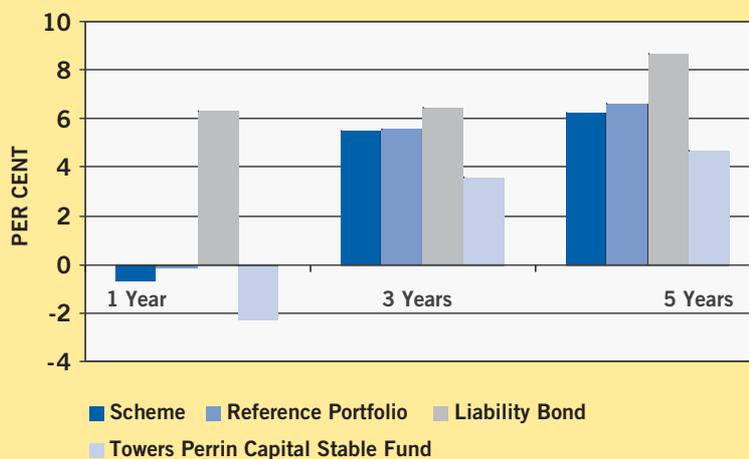
ASSET ALLOCATION





The Scheme Statutory Fund returned 5.50 per cent annually for three years, broadly in line with the reference portfolio of 5.55 per cent. Over the longer term, the statutory fund returned 6.21 per cent annually for five years, compared to the reference portfolio of 6.59 per cent.

RETURN ON BENCHMARKS



During 2002/03 the investment mandate, *Investment Objectives and Authorised Securities*, is being revised, in line with actuarial assessments, asset-liability models and the new strategic asset allocation selected by the Board.

WORKCOVER NSW PERFORMANCE

CONDUCT AND EVALUATE TRAINING PROGRAM FOR MIDDLE MANAGERS To develop leaders and future leaders, a new course was introduced for managers of operational staff. The Diploma in Frontline Management Initiative is nationally recognised under the Australian Qualifications Training Framework and covers 11 competencies. A total of 12 candidates completed the course, conducted by the Sydney Institute of Technology and supported by a mentor program.

STRATEGIC FOCUS > INTEGRATE AND CO-ORDINATE ALL THE ACTIVITIES OF WORKCOVER

CONTEXT WorkCover's move to Gosford provides an opportunity to better integrate and co-ordinate its activities.

DEVELOP A SYSTEMATIC APPROACH TO OCCUPATIONAL HEALTH AND SAFETY AND INJURY MANAGEMENT IN WORKCOVER

Development of WorkCover's new systematic approach to occupational health and safety involved determining priorities, analysing incident and injury trends and introducing strategies to improve return-to-work rates. As a result, lost time rates have improved. In 2002/03 it is planned to develop an occupational health and safety strategic plan and determine appropriate key result indicators as well as introduce more effective and proactive management and reporting systems.

STRATEGICALLY PLAN THE RELOCATION TO GOSFORD

WorkCover is to move to new headquarters in Gosford from October 2002. This move represents the biggest relocation of a state government agency from the Sydney CBD in more than 10 years.

The new headquarters, constructed in the heart of Gosford, will have a five-star energy rating. Relocation of WorkCover from the City of Sydney has generated about 150 jobs in Gosford during construction. Over 470 staff positions will relocate to Gosford.

During 2001/02, more than 140 staff and their families took part in orientation trips to the Central Coast to gain a better understanding of the area and to help them decide whether to relocate. The visit included a question and answer session between staff and representatives from the Gosford community.

IMPLEMENT ONE RECORDS MANAGEMENT SYSTEM

The project to amalgamate WorkCover's records management repositories into one system commenced in June 2000.

TRIM Records Management System was selected as it enables compliance with the *NSW State Records Act 1998*. TRIM was made available as an application on the WorkCover Standard Operating Environment on 3 December 2001 with the conversion of all records management repositories of significance completed by 30 June 2002. Minor and insignificant collections are being progressively integrated into TRIM.

WorkCover is continuing with a process of corporate reform and education in records management, including the related projects of ministerial correspondence and the integration of an off-site records storage facility for the head office at West Gosford.

WORKERS COMPENSATION TIME LOSS RATES (AS AT 30/6/2002)

	1999/2000			2000/2001			2001/2002		
	HOURS	DAYS	WEEKS	HOURS	DAYS	WEEKS	HOURS	DAYS	WEEKS
TOTAL	6,862	940	188	8,322	1,140	228	2,783.6	381.3	76.26
AVERAGE	118.3	16.21	3.2	163.2	22.4	4.4	52.52	7.2	1.4



WORKCOVER NSW PERFORMANCE

STRATEGIC FOCUS > MAKE BETTER INFORMED DECISIONS

CONTEXT WorkCover will improve its systems for collecting and providing meaningful and useful information for decision-making and reporting.

BUILD CORPORATE PLANNING AND PERFORMANCE REPORTING CAPACITY During 2001/02, WorkCover's corporate plan and corporate planning process was markedly upgraded.

The long-standing vision of safe, secure workplaces was confirmed, but four new corporate goals were identified: reform, compliance, communication and influence, and performance. Each goal has a number of priority activities that provide an important focus for all WorkCover's resources.

The new corporate goals reflected the major change program in workplace safety, injury management and the delivery of workers compensation benefits. An improved monthly and quarterly reporting regime was also implemented to enable executive management and the Board of Directors to more effectively monitor achievements of the corporate plan. Further improvements include development of key and contributing performance measures to enhance the measurement of results.

INTRODUCE A STRATEGIC INFORMATION MANAGEMENT AND TECHNOLOGY PLAN A key strategy of the information management and technology strategic plan is to develop a business-to-business (B2B) electronic exchange of data that gives clients access to the best possible available data on the workers compensation scheme. This long-term project will deliver quality information that will underpin informed decision-making on improvements to scheme performance and will contribute to meeting corporate goals.

A priority in this process is web-enabled solutions for customer contact processes, such as the client advisory call centre and lodgement of claims over the Internet. Initial focus is on a series of business solutions for dealing with claims, such

as the new call centre that went online in January 2002, an early notification system for injuries and accidents, online licensing, and Internet lodgement of claims. During 2001/02, WorkCover completed a workshop/business planning process, covering a range of issues relating to its customers, business partners and employees.

The next step is to introduce reporting mechanisms that will better manage the knowledge flowing through the system. These will help, in turn, to deliver safer workplaces. A priority in this phase is to streamline and integrate the organisation's "back-end" business operation systems, such as licensing and case management.

At the end of 2001/02 WorkCover commenced the next phase of the data exchange project which will improve the collection, management and dissemination of insurance policy, claim and injury management data. The aim is to provide more accurate, relevant and timely information to support:

- injury management and faster return to work
- monitoring of the Workers Compensation Scheme performance
- improvements in industry and employer performance within the scheme
- enhanced fraud detection and regulatory compliance
- premium rate rationalisation and/or justification
- enhanced insurer performance within the Scheme
- improved decision-making and reporting
- streamlined operations within WorkCover NSW.

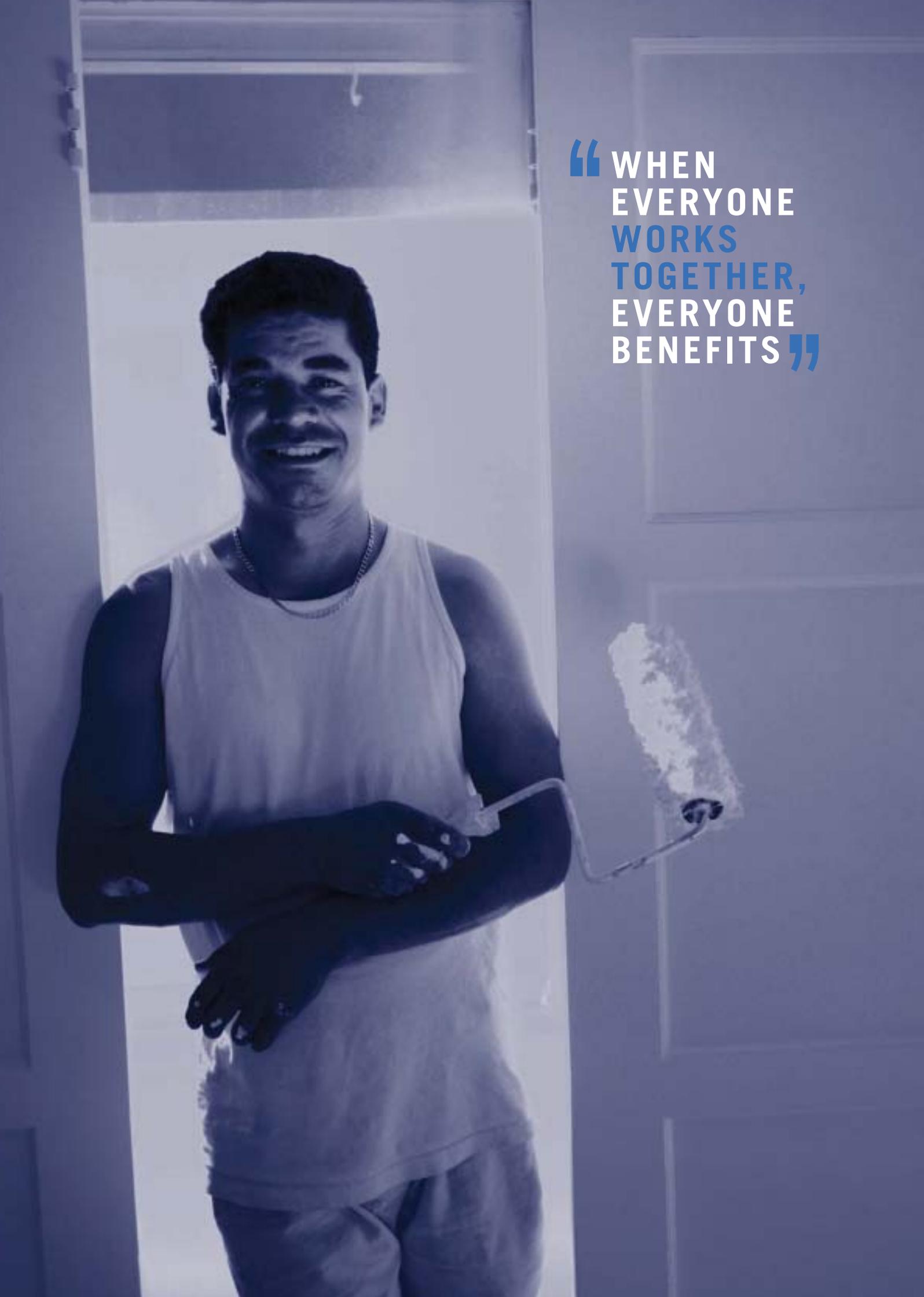
WorkCover is developing a B2B electronic data exchange with insurers and other stakeholders in the NSW Workers Compensation Scheme. The project, targeting insurers in its first phase, aims to improve the quality and usefulness of data used to monitor and manage the Scheme. It is also planned to upgrade the technology used for transferring claims and policy data between insurers and WorkCover.

PARALYMPIAN PROGRAM WINS PREMIER'S AWARD >

WorkCover's Paralympian sponsorship program received a special commendation in the 2001 NSW Premier's Public Sector Awards. The awards formally recognise and reward excellence in the NSW Public Sector. The Paralympian sponsorship program was commended in the category of sustained achievement in improving service delivery by a government agency. The program sponsors seven Paralympians to promote workplace safety to the wider community and was conducted in association with the Australian Paralympic Committee. The seven athletes, each of whom was injured in a workplace accident, have visited a total of 70 workplaces across NSW telling how their accidents occurred and what could have been done to prevent them. They also speak about employers' and employees' responsibilities for workplace safety.

CLIENT CONTACT CENTRE RECEIVES QUALITY RECOGNITION >

Callers to WorkCover's client contact centre receive some of the best assistance from a government call centre, according to a recent benchmarking survey conducted by the Australian Quality Council which compared 15 call centres operated by NSW Government agencies. As the main point of contact, WorkCover's client contact centre rated third overall in the survey for client satisfaction, with excellence recognised for its systems of managing information and its occupational health and safety policies. At the heart of the centre is a customised online database of 3,000 frequently asked questions and answers on workers compensation and occupational health and safety issues. Operators can answer diverse enquiries quickly and accurately by using key words to pinpoint the subject quickly in the database. This system means 65 per cent of enquiries can be dealt with quickly and the other 35 per cent are referred to specialist WorkCover staff. Staff at the centre receive daily, on average, 700 telephone calls. They also handle 30 counter enquiries a day in the CBD office and 30 email enquiries.

A man with a mustache, wearing a white tank top and a chain necklace, is smiling and holding a paint roller. He is standing in a doorway, painting the door. The scene is lit with a strong blue light, creating a monochromatic effect. The man's arms are crossed, and he is looking directly at the camera.

**“ WHEN
EVERYONE
WORKS
TOGETHER,
EVERYONE
BENEFITS ”**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002



FINANCIAL STATEMENTS 2001/2002

STATEMENT BY DIRECTORS

Pursuant to Section 41C(1B) and (1C) of the *Public Finance and Audit Act 1983* and in accordance with a resolution of the Board of Directors of the WorkCover Authority of New South Wales, we declare on behalf of the Board that in our opinion:

- 1 the accompanying financial statements exhibit a true and fair view of the financial position of the WorkCover Authority of New South Wales as at 30 June 2002 and transactions for the year then ended;
- 2 the statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2000* and the Treasurer's Directions.

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

WORKCOVER SCHEME STATUTORY FUNDS

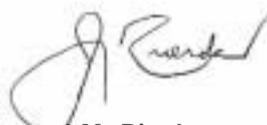
Reference is made to Note 25 of the financial statements.

The financial statements of the WorkCover Scheme Statutory Funds have not been consolidated with the financial statements of the WorkCover Authority as the relationship between the WorkCover Authority and the WorkCover Scheme Statutory Funds does not constitute "control" within the meaning of Australian Accounting Standard AAS24 "Consolidated Financial Reports." This has been confirmed in advice given by the Solicitor General.

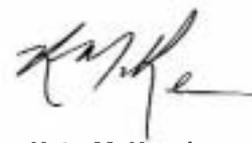
The financial statements of the WorkCover Scheme Statutory Funds are included separately at Note 25, as the Board is of the opinion that it is of vital interest to the Government, Parliament and stakeholders of the Scheme. The accounting treatment has been adopted consistently for the financial statements since the year ended 30 June 1996.

During the year, the WorkCover Authority publicly tendered for its actuarial services. This public tender was undertaken in conjunction with the NSW Supply Service in accordance with public sector procurement practices. This tender process resulted in PricewaterhouseCoopers being appointed to provide actuarial services to the WorkCover Authority.

The timing of actuarial estimates of claims liabilities as at 30 June 2002 was such that the former contractor, Tillinghast-Towers Perrin, estimated liabilities for the funds under the direction, control and management of the WorkCover Authority. The new contractor, PricewaterhouseCoopers, estimated liabilities of the WorkCover Scheme Statutory Funds. Accordingly, actuarial certificates from both firms accompany this financial report.



J.M. Riordan
Chairperson



Kate McKenzie
General Manager

11 November 2002



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

WORKCOVER AUTHORITY OF NEW SOUTH WALES

To Members of the New South Wales Parliament

Scope

I have audited the accounts of the WorkCover Authority of New South Wales for the year ended 30 June 2002. The members of the Board of the Authority are responsible for the financial report consisting of the accompanying statement of financial position, statement of financial performance and statement of cash flows, together with the notes thereto, and the information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament based on my audit as required by the *Public Finance and Audit Act 1983* (the Act).

My audit has been conducted in accordance with the provisions of the Act and Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the Act, Accounting Standards and other mandatory professional reporting requirements, in Australia, so as to present a view which is consistent with my understanding of the Authority's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Qualification

As in previous years the Authority has, as disclosed in Note 2(a) (i), recognised the net increase on revaluation of non-current investments in the statement of financial performance. It has done so with the view that its function, the provision of benefits funded from the income derived, in part from non-current assets, is similar to that of insurance entities which are obliged under Australian Accounting Standard AAS 26 "Financial Reporting of General Insurance Activities" to recognise the increase in net market value of assets as a component of income for the reporting period. In my opinion, this accounting policy is a departure from Australian Accounting Standard AASB 1041 "Revaluation of Non-Current Assets". My Independent Audit Report on the financial report for the year ended 30 June 2001 was similarly qualified.

In accordance with the requirements of AASB 1041, as at 30 June 2002, the decrement on revaluation of non-current investments amounting to \$1.3 million (\$3.8 million increment in 2000-2001) should have been adjusted directly to an asset revaluation reserve. Had this been done, the result for the year would change from an operating deficiency of \$15.4 million (\$4.7 million surplus in 2000-2001) to an operating deficiency \$14.1 million (\$0.9 million in 2000-2001). Net assets would remain the same under either Standard.

**Qualified Audit Opinion**

In my opinion, except for the effects on the financial report of the matter referred to in the qualification paragraphs, the financial report of the WorkCover Authority of New South Wales complies with section 41B of the Act and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the WorkCover Authority of New South Wales as at 30 June 2002 and the results of its operations and its cash flows for the year then ended.

Inherent Uncertainty Regarding the Outstanding Claims Liability

Without further qualification to the opinion expressed above, attention is drawn to the following matter because of its implications for the WorkCover Scheme Statutory Funds which are disclosed in Note 25. The outstanding claims liability of the Scheme Statutory Funds is calculated using a standard actuarial, aggregate-based approach. However, due to legislative reforms and the nature of claims experience, the uncertainty associated with estimates of the liability is magnified due to the implementation and consequential effects of the reforms. This increases the inherent uncertainty of the amount of the outstanding claims liability and will remain until the effect of the legislative reforms is reflected in claims histories.

R J Sendt
Auditor-General

SYDNEY
13 November 2002

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Management Consultants
 and Actuaries

Tillinghast - Towers Perrin

WORKCOVER AUTHORITY OF NSW

Actuarial Certificate Outstanding Claims Liabilities at 30 June 2002

Tillinghast-Towers Perrin ("Tillinghast") has been contracted by the WorkCover Authority of NSW ("the WorkCover Authority") to estimate the outstanding claims liabilities as at 30 June 2002, of the following funds:

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

Data

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

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

Tillinghast 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 provided *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 allowance for:

- Future inflation and investment return; and
- Future expected recoveries.



The estimated outstanding claims liabilities at 30 June 2002 for the Funds, set out above, net of recoveries, are set out in Table 1.

TABLE 1
Outstanding Claims Liabilities at 30 June 2002¹

Fund	\$M
ULIS	97.4
ERWCF	12.1
BFFCF	10.7
NEM	64.7
Bishopsgate	6.8
AGCI	2.4
Greatlands	0.3
HIH	32.9
Total	227.4

¹ Totals may not add due to rounding

It is our understanding that the WorkCover Authority has provided \$227.4 million in the Financial Statements of the above Funds as at 30 June 2002 for the outstanding claims liabilities.

Uncertainty

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

The usual uncertainty associated with estimates of the liability for outstanding claims is magnified in this instance due to the implementation and consequent effects of a number of legislative changes over the life of the Scheme.

- 3 -

Reports

Full details of data, method, assumptions and results for these Funds are set out in the following 3 separate reports prepared for the WorkCover Authority, all dated 1 October 2002.

- Actuarial Review of the Outstanding Claims Liabilities of the Uninsured Liability and Indemnity Scheme as at 30 June 2002 (authored by Andrew Cohen and Siddharth Parameswaran).
- Emergency and Rescue Workers' and Bush Fire Fighters' Workers' Compensation Funds – Actuarial Review of the Outstanding Claims Liability as at 30 June 2002 (authored by Andrew Cohen and Elayne Grace).
- WorkCover Authority of NSW Insurers Guarantee Fund: National Employers Mutual, Bishopsgate, AGCI, Greatlands & HIH – Actuarial Review of the Outstanding Claims as at 30 June 2002 (authored by Andrew Cohen).

Relevant Standards

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



Andrew Cohen
Fellow of the Institute of Actuaries of Australia
Date: 4 October 2002



Elayne Grace (in respect of ERWCF and BFFCF estimates)
Fellow of the Institute of Actuaries of Australia
Date: 4 October 2002



Siddharth Parameswaran (in respect of ULIS estimate)
Fellow of the Institute of Actuaries of Australia
Date: 4 October 2002



PricewaterhouseCoopers

Actuarial Pty Ltd
ACN. 003 562 696

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SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
Direct fax 8266 4408

WORKCOVER AUTHORITY OF NSW

**Actuarial Certificate
Outstanding claims liabilities at 30 June 2002**

PricewaterhouseCoopers ("PwC") has been contracted by the WorkCover Authority of NSW ("the WorkCover Authority") to make estimates of the outstanding claims liabilities as at 30 June 2002, for the WorkCover Scheme Statutory Funds.

Data

Data was provided to us by the WorkCover Authority. The main data provided were copies of the unit record claim and policy databases from WorkCover's mainframe data system.

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.

Liability is limited by the Accountant's Scheme under the Professional Standards Act 1994 (NSW)



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 allowance for:

- Future inflation and investment return; and
- Future expected recoveries.

The gross outstanding claims liability for the WorkCover Scheme Statutory Funds also includes an allowance for the following items:

- Expenses of \$268 million to meet the cost of management of claims outstanding (including claims incurred but yet to be reported) as at 30 June 2002;
- An allowance of \$233 million in respect of the impact of the transitional effects of the Federal Government’s New Tax System.

Valuation Results - WorkCover Scheme Statutory Funds

The estimated liability for the WorkCover Scheme Statutory Funds as at 30 June 2002, net of recoveries, is \$7,632 million. This amount is made up as follows:

TABLE 1 - WorkCover Scheme Statutory Funds Outstanding Claims Liability at 30 June 2002	
	\$M
Gross Outstanding Claims	7,934
<i>Less Anticipated Recoveries</i>	<i>(302)</i>
Net Outstanding Claims	7,632

The WorkCover Authority has provided \$7,634 million in the Financial Statements of the WorkCover Scheme Statutory Funds as at 30 June 2002. This comprises \$7,632 million for the net outstanding claims liability and \$2 million for the unexpired risk provision. (An unexpired risk provision is held because the unearned premiums for 2001/2002 policies are unlikely to be sufficient to meet the costs associated with them.)

Uncertainty

There is a limitation upon the accuracy of the estimates in this report in that there is an inherent uncertainty in any estimate of outstanding claim liabilities. This is due to the fact that the ultimate



liability for claims is subject to the outcome of events yet to occur. These include, but are not limited to, the likelihood of injured workers lodging claims under the Scheme, the amount of compensation paid and the attitudes of claimants towards settlement of their claims. In our judgement, we have employed techniques and assumptions that are appropriate, and we believe the conclusions presented herein are reasonable, given the information currently available. However, it should be recognised that future claim development is likely to deviate, perhaps materially, from our estimates.

The usual uncertainty associated with estimates of the liability for outstanding claims is magnified in this instance due to the implementation and consequent effects of a number of legislative changes over the life of the Scheme. In particular, it will be a number of years before the success of the package of reforms introduced in 2001 is known.

Reports

Full details of data, method, assumptions and results for the WorkCover Statutory Funds is set out in our report dated 24 September 2002.

Relevant Standards

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



John Walsh
Fellow of the Institute of Actuaries of Australia
23 October 2002



Michael Playford
Fellow of the Institute of Actuaries of Australia
23 October 2002

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2002 >

	NOTE	2002 \$'000	2001 \$'000
REVENUES			
Contributions	2(e) & 3	160,113	148,253
Fees and charges	4	7,744	7,642
Investment revenue	5	1,060	21,070
Other revenue	6	11,280	18,705
Total revenues from ordinary activities		180,197	195,670
EXPENSES			
WorkCover Authority operations			
Salaries and employee payments	7	62,613	55,779
Superannuation	17	16,741	12,646
Office accommodation	20(b)	11,282	10,614
Depreciation	2(b)	4,668	5,728
Other operating expenses	8	37,373	35,375
		132,677	120,142
WORKCOVER SCHEME SERVICES			
Workers Compensation Commission	2(j)	4,359	–
Compensation Court of NSW	2(j)	22,481	22,562
Workers Compensation Resolution Service	2(j)	5,098	7,622
Net claims incurred	9	26,522	39,446
Other expenses		4,501	1,167
		62,961	70,797
Total expenses from ordinary activities		195,638	190,939
Operating surplus (deficiency) from ordinary activities		(15,441)	4,731
Non-Owner transaction changes in equity			
Net increase/(decrease) in asset revaluation reserve	2(h)	2,261	–
Total Changes in Equity – other than those resulting from transactions with owners as owners		(13,180)	4,731

The accompanying notes form part of these financial statements.



STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2002 >

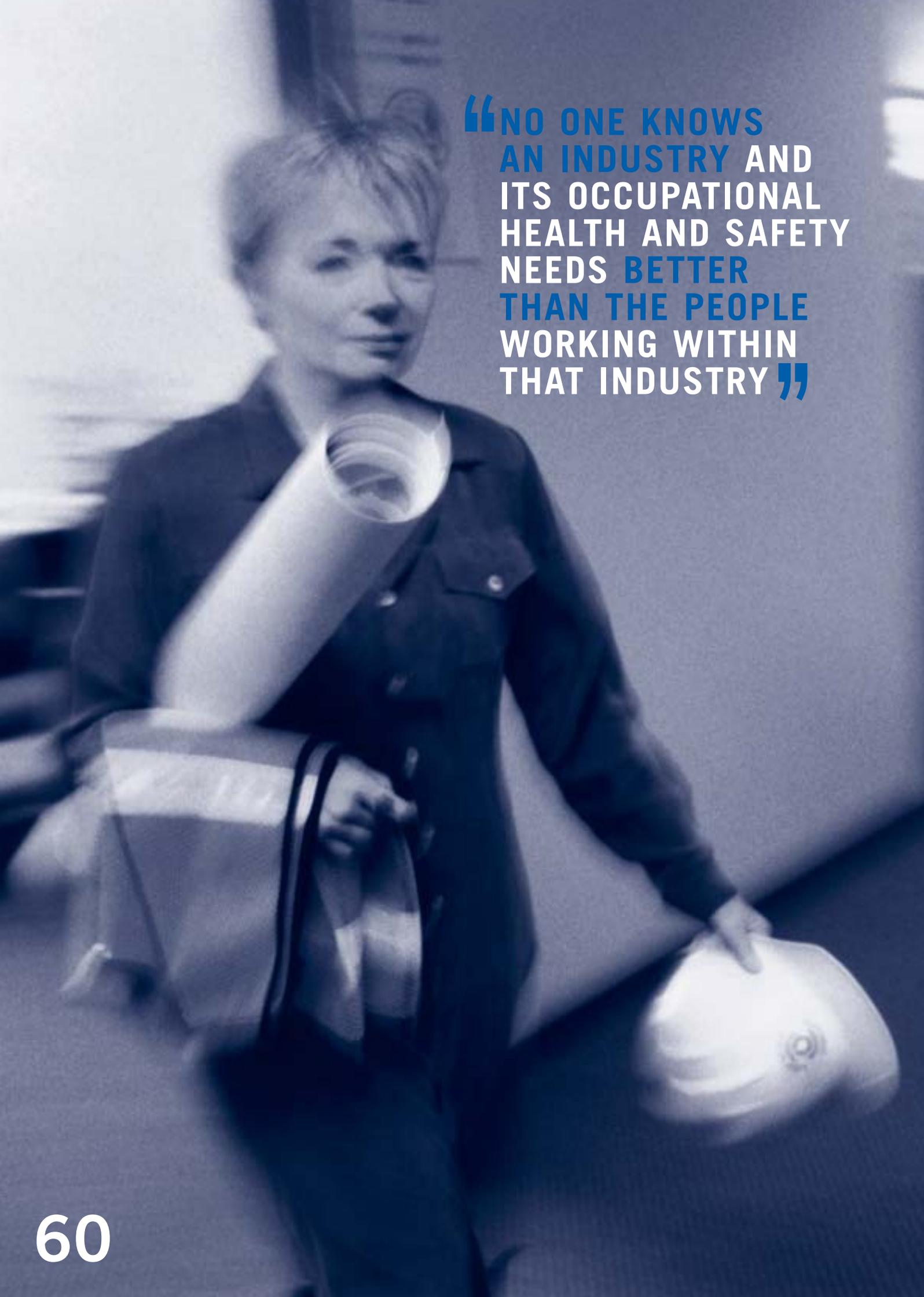
	NOTE	2002 \$'000	2001 \$'000
CURRENT ASSETS			
Cash assets	19	30,133	13,598
Receivables	10	24,334	36,662
Other financial assets	11	37,428	36,818
Total current assets		91,895	87,078
NON-CURRENT ASSETS			
Receivables	10	17,566	15,963
Other financial assets	11	209,347	222,562
Property, plant and equipment	13	36,153	23,221
Total non-current assets		263,066	261,746
Total assets		354,961	348,824
CURRENT LIABILITIES			
Payables	15	22,211	8,765
Provisions	17	10,207	8,186
Outstanding claims	16	25,213	24,806
Total current liabilities		57,631	41,757
NON-CURRENT LIABILITIES			
Payables	15	1,995	8,168
Provisions	17	13,892	10,137
Outstanding claims	16	202,215	197,888
Total non-current liabilities		218,102	216,193
Total liabilities		275,733	257,950
Net assets		79,228	90,874
EQUITY			
Asset revaluation reserve	14&2(h)	9,934	7,673
Retained surplus	2(g)	69,294	83,201
		79,228	90,874

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2002 >

	NOTE	2002 \$'000	2001 \$'000
		Inflows (Outflows)	Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions		140,622	129,891
Investment revenue		2,638	16,741
Recoveries		3,677	985
Transfer from statutory funds		25,285	7,168
GST refund from ATO		7,393	–
Other receipts		15,952	28,078
Salaries and employee payments		(61,762)	(55,547)
Office accommodation		(11,655)	(11,446)
Workers Compensation Commission		(3,888)	–
Compensation Court of NSW		(22,442)	(22,426)
Workers Compensation Resolution Service		(5,803)	(7,579)
Compensation claims paid		(25,589)	(21,396)
GST payment to ATO		(818)	–
Other payments		(41,827)	(34,735)
Net cash provided by operating activities	18	21,783	29,734
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets		(16,662)	(6,376)
Proceeds on sale of non-current assets		390	169
Purchase of investments		(42,668)	(495,134)
Redemption of investments		53,692	465,682
Net cash (used in) investing activities		(5,248)	(35,659)
Net increase(decrease) in cash held		16,535	(5,925)
Cash at the beginning of the financial year		13,598	19,523
Cash at the end of the financial year	19	30,133	13,598

The accompanying notes form part of these financial statements.

A woman with short, light-colored hair is walking towards the camera. She is wearing a dark, button-up jacket. She is carrying a large roll of paper (likely a blueprint) under her left arm, a bag in her right hand, and a white hard hat in her left hand. The background is blurred, suggesting an industrial or construction site.

**“NO ONE KNOWS
AN INDUSTRY AND
ITS OCCUPATIONAL
HEALTH AND SAFETY
NEEDS BETTER
THAN THE PEOPLE
WORKING WITHIN
THAT INDUSTRY”**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 01 > CONSTITUTION AND FUNCTIONS

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 23. These financial statements comprise all of those funds but do not include the WorkCover Scheme Statutory Funds' accounts. These accounts are shown separately in Note 25.

WorkCover's funds are predominantly funded by contributions payable by licensed and self-insurers based on their level of premium income or deemed premium income respectively.

In undertaking its statutory role, the WorkCover Authority:

- promotes the prevention of injuries and diseases at the workplace and the development of healthy and safe workplaces;
- promotes the prompt, efficient and effective management of injuries to persons at work; and
- ensures the efficient operation of workers compensation insurance arrangements.

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

NOTE 02 > SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Financial Statements

- (i) These financial statements have been prepared on the basis of historical cost except for:
- the reporting of investments which are measured at net market value at the reporting date; and
 - the reporting of property, plant and equipment which are revalued to market value or net fair value as required.

Differences between the net market value of investments at the reporting date and their net market value at the previous reporting date (or cost of acquisition, if acquired during the reporting period) are recognised in the statement of financial performance.

This treatment of investments is in accordance with Australian Accounting Standard AAS26: "Financial Reporting of General Insurance Activities" which is considered more appropriate for WorkCover given its similarity to general insurance activities, rather than adherence to Australian Accounting Standard AASB1041: "Revaluation of Non-Current Assets."



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 02 > SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (ii) These financial statements are a general purpose financial report and have been prepared on an accrual basis.
- (iii) Proper accounts and records have been maintained for all of the operations of the WorkCover Authority in terms of Section 41(1) of the *Public Finance and Audit Act 1983*.
- (iv) These financial statements have been prepared having regard to Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board; Urgent Issues Concensus Views and the *Public Finance and Audit Act 1983*.
- (v) Amounts shown in these financial statements have been rounded to the nearest thousand dollars.

(b) Property, plant, equipment and depreciation

Land, buildings, scientific and technical equipment, and computer hardware and software are revalued as required to market value or net fair value. All other items are valued at historical cost.

Depreciation is calculated on a straight line basis to write off the cost of capital items of property, plant and equipment over their expected useful lives to WorkCover and the rates applied are:

	%
Buildings	3.0
Furniture and fittings	10.0
Library	10.0
Scientific equipment	20.0
Technical equipment	14.3
Office machines and equipment	20.0
Motor vehicles	22.5
Computer software	14.3 – 33.0
Computer hardware	33.3

Experience has been that the useful lives of computer software assets are predominantly in the three to four year range with a number of recently acquired assets expected to have a longer, seven year, useful life.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 02 > SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capitalisation policy

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

	UNIT COST
Computer software	\$3,000
Reference books	\$500

(c) Net claims incurred

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

(d) Employee benefits

Liabilities for employee entitlements to annual leave and long service leave are accrued at nominal amounts calculated on the basis of current salary rates including on costs.

Long service leave is accrued in respect of all officers with five or more years of service at balance date and annual leave represents the monetary value of that leave accrued by all officers at balance date. Long service leave payments for employees due to retire prior to 30 June 2003 are shown as current liabilities. All other long service leave payments are shown as non-current liabilities. Sick leave is non-vesting and as sick leave taken is less than sick leave accruing in any reporting period, no liability is recognised.

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

Contributions are made by WorkCover to various State superannuation schemes and the amount of each year's expense includes any movement in the superannuation provisions. Any unfunded superannuation liability is recognised as a liability and any prepaid superannuation contributions are recognised as an asset.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 02 > SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Contributions

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

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

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

(f) Leases

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

(g) Retained surplus

The deficiency from ordinary activities for the year of \$15.4M has been offset in part by a \$1.5M transfer of assets into the Workers Compensation Commission at nil value (see Note 2(j)). This deficiency has reduced the retained surplus from \$83.2M in 2001 to \$69.3M in 2002. The current level of retained surplus is in excess of financial requirements and accordingly, the contribution strategy for future years provides for further reduction in the retained surplus.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 02 > SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Changes in equity

	Retained Surplus		Asset Revaluation Reserve		Total Equity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Balance at the beginning of the financial year	83,201	78,470	7,673	7,673	90,874	86,143
Changes in equity – transactions with owners as owners						
Increase/(decrease) in net assets from administrative restructuring (Note 2(j))	1,534	–	–	–	1,534	–
Total Changes in equity – other than transactions with owners as owners						
Surplus/(deficit) for the year	(15,441)	4,731	–	–	(15,441)	4,731
Increment/decrement on revaluation of:						
– Land and Building	–	–	1,634	–	1,634	–
– Plant and equipment	–	–	627	–	627	–
– Infrastructure systems	–	–	–	–	–	–
Total	(15,441)	4,731	2,261	–	(13,180)	4,731
Balance at the end of the financial year	69,294	83,201	9,934	7,673	79,228	90,874
Asset revaluation reserve						
The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.						

(i) Extension of time

The Treasurer granted WorkCover an extension of time to 30 September 2002, for the preparation and submission of its financial statements to enable the preparation and inclusion of the accounts of the WorkCover Scheme Statutory Funds.

This extension of time has been granted each year since 1996 and it recognises the lead-time involved in the preparation and lodgement of audited financial returns by licensed insurers.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 02 > SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Workers Compensation Commission

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

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

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

The WorkCover Authority funded the Workers Compensation Resolution Service since its inception in 1997. The Service ceased operations on 31 December 2001 and the assets and liabilities of the Service transferred to the WorkCover Authority were:

Assets	\$1.898M
Liabilities	\$0.364M
Net increase in WorkCover equity (Retained surplus)	\$1.534M

Statement of Financial Performance

Expenditure on the Workers Compensation Commission, the Workers Compensation Resolution Service and the Compensation Court was:

	2002	2001
	\$'000	\$'000
Workers Compensation Commission	4,359	–
Workers Compensation Resolution Service	5,098	7,622
Compensation Court of NSW	22,481	22,562
	<u>31,938</u>	<u>30,184</u>

The transfer of assets and liabilities of the Compensation Court will occur when that Court ceases to operate.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 03 > CONTRIBUTIONS

Contributions to the various funds were:

	2002 \$'000	2001 \$'000
WorkCover Authority Fund		
Insurers	135,135	125,840
WorkCover Scheme Statutory Funds		
– Management and administration expenses	12,017	7,168
	<u>147,152</u>	<u>133,008</u>
Insurers' Guarantee Fund	6,927	7,177
Bush Fire Fighters Compensation Fund	1,133	2,897
Emergency & Rescue Workers Compensation Fund	4,901	5,171
	<u>160,113</u>	<u>148,253</u>

Contributions from the WorkCover Scheme Statutory Funds were made to meet the ongoing costs incurred by WorkCover in providing services unique to the management and administration of those funds together with additional costs of the dispute resolution system.

The contribution rate for the WorkCover Authority Fund in 2002 was 4.1% (4.1% – 2001) of insurers' premium income and self-insurers' deemed premiums.

NOTE 04 > FEES AND CHARGES

	2002 \$'000	2001 \$'000
TestSafe Australia testing and consulting	2,510	1,901
Certificates of competency	1,988	1,861
Registration of plant	585	–
Lift registration and inspection	601	1,908
Testing and boiler inspection	401	448
Demolition and pest control licences	295	606
Consultancy and training	262	116
Accreditation fees	213	140
Conference and training revenue	170	8
Sale of publications	109	127
Other	610	527
	<u>7,744</u>	<u>7,642</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

NOTE 05 > INVESTMENT REVENUE

	2002 \$'000	2001 \$'000
Interest on call and term deposits	651	1,893
Movement in market values – realised	1,987	14,806
– unrealised	(1,578)	4,371
	1,060	21,070

NOTE 06 > OTHER REVENUE

	2002 \$'000	2001 \$'000
OHS prosecutions	3,993	3,083
Workers compensation s.156 recoveries	1,362	1,167
Liquidator's distribution (NEM Insurance Co)	3,149	12,685
Motor vehicle and overtime recoveries	669	729
Professional costs recoveries	837	321
Legal Aid and Interpreter Scheme recoveries	240	180
Proceeds from sale of non-current assets	390	–
Other	640	540
	11,280	18,705

NOTE 07 > SALARIES AND EMPLOYEE PAYMENTS

	2002 \$'000	2001 \$'000
Salaries and allowances	52,075	46,718
Long service leave	1,652	1,974
Annual leave	3,856	2,837
Workers compensation insurance	861	784
Payroll tax	3,302	2,951
Fringe benefits tax	670	324
Payments to Board members	197	191
	62,613	55,779



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

NOTE 09 > NET CLAIMS INCURRED (CONTINUED)

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

	2002			2001		
	Current Year \$'000	Prior Years \$'000	Total \$'000	Current Year \$'000	Prior Years \$'000	Total \$'000
DIRECT BUSINESS						
Gross claims incurred and related expenses						
– undiscounted	31,826	43,147	74,973	28,970	8,661	37,631
Reinsurance and other recoveries						
– undiscounted	(3,342)	(2,565)	(5,907)	(2,827)	4,911	2,084
Net claims incurred – undiscounted	28,484	40,582	69,066	26,143	13,572	39,715
Discount and discount movement						
– gross claims incurred	(13,664)	(32,821)	(46,485)	(11,386)	12,114	728
Discount and discount movement						
– re-insurance and other recoveries	1,591	2,350	3,941	1,292	(2,289)	(997)
Net discount movement	(12,073)	(30,471)	(42,544)	(10,094)	9,825	(269)
Net claims incurred	16,411	10,111	26,522	16,049	23,397	39,446

NOTE 10 > RECEIVABLES

	2002 \$'000	2001 \$'000
CURRENT		
Debtors		
– Receivables	21,716	23,618
– Prepaid superannuation (Note 17)	5,058	15,419
– Other	292	264
	27,066	39,301
Less provision for doubtful debts	(2,900)	(2,723)
Prepayments	168	84
	24,334	36,662
NON-CURRENT		
Receivables	17,566	15,963
	41,900	52,625

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 11 > OTHER FINANCIAL ASSETS – INVESTMENTS

Other financial assets comprise deposits with investment funds managers and other securities authorised by the *Public Authorities (Financial Arrangements) Act 1987*.

	MARKET VALUE	MARKET VALUE
	2002	2001
	\$'000	\$'000
NSW Treasury Corporation	15,380	18,228
BT Funds Management Limited	16,049	24,551
AMP Henderson Global Investors	33,843	32,068
UBS Asset Management (Australia) Ltd	39,335	42,946
Citigroup Asset Management Australia Ltd	21,618	20,006
Commonwealth Investment Services Limited	64,877	59,026
Merrill Lynch Investment Managers Limited	35,447	43,421
State Street Global Advisors Australia Limited	20,226	19,134
	<u>246,775</u>	<u>259,380</u>
CURRENT	37,428	36,818
NON-CURRENT	209,347	222,562
	<u>246,775</u>	<u>259,380</u>

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

Market valuations were provided by the investment managers with whom investments were placed.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 12 > FINANCIAL INSTRUMENTS TERMS, CONDITIONS AND ACCOUNTING POLICIES

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

RECOGNISED FINANCIAL INSTRUMENTS	STATEMENT OF FINANCIAL POSITION NOTES	ACCOUNTING POLICIES	TERMS AND CONDITIONS
FINANCIAL ASSETS			
Cash assets	19	Short-term deposits are stated at net realisable value. Interest is recognised in the statement of financial performance when earned.	Cash deposits are at call. The rate for cash in the money market facility averaged 4.9% during the year. (2001: 5.9%)
Receivables	10	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Contributions from insurers and legal prosecution debts are payable on dates specified. Credit sales are on 30 day terms.
Other financial assets (Investments)	11	Investments are stated at net realisable value. Interest and movements in market value are recognised in the statement of financial performance when earned.	An investment management agreement based on the standard agreement of the Investment and Financial Services Association is in place with each of the external fund managers appointed.
FINANCIAL LIABILITIES			
Payables (Trade creditors and accruals)	15	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to WorkCover.	Trade liabilities are normally settled on 14 day terms.

WorkCover has no unrecognised financial instruments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 12 > FINANCIAL INSTRUMENTS TERMS, CONDITIONS AND ACCOUNTING POLICIES (CONTINUED)

Net fair values

The financial assets and liabilities are carried at net fair value.

Exposure to risk

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

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

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

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

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

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

The major risks are quantified below.

Market risk exposure

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

FINANCIAL INSTRUMENTS	MARKET VALUE	MARKET VALUE
	2002 \$'000	2001 \$'000
FINANCIAL ASSETS		
Investments in Australian shares	74,782	86,367
Investments in international shares	20,226	19,134
Investments in Australian listed property trusts	31,003	26,999
Total Financial Assets exposed to Market Risk	126,011	132,500
Cash	30,133	13,598
Receivables	41,732	52,541
Other investments	120,764	126,880
Total Financial Assets not exposed to Market Risk	192,629	193,019
Total Financial Assets	318,640	325,519
Financial Liabilities		
Trade creditors and accruals	24,206	16,933
Total Financial Liabilities not exposed to Market Risk	24,206	16,933



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 12 > FINANCIAL INSTRUMENTS TERMS, CONDITIONS AND ACCOUNTING POLICIES (CONTINUED)

Market risk management

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

Currency risk exposure

The maximum exposure to currency risk at balance date is the carrying value of investments in international shares as indicated in the Market Risk Exposure table on the previous page. WorkCover accepts currency risk as a part of diversification. Currency risk is monitored and controlled through the setting of exposure limits.

Interest rate risk exposure

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

FINANCIAL INSTRUMENTS	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	FLOATING INTEREST RATE	NON- INTEREST BEARING	TOTAL
	2002 %	2002 \$'000	2002 \$'000	2002 \$'000
FINANCIAL ASSETS				
Cash at bank	3.4	14,070	–	14,070
Cash in money market facility	4.9	16,063	–	16,063
Receivables	N/A	–	41,732	41,732
Investments in Cash Plus facilities	5.0	31,429	–	31,429
Investments in Australian bonds	5.8	89,335	–	89,335
Other investments	N/A	–	126,011	126,011
Total Financial Assets		<u>150,897</u>	<u>167,743</u>	<u>318,640</u>
Financial Liabilities				
Trade creditors and accruals	N/A	–	24,206	24,206
Total Financial Liabilities		<u>–</u>	<u>24,206</u>	<u>24,206</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 12 > FINANCIAL INSTRUMENTS TERMS, CONDITIONS AND ACCOUNTING POLICIES (CONTINUED)

Interest rate risk exposure – Previous year

FINANCIAL INSTRUMENTS	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	FLOATING INTEREST RATE	NON- INTEREST BEARING	TOTAL
	2001 %	2001 \$'000	2001 \$'000	2001 \$'000
FINANCIAL ASSETS				
Cash at bank	4.2	6,081	–	6,081
Cash in money market facility	5.9	7,517	–	7,517
Receivables	N/A	–	52,541	52,541
Investments in Cash Plus facilities	5.9	42,779	–	42,779
Investments in fixed interest	6.4	84,101	–	84,101
Other investments	N/A	–	132,500	132,500
Total Financial Assets		<u>140,478</u>	<u>185,041</u>	<u>325,519</u>
Financial Liabilities				
Trade creditors and accruals	N/A	–	16,933	16,933
Total Financial Liabilities		<u>–</u>	<u>16,933</u>	<u>16,933</u>

Interest rate risk sensitivity and risk management

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

Changes in interest rates are likely to be associated with changes in government bond rates, which due to the method of determining outstanding claims liabilities, will affect both financial assets and financial liabilities.

Credit risk

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 12 > FINANCIAL INSTRUMENTS TERMS, CONDITIONS AND ACCOUNTING POLICIES (CONTINUED)

Exchange traded options

Australian and International Share funds managers are permitted to deal in options in accordance with specified rules. Options contracts give the purchaser the right to buy (call) or sell (put) a financial, equity or index instrument at a specified price or value and may be settled in cash or through delivery.

Share funds managers may purchase a call or put option and sell a call option on:

- (a) Australian Stock Exchange 200 Share Price Index (SPI) Futures Contracts.
- (b) Any securities issued by a public company that is listed on the Australian Stock Exchange 200.

Exchange traded futures

Australian and International Share funds managers are permitted to deal in futures in accordance with specified rules. These futures contracts are commitments to make or take delivery of a specified financial, equity or index instrument at an agreed price or value and may be settled through cash or delivery.

The objective of the share funds managers is to remain fully invested in the equity market at all times. To accomplish this, a small amount of futures contracts are held to maintain full exposure. Futures are also used from time to time to obtain immediate exposure to equity markets, particularly where cash flows are involved. The ability to hold futures allows the share funds managers to accommodate cash flows into and out of the fund on a daily basis without negatively impacting the performance of the fund.

Share funds managers are not permitted to use futures for gearing or for creating net short positions.

Share funds managers may buy and sell the following futures contracts denominated in Australian dollars and traded on the Sydney Futures Exchange or such other exchanges as may be approved by the WorkCover Authority:

- (a) Australian Stock Exchange 200 Share Price Index (SPI) Futures contracts.
- (b) Share futures contracts on any securities issued by a public company that is listed on the Australian Stock Exchange 200.

The market value of derivatives held as at 30th June 2002 was \$0.8M (\$1.1M – 2001), which represents 0.3% of total investments (0.4% – 2001). The market value represents the amount of unrealised gains and losses.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 13 > PROPERTY, PLANT AND EQUIPMENT

	NOTE	2002 \$'000	2001 \$'000
LAND AND BUILDINGS			
Freehold land			
– At independent valuation 1998	(a) & (c)	–	3,350
– At independent valuation 2002		4,175	–
Total freehold land		4,175	3,350
Buildings			
– At cost	(a)	–	188
– At independent valuation 1998		–	5,258
– At independent valuation 2002		6,252	–
– Accumulated depreciation		(691)	(522)
Total buildings		5,561	4,924
Total land & buildings		9,736	8,274
LEASEHOLD IMPROVEMENTS			
– At cost		4,883	3,804
– Accumulated amortisation		(2,906)	(2,498)
Total leasehold improvements		1,977	1,306
OFFICE MACHINES AND EQUIPMENT			
– At cost		2,680	2,741
– Accumulated depreciation		(1,934)	(2,046)
Total office machines and equipment		746	695
MOTOR VEHICLES			
– At cost		29	158
– Accumulated depreciation		(20)	(114)
Total motor vehicles		9	44
FURNITURE AND FITTINGS			
– At cost		415	133
– Accumulated depreciation		(79)	(34)
Total furniture and fittings		336	99



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 13 > PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	NOTE	2002 \$'000	2001 \$'000
COMPUTER HARDWARE AND SOFTWARE			
– At cost	(b)	–	722
– At valuation 1998		–	10,032
– At valuation 2002		9,335	–
– Accumulated depreciation		(5,159)	(5,623)
Total computer hardware and software		4,176	5,131
COMPUTER SOFTWARE DEVELOPMENT			
– At cost	(b)	–	3,301
– At valuation 1998		–	3,537
– At valuation 2002		12,487	–
– Accumulated depreciation		(4,881)	(3,360)
Total computer software development		7,606	3,478
SCIENTIFIC AND TECHNICAL EQUIPMENT			
– At cost	(a)	–	561
– At independent valuation 1998		–	4,960
– At independent valuation 2002		5,838	–
– Accumulated depreciation		(4,139)	(3,952)
Total scientific and technical equipment		1,699	1,569
CAPITAL WORKS IN PROGRESS			
– At cost		9,868	2,625
Total capital works in progress		9,868	2,625
Total property, plant and equipment		36,153	23,221

(a) In accordance with a policy of revaluation of non-current assets every five years, freehold land, buildings and scientific and technical equipment were revalued in 2002. Freehold land was revalued on the basis of market value while buildings and scientific and technical equipment were revalued on the basis of net fair value.

The independent valuations as at 30 June 2002 were carried out by:

Land & buildings

Mr K.S. Lew AVLE (VAL) – State Valuation Office

Scientific and technical equipment

Mr S. McMahon AAPI (P&M) – Machinery Valuations Pty. Ltd.

(b) Computer software and computer software development were revalued as at 30 June 2002. These directors' valuations were based on the assessment of net fair value and resulted in no change to the value of these asset classes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 13 > PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Details of land owned by WorkCover

Description of Use	Location	Valuation 2002
38.529 Hectares	919 Londonderry Road, Londonderry NSW	\$4,175,000

Used as a centre for occupational health and safety research and testing.

(d) Movements during financial year

CLASS OF ASSET	BALANCE AS AT 01.07.2001	ADDITIONS	DISPOSALS	DEPN W/BACK ON DISPOSAL	NET REVALN MOVEMENTS	RECOVERABLE AMOUNT W/DOWNS	DEPRN EXPENSE	BALANCE AS AT 30.06.2002
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FREEHOLD LAND	3,350	-	-	-	825	-	-	4,175
BUILDINGS	4,924	-	(9)	-	809	-	(163)	5,561
LEASEHOLD IMPROVEMENTS	1,306	1,188	(109)	157	-	-	(565)	1,977
OFFICE MACHINES AND EQUIPMENT	695	347	(363)	340	-	-	(273)	746
MOTOR VEHICLES	44	11	(144)	119	-	-	(21)	9
FURNITURE AND FITTINGS	99	330	(66)	2	-	-	(29)	336
COMPUTER HARDWARE AND SOFTWARE	5,781	1,114	(2,822)	2,151	-	-	(2,048)	4,176
COMPUTER DEVELOPMENT	2,828	5,649	-	267	-	-	(1,138)	7,606
SCIENTIFIC AND TECHNICAL EQUIPMENT	1,569	138	(368)	287	627	-	(554)	1,699
CAPITAL WIP	2,625	12,898	(5,655)*	-	-	-	-	9,868
TOTAL PROPERTY, PLANT & EQUIPMENT	23,221	21,675	(9,536)	3,323	2,261	-	(4,791)	36,153

* Represents transfers to completed assets.

NOTE 14 > ASSET REVALUATION RESERVE

An Asset revaluation reserve was established following the revaluations of certain property, plant and equipment as outlined in Notes 13 (a), (b) and (c).

	2002 \$'000	2001 \$'000
Opening balance	7,673	7,673
Revaluation increments	2,261	-
Closing balance	9,934	7,673
The revaluation increments in 2002 were:		
Land	825	-
Buildings	809	-
Scientific and technical equipment	627	-
	2,261	-



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

NOTE 15 > PAYABLES

	2002 \$'000	2001 \$'000
Current		
Creditors	22,211	8,765
	<u>22,211</u>	<u>8,765</u>
Non-current		
Creditors	1,374	8,168
Creditors – lease restoration liability	621	–
	<u>1,995</u>	<u>8,168</u>
	<u>24,206</u>	<u>16,933</u>

Payables include amounts refundable from the Insurers' Guarantee Fund to contributing insurers and have been determined after having regard to the central estimate of the Fund's outstanding claims liability.

Payables also include advances from Statutory Funds towards certain WorkCover Scheme management and administration expenses anticipated in the 2002/03 year.

NOTE 16 > OUTSTANDING CLAIMS

	2002 \$'000	2001 \$'000
Expected future claims payments	363,203	351,305
Claims handling expenses	49,833	25,810
Discount to present value	(185,608)	(154,421)
Liability for outstanding claims	<u>227,428</u>	<u>222,694</u>
Current	<u>25,213</u>	24,806
Non-current	<u>202,215</u>	197,888
	<u>227,428</u>	<u>222,694</u>

(a) The weighted average expected term to settlement from the reporting date of the outstanding claims is estimated to be in the range of 4.9 years to 9.8 years (4.5 to 8.9 years – 2001).

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

	2002 %	2001 %
Inflation rate	3.5 – 6.5	3.5 – 6.5
Discount rate	6.0 – 6.5	6.0

(c) The following average inflation rates and discount rates were used in measuring the liability for outstanding claims expected to be paid later than one year:

	2002 %	2001 %
Inflation rate	3.5 – 6.5	3.5 – 6.5
Discount rate	6.0 – 6.5	6.0

(d) The liability brought to account is the amount recommended by consulting actuaries being their central estimate. Statutory provision provides assurances for the funding of the total liability.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 17 > PROVISIONS

	2002 \$'000	2001 \$'000
Current		
Employee entitlements		
– Accrued annual leave	6,509	5,420
– Long service leave	3,698	2,766
	<u>10,207</u>	<u>8,186</u>
Non-current		
Employee entitlements		
– Long service leave	10,511	10,137
– Superannuation	3,381	–
	<u>13,892</u>	<u>10,137</u>
Total provisions	<u><u>24,099</u></u>	<u><u>18,323</u></u>

Superannuation

Unfunded superannuation liabilities are recognised as a liability in the statement of financial position. Prepaid superannuation contributions are recognised as an asset.

Details of WorkCover's liabilities and reserves under superannuation schemes relating to employees as at 30 June 2002 are as follows:

	ASSESSED LIABILITY	RESERVE ACCOUNT	NET ASSET/(LIABILITY)	
	2002 \$'000	2002 \$'000	2002 \$'000	2001 \$'000
State Superannuation Scheme	73,563	78,621	5,058	15,106
State Authorities Superannuation Scheme	13,524	11,356	(2,168)	293
State Authorities Non-Contributory Superannuation Scheme	6,131	4,918	(1,213)	20
	<u>19,655</u>	<u>16,274</u>	<u>(3,381)</u>	<u>313</u>
	<u><u>93,218</u></u>	<u><u>94,895</u></u>	<u><u>1,677</u></u>	<u><u>15,419</u></u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

NOTE 17 > PROVISIONS (CONTINUED)

The 30 June 2002 assessment of liability was calculated by Pillar Administration actuary, Mercer, where the key assumptions adopted by the actuary were:

	30 June 2003	30 June 2004	30 June 2005 and thereafter
	%	%	%
Rate of investment return	7.0	7.0	7.0
Rate of general salary increase	6.5	4.0	4.0
Rate of increase in CPI	2.5	2.5	2.5

Future contributions

As of 30 June 2002, the WorkCover Authority's reserve account for the State Superannuation Scheme exceeded the assessed liability as calculated according to Pillar Administration formulae. The surplus of \$5.058M (\$15.106M – 2001) is included as a current asset – Prepaid Superannuation.

For the State Authorities Superannuation Scheme (\$2.168M) and the State Authorities Non-Contributory Superannuation Scheme (\$1.213M) the assessed liabilities exceeded the reserves and the deficiency of \$3.381M is reported as a liability.

Funding contributions to all of the schemes have been suspended previously with approval of the Pillar Administration because of the excess reserves held on behalf of WorkCover. Application will again be made to suspend payments to the State Superannuation Scheme, the largest of the three. Payments will resume for both other funds from 1 October 2002.

The First State Superannuation Scheme has established superannuation cover for employees who are not contributing to any other schemes and employer contributions were 8% of such employees' salaries for the year (8% – 2001). From 1 July 2002 the rate will increase to 9%. Payments for staff covered by the scheme totalled \$2.3M (\$1.6M – 2001). For this scheme WorkCover has no outstanding employer liability as the contributions are fully funded and vested to individual officers.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 18 > RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO THE OPERATING SURPLUS (DEFICIENCY) FROM ORDINARY ACTIVITIES

	2002 \$'000	2001 \$'000
OPERATING SURPLUS (DEFICIENCY) FROM ORDINARY ACTIVITIES	(15,441)	4,731
Depreciation/asset writeback	4,668	5,728
Loss or gain on sale of assets	96	758
Unrealised investment income	1,578	(4,371)
Provisions		
– Long service leave	1,306	1,904
– Annual leave	1,088	202
– Outstanding claims	4,735	19,404
– Doubtful debts	177	860
– Superannuation	3,381	10,773
Decrease (increase) in debtors and prepayments	6,476	(5,306)
Increase (decrease) in creditors	13,718	(4,949)
Net cash provided by operating activities	21,782	29,734

NOTE 19 > RECONCILIATION OF CASH

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

	2002 \$'000	2001 \$'000
Cash assets	30,133	13,598
	<u>30,133</u>	<u>13,598</u>

NOTE 20 > EXPENDITURE COMMITMENTS

(a) Capital expenditure commitments

	2002 \$'000	2001 \$'000
Equipment purchases and computer software development	–	431
Payable – not later than one year	–	431



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

NOTE 20 > EXPENDITURE COMMITMENTS (CONTINUED)

(b) Lease commitments

	2002 \$'000	2001 \$'000
Payable – not later than one year	10,865	4,747
later than one year but not later than five years	19,749	14,457
later than five years	14,493	19,215
Total	45,107	38,419

An agreement relating to WorkCover's occupancy of office premises in Gosford has been entered into on behalf of the Crown by the Minister for Public Works and Services. WorkCover is identified in the draft lease as a government body and is the intended principal occupier of the premises. The draft lease is for a ten year term with two five year extension options.

Contingent asset

Expenditure commitments include input tax credits of \$3.563M (\$3.425M – 2001) which are expected to be recoverable from the Australian Taxation Office.

NOTE 21 > SELF-INSURERS AND SPECIALISED INSURERS SECURITY DEPOSITS AND BANK GUARANTEES

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

As of 30 June 2002, WorkCover held deposits and bank guarantees to the value of \$810M (\$660M – 2001). These deposits and guarantees are held in trust for the payment of all accrued, continuing, future and contingent liabilities of self-insurers and specialised insurers under the Act which are not otherwise satisfied.

Money deposited with WorkCover for this purpose is invested in authorised securities, which are issued or guaranteed by State or Commonwealth. The interest on such investments is paid directly to each self-insurer and specialised insurer.

A separate bank account for lodgement of cash deposits has been established and the balance of the account as at 30 June 2002 was \$0.07M (\$0.07M – 2001).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 22 > INSURANCES

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

- Risk covered
- Public liability
- Property
- Motor vehicles
- Workers compensation
- Group/Personal/Accidental/Travel
- Crime and computer crime
- Errors and omissions
- Industrial special risks

NOTE 23 > FUNDS

Funds for which WorkCover has direction, control and management responsibilities are:

(a) WorkCover Authority Fund

This fund is constituted under Section 34 of the *Workplace Injury Management and Workers Compensation Act 1998*. It is funded from contributions by insurers and self-insurers and it meets WorkCover's operating expenses as well as payments:

- to the Workers Compensation Commission responsible for the determination of workers compensation disputes;
- under the Uninsured Liability and Indemnity Scheme to meet the cost of claims not initially paid by uninsured employers.

Funds are also received from the WorkCover Scheme Statutory Funds 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 (NEMGIA) being placed into provisional liquidation on 1 May 1990, the Insurers' Guarantee Fund was established. Contributions from insurers are applied to meet the claims costs and administrative expenses of the fund.

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

(c) Bush Fire Fighters Compensation Fund

This fund is constituted under Section 19 of the *Workers Compensation (Bush Fire, Emergency and Rescue Services) Act 1987*.

The fund is financed by an annual contribution from the NSW Rural Fire Service through the NSW Treasury and is applied to compensate voluntary bush fire fighters for personal injury and damage to their personal effects and equipment.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 23 > FUNDS (CONTINUED)

(d) Emergency and Rescue Workers Compensation Fund

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

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

(e) Premiums Adjustment Fund

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

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

No transactions have occurred in the fund since 1990.

NOTE 24 > CONTINGENT LIABILITIES

Following an internal investigation into WorkCover's issuing of electrical certificates of conformity and coal mining approvals, a case by case review to identify instances of non-compliance with documentation requirements underpinning electrical testing is being undertaken. Where instances of non-compliance are identified, corrective action is being taken in conjunction with client organisations. No reliable measure of the amount of liability, if any, is available at this time. WorkCover's insurer has been informed of the matter.

WorkCover is a party to proceedings in the Industrial Commission of NSW concerning a gas explosion at Kogarah railway station in 1995. The matter involves WorkCover being liable for the defendant's costs should the prosecution be unsuccessful. The costs are estimated at \$3.0 million at this time. WorkCover's legal advice is that there is no basis for an award of legal and indemnity costs to any defendant at this stage of the proceedings.

NOTE 25 > WORKCOVER SCHEME STATUTORY FUNDS

The WorkCover Authority of New South Wales is responsible for the regulation of statutory funds constituted under Division 4 of Part 7 of the *Workers Compensation Act 1987*. These statutory funds are commonly known as the WorkCover Scheme Statutory Funds.

The relationship between the WorkCover Authority and the WorkCover Scheme Statutory Funds does not constitute "control" within the meaning of Australian Accounting Standard AAS24 "Consolidated Financial Reports." This has been confirmed in advice given by the Solicitor General.

Consequently the financial statements of the WorkCover Scheme Statutory Funds have not been consolidated with the financial statements of the WorkCover Authority but are included separately as the Board is of the opinion that they are of vital interest to the Government, Parliament and stakeholders of the Scheme. This accounting treatment has been adopted consistently for the financial statements since the year ended 30 June 1996.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 25 > WORKCOVER SCHEME STATUTORY FUNDS (CONTINUED)

Statement of Financial Performance for the year ended 30 June 2002

	NOTE	2002 \$'000	2001 \$'000
REVENUES			
Net earned premiums	2	2,104,170	1,958,099
Investment income	3	(21,597)	451,220
Other income		19,217	15,936
Total revenues from ordinary activities		<u>2,101,790</u>	<u>2,425,255</u>
EXPENSES			
Net claims incurred	4		
Insurers' management fees	5	1,881,939	3,317,434
Audit fees paid to auditors of insurers		214,690	160,903
Bad debts written-off		603	619
Doubtful debts provision		29,328	22,342
Wage audit fees		(923)	15,016
Debt collection fees		5,617	5,431
Bank charges		9,528	8,887
Other operating expenses		2,037	4,275
Insurers' guarantee fund provision		4,184	8,105
Insurers' guarantee fund provision		-	(651)
Total expenses from ordinary activities		<u>2,147,003</u>	<u>3,542,361</u>
Deficit from ordinary activities		<u>(45,213)</u>	<u>(1,117,106)</u>
Total changes in Equity – other than those resulting from transactions with owners as owners		<u>(45,213)</u>	<u>(1,117,106)</u>

The accompanying notes form part of these financial statements.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 25 > WORKCOVER SCHEME STATUTORY FUNDS (CONTINUED)

Statement of Financial Position as at 30 June 2002

	NOTE	2002 \$'000	2001 \$'000
CURRENT ASSETS			
Cash assets		18,234	5,145
Receivables	6	413,374	340,480
Other financial assets – investments	7	165,934	1,355,214
Total Current Assets		<u>597,542</u>	<u>1,700,839</u>
NON-CURRENT ASSETS			
Receivables	6	226,000	233,000
Other financial assets – investments	7	4,942,351	4,509,464
Total Non-Current Assets		<u>5,168,351</u>	<u>4,742,464</u>
Total Assets		<u>5,765,893</u>	<u>6,443,303</u>
CURRENT LIABILITIES			
Payables	9	245,509	190,104
Unearned premiums provision		385,500	378,102
Outstanding claims	1d & 10	2,076,000	2,339,000
Total Current Liabilities		<u>2,707,009</u>	<u>2,907,206</u>
NON-CURRENT LIABILITIES			
Outstanding claims	1d & 10	5,860,000	6,292,000
Total Non-Current Liabilities		<u>5,860,000</u>	<u>6,292,000</u>
Total Liabilities		<u>8,567,009</u>	<u>9,199,206</u>
Net Liabilities		<u>(2,801,116)</u>	<u>(2,755,903)</u>
EQUITY			
Accumulated deficit	1a	<u>(2,801,116)</u>	<u>(2,755,903)</u>

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

NOTE 25 > WORKCOVER SCHEME STATUTORY FUNDS (CONTINUED)

Statement of Cash Flows for the year ended 30 June 2002

	NOTE	2002 \$'000 Inflows (Outflows)	2001 \$'000 Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Premiums received		2,438,889	2,244,459
Statutory levies paid		(166,999)	(160,827)
Claims paid		(2,692,423)	(2,191,847)
Recoveries received		77,039	78,240
Interest received		192,131	240,087
Dividends received		93,373	75,836
Other receipts		78,399	71,979
Insurers' management fees		(160,730)	(177,868)
Other payments		(253,137)	(255,824)
Net cash (used in) operating activities	12	<u>(393,458)</u>	<u>(75,765)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments from investments		(9,002,119)	(11,749,826)
Proceeds from investments		8,278,915	11,833,499
Net cash (used in)/provided by investing activities		<u>(723,204)</u>	<u>83,673</u>
Net (decrease)/increase in cash held		(1,116,662)	7,908
Cash at the beginning of the financial year		1,221,604	1,213,696
Cash at the end of the financial year	13	<u>104,942</u>	<u>1,221,604</u>

The accompanying notes form part of these financial statements.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 25 > WORKCOVER SCHEME STATUTORY FUNDS (CONTINUED)

1. Summary of significant accounting policies

- (a) These financial statements have been prepared as a general purpose financial report having regard to Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and applicable industry practices.

These financial statements are prepared on the basis of historical cost and do not reflect changes in the value of money, except that investments (Note 7) are valued at net market values and outstanding claims and recoveries are included at inflated and discounted values. Income and expenditure have been brought to account on an accrual basis. The accounting policies adopted are consistent with those of the comparative reporting period.

The WorkCover Scheme had a deficit of \$45M (2001: deficit of \$1,117M) for the year. To address the accumulated deficit, Scheme reforms were made in the *Workers Compensation Legislation Amendment Act 2001* with the Act provisions commencing in October 2001 and January 2002. The broad objective of these reforms is to achieve improved outcomes for injured workers and reduce Scheme costs and to resolve disputes about workers compensation claims more efficiently.

The *Workers Compensation Act 1987* provides for the funding of any overall deficit in the WorkCover Scheme by the payment of a contribution by employers as part of future premiums. Consequently, these financial statements have been prepared on a going concern basis.

- (b) The financial statements are based on audited returns lodged by licensed insurers and aggregate the accounts of the statutory funds established and maintained by licensed insurers under Division 4 of Part 7 of the *Workers Compensation Act 1987*. A list of insurers licensed to operate under the WorkCover Scheme Statutory Funds system during the year ended 30 June 2002 is given in Note 11.
- (c) The earned portion of premiums received and receivable, excluding unclosed business and taxes collected on behalf of third parties, is recognised as revenue. Premium is treated as earned from the date of attachment of risk. The pattern of recognition over the policy periods is based on time which is considered to approximate the pattern of risks underwritten. Unclosed business has not been included as revenue as the amount involved is not considered to be material.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 25 > WORKCOVER SCHEME STATUTORY FUNDS (CONTINUED)

1. Summary of significant accounting policies (continued)

(d) The outstanding claims (Note 10) and recoveries receivable (Note 6) are based on estimates provided by WorkCover's consulting actuary, PricewaterhouseCoopers Actuarial Pty Ltd.

The outstanding claims is the amount which the consulting actuary has estimated as at 30 June 2002 as being the amount required to meet the cost of claims reported but not yet paid, claims incurred which are yet to be reported and the escalation in reported and reopened claims. This provision is based on actuarial central estimates and includes:

- (i) \$233M (2001: \$278M) for the impact of the goods and services tax under A New Tax System;
- (ii) \$268M (2001: \$290M) for claims handling expenses; and

(iii) \$2M (2001: \$53M) for unexpired risks.

The liability for the outstanding claims is estimated as the inflated and discounted values of the expected future payments, reflecting the fact that these payments will be spread over future years. The expected future payments are estimated on the basis of the ultimate cost of settling claims (including claims administration expenses) which is affected by factors arising during the period to settlement.

The majority of claims payments under the WorkCover Scheme benefit structure are linked to movements in award wages in New South Wales. Projected inflation factors take into account these and other relevant factors relating to future claims levels. The expected future payments are then discounted to a value at the reporting date using rates of interest which reflect the market-determined risk-adjusted rates of return on the underlying funds, consistent with Australian Accounting Standard AAS26. Details of inflation and discount rates applied are included in Note 10.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 25 > WORKCOVER SCHEME STATUTORY FUNDS (CONTINUED)

1. Summary of significant accounting policies (continued)

- (e) Recoveries receivable on paid claims, reported claims not yet paid and claims incurred but not yet reported are recognised as revenue. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims. Recoveries receivable are estimated at the inflated and discounted values of the expected future receipts, calculated on the same basis as the liability for outstanding claims.
- (f) Investment revenue is brought to account on an accruals basis. Dividends on quoted shares are deemed to accrue when the relevant shareholding becomes ex-dividend. Differences between the net market values of investments at the reporting date and their net market values at the previous reporting date (or cost of acquisition, if acquired during the reporting period) are recognised as revenue in the statement of financial performance.
- (g) Rounding – All amounts are expressed to the nearest \$1,000.
- (h) Liability for Taxation – A ruling has been obtained from the Australian Taxation Office which states that premiums received by licensed insurers and investment income of statutory funds are not assessable to licensed insurers in their capacity as such. The ruling also states that the WorkCover Authority holds a vested interest in the income of the statutory funds and as such the income is exempt from income tax in terms of Section 23(d) of the *Income Tax Assessment Act*.
- (i) For the purposes of the Statement of Cash Flows, cash includes cash on hand, bank overdrafts, money market deposits and bank and non-bank bills.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

NOTE 25 > WORKCOVER SCHEME STATUTORY FUNDS (CONTINUED)

	2002 \$'000	2001 \$'000
2. Operating deficit from ordinary activities		
Premiums written	2,269,870	2,165,323
Less : Statutory levies		
– WorkCover Authority fund	112,624	99,606
– Dust diseases contributions	45,678	49,557
Increase in unearned premiums provision	7,398	58,061
Net earned premiums	2,104,170	1,958,099
Claims expense	1,982,095	3,386,953
Recoveries revenue	100,156	69,519
Net claims incurred	1,881,939	3,317,434
Underwriting result	222,231	(1,359,335)
Investment income	(21,597)	451,220
Other income	19,217	15,936
Other operating expenses	265,064	224,927
Operating deficit from ordinary activities	(45,213)	(1,117,106)
3. Investment income		
Dividends	95,447	72,929
Interest	191,103	241,516
Realised gain on sale of investments	106,439	135,782
Unrealised gain/(loss)	(414,586)	993
Investment income	(21,597)	451,220
4. Expenses		

Expenses consist of net claims incurred and expenses incurred by licensed insurers in administering the statutory funds including management fees paid to licensed insurers for premium administration, management of claims and investments and audit fees paid to auditors of insurers. Audit fees charged by the Audit Office of NSW estimated at \$37,000 (2001: \$34,300) are paid by WorkCover directly and are not included in the statement of financial performance of the WorkCover Scheme Statutory Funds.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

NOTE 25 > WORKCOVER SCHEME STATUTORY FUNDS (CONTINUED)

5. Net claims incurred

	2002			2001		
	Current Year \$M	Prior Years \$M	Total \$M	Current Year \$M	Prior Years \$M	Total \$M
DIRECT BUSINESS						
Gross claims incurred and related expenses – undiscounted	2,802	605	3,407	3,002	470	3,472
Reinsurance and other recoveries – undiscounted	(108)	53	(55)	(98)	25	(73)
Net claims incurred – undiscounted	2,694	658	3,352	2,904	495	3,399
Discount and discount movement – gross claims incurred	(758)	(666)	(1,424)	(511)	426	(85)
Discount and discount movement – re-insurance and other recoveries	16	(62)	(46)	20	(17)	3
Net discount movement	(742)	(728)	(1,470)	(491)	409	(82)
Net claims incurred	1,952	(70)	1,882	2,413	904	3,317

Explanation of material variances

The net impact on prior years net claims incurred is a release of \$70M, essentially due to a longer assumed average duration of the outstanding claims.

6. Receivables

	2002 \$'000	2001 \$'000
CURRENT		
Premiums receivable	288,251	263,608
Recoveries receivable	76,000	61,000
Interest and dividends receivable	12,143	11,097
Trade debtors	79,408	48,126
	<u>455,802</u>	<u>383,831</u>
Less: Provision for doubtful debts	42,428	43,351
	<u>413,374</u>	<u>340,480</u>
NON-CURRENT		
Recoveries receivable	<u>226,000</u>	<u>233,000</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 25 > WORKCOVER SCHEME STATUTORY FUNDS (CONTINUED)

7. Other financial assets – investments

Licensed insurers are required under Section 199(1) of the *Workers Compensation Act 1987* to keep the assets of the WorkCover Scheme Statutory Funds distinct and separate from all other assets of the licensed insurers.

	2002 \$'000	2001 \$'000
CURRENT		
Money market deposits	61,435	177,818
Bank and non-bank bills	76,141	1,086,890
Fixed interest securities	28,358	90,506
	<u>165,934</u>	<u>1,355,214</u>
NON-CURRENT		
Fixed interest securities	1,030,450	1,804,349
Indexed securities	775,804	865,326
Australian equities	1,354,716	1,096,338
International equities	1,263,457	231,465
Australian property trusts	524,544	517,670
Exchange traded options	(154)	32
Exchange traded futures	(27)	(202)
	<u>4,948,790</u>	<u>4,514,978</u>
Less: Estimated costs of realisation	<u>6,439</u>	<u>5,514</u>
	<u>4,942,351</u>	<u>4,509,464</u>
Total other financial assets – investments	<u><u>5,108,285</u></u>	<u><u>5,864,678</u></u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 25 > WORKCOVER SCHEME STATUTORY FUNDS (CONTINUED)

8. Financial instruments

Terms, conditions and accounting policies

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

RECOGNISED FINANCIAL INSTRUMENTS	STATEMENT OF FINANCIAL POSITION NOTES	ACCOUNTING POLICIES	TERMS AND CONDITIONS
FINANCIAL ASSETS			
Cash assets		Cash assets are stated at net realisable values.	Cash assets are at call.
Receivables	6	Premiums receivable are recognised at nominal amounts due, less provisions for doubtful debts. There is a general provision for doubtful debts and a specific provision is raised for all debts owed by employers in receivership, liquidation or bankruptcy and any other debts in excess of \$100,000 where recovery is considered doubtful.	Employers whose basic tariff rate applied to estimated wages for the forthcoming year of cover results in a tariff premium exceeding \$3,000 may elect to pay the premium by three instalments. The full premium is payable by all other employers within one month of the issue of a premium demand by the licensed insurer.
Investments	7	Investments are valued at net market values at the reporting date. Derivative instruments are recognised at their date of acquisition and are marked to market. Since all permitted derivatives are traded on an organised exchange, market values may be readily verified to publicly available data sources.	–
FINANCIAL LIABILITIES			
Bank overdraft	9	Bank overdrafts are carried at the principal amount.	These are mainly unrepresented cheques.
Other creditors	9	Liabilities are recognised for amounts to be paid in the future for goods and services received.	Insurers' management fees and statutory levies are payable on dates specified.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 25 > WORKCOVER SCHEME STATUTORY FUNDS (CONTINUED)

8. Financial instruments

Terms, conditions and accounting policies (continued)

Interest rate risk

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

2002							
	NOTE	FLOATING INTEREST RATE	FIXED INTEREST RATE MATURING IN			NON-INTEREST BEARING	TOTAL
			1 YEAR OR LESS	1-5 YEARS	OVER 5 YEARS		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS							
CASH ASSETS		18,234	-	-	-	-	18,234
RECEIVABLES	6	-	36,202	-	-	301,172	337,374
INVESTMENTS	7	94,459	107,468	583,767	1,190,691	3,131,900	5,108,285
WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %		3.3%	7.6%	5.3%	4.3%		
FINANCIAL LIABILITIES							
BANK OVERDRAFT	9	166	-	-	-	50,702	50,868
OTHER CREDITORS	9	-	-	-	-	194,641	194,641

2001							
	NOTE	FLOATING INTEREST RATE	FIXED INTEREST RATE MATURING IN			NON-INTEREST BEARING	TOTAL
			1 YEAR OR LESS	1-5 YEARS	OVER 5 YEARS		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS							
CASH ASSETS		5,145	-	-	-	-	5,145
RECEIVABLES	6	-	39,720	-	-	239,760	279,480
INVESTMENTS	7	362,006	1,120,352	991,415	1,555,923	1,834,982	5,864,678
WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %		2.6%	5.4%	5.4%	4.9%		
FINANCIAL LIABILITIES							
BANK OVERDRAFT	9	238	-	-	-	48,011	48,249
OTHER CREDITORS	9	-	-	-	-	141,855	141,855

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 25 > WORKCOVER SCHEME STATUTORY FUNDS (CONTINUED)

8. Financial instruments

Terms, conditions and accounting policies (continued)

Investments

Cogent Investment Operations Pty Limited is the custodian of the statutory fund investments under a master custodian arrangement.

Market Risk

WorkCover's master custodian continuously monitors physical and derivative positions and asset allocations to ensure that the investment managers operate within the set risk tolerance levels prescribed in WorkCover's "Investment Objectives and Authorised Securities" mandate. The authorised mandate places restrictions on the use of derivatives by not allowing speculation, gearing or uncovered positions in derivatives and limiting the types of securities and derivatives used to ensure market depth and liquidity are maintained at all times.

Credit Risk

The credit risk on financial assets is generally the carrying amount, net of any provision for doubtful debt. The WorkCover Scheme Statutory Funds have no significant concentrations of credit risk. The investments in debt instruments (money market deposits, discount securities, fixed interest and indexed bonds) are made in accordance with WorkCover's "Investment Objectives and Authorised Securities." These investments must satisfy strict minimum credit rating requirements for each debt instrument. The source of all credit ratings is the "Standard and Poor's Australian Ratings Survey."

Net Fair Values

The financial assets and liabilities are carried at amounts that approximate net fair value.

Exchange Traded Options

The fund manager is permitted to deal in options in accordance with specified rules. Options contracts give the purchaser the right to buy (call) or sell (put) a financial, equity or index instrument at a specified yield, price or value and may be settled in cash or through delivery.

Options may only be used for hedging which includes increasing exposure to an asset sector through the purchase of call options. Hedging is a defensive strategy which is used to reduce portfolio risk by creating exposure to an asset through two markets such that a loss in one will be counterbalanced by a gain in the other.

The fund manager may purchase a call or put option and sell a call or put option on:

- (a) Bond Futures contracts.
- (b) Bill Futures contracts.
- (c) Australian Stock Exchange 200 Share Price Index (SPI) Futures contracts.
- (d) Any securities issued by a public company which is listed on the Australian Stock Exchange 200.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 25 > WORKCOVER SCHEME STATUTORY FUNDS (CONTINUED)

8. Financial instruments

Terms, conditions and accounting policies (continued)

Exchange Traded Futures

The fund manager is permitted to deal in futures in accordance with specified rules. These futures contracts are commitments to make or take delivery of a specified financial, equity or index instrument at an agreed price, yield or value and may be settled through cash or delivery.

Like options, futures may only be used for hedging purposes, which includes increasing exposure to a particular asset sector by using futures contracts to take delivery of specified instruments.

The fund manager may buy and sell the following futures contracts denominated in Australian dollars and traded on the Sydney Futures Exchange or such other exchanges as may be approved by the WorkCover Authority:

- (a) Bond Futures contracts.
- (b) Bill Futures contracts.
- (c) Australian Stock Exchange 200 Share Price Index (SPI) Futures contracts.
- (d) Share futures contracts on any securities issued by a public company which is listed on the Australian Stock Exchange 200.
- (e) The market value of derivatives held is shown in the table below. The market value represents the amount of unrealised gains and losses.

	2002	2001
	\$'000	\$'000
Australian fixed interest futures	69	(218)
Australian interest rate futures	-	15
Australian share price index futures	(96)	1
Australian equity pair swaps	-	12
Australian exchange traded options	(154)	20
	<u>(181)</u>	<u>(170)</u>

All short hedges (sold derivatives), determined on an effective exposure basis, are fully covered by physical instruments and all long hedges (bought derivatives) are fully covered by cash or cash equivalents.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

NOTE 25 > WORKCOVER SCHEME STATUTORY FUNDS (CONTINUED)

9. Payables

	2002 \$'000	2001 \$'000
Bank overdraft	50,868	48,249
Management fees payable	130,157	61,215
Statutory levies payable	16,878	11,858
Other creditors	47,606	68,782
	<u>245,509</u>	<u>190,104</u>

10. Outstanding Claims

	2002 \$'000	2001 \$'000
(a) Expected future gross claims payments (undiscounted)	11,225,000	10,507,000
Discount to present value	(3,289,000)	(1,876,000)
Liability for outstanding claims	<u>7,936,000</u>	<u>8,631,000</u>
Current	2,076,000	2,339,000
Non-current	5,860,000	6,292,000
	<u>7,936,000</u>	<u>8,631,000</u>
(b) Expected future recoveries (undiscounted)	355,000	391,000
Discount to present value	(53,000)	(97,000)
	<u>302,000</u>	<u>294,000</u>
(c) Net outstanding claims	<u>7,634,000</u>	<u>8,337,000</u>

The overall outstanding claims liability of the Scheme statutory funds is calculated using a range of recognised, aggregate actuarial methods, appropriate for the characteristics of the various types of claim liability under scrutiny. The consulting actuaries state in their report that whilst in their judgement, they have employed techniques and assumptions that are appropriate it should be recognised that future claim development is likely to deviate, perhaps materially, from their estimates. They also state that the usual uncertainty associated with estimates of the liability for outstanding claims is magnified in this instance due to the implementation and consequent effects of a number of legislative changes over the life of the Scheme. In particular, it will be a number of years before the success of the package of reforms introduced in 2001 is known.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 25 > WORKCOVER SCHEME STATUTORY FUNDS (CONTINUED)

10. Outstanding Claims (continued)

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

	2002 % PA	2001 % PA
For the first succeeding year		
Inflation rate	3.5	3.2
Discount rate	5.3	6.0
For subsequent years		
Inflation rate	3.5	3.2
Discount rate	6.1	6.0

(e) The weighted average discounted expected term from the balance date to settlement of the outstanding claims is estimated to be 4.5 years (2001: 3.1 years).

11. Licensed Insurers

The insurers licensed to operate under the WorkCover Scheme Statutory Funds system during the year ended 30 June 2002 were as follows:

- Allianz Australia Workers' Compensation (NSW) Limited
- CGU Workers Compensation (NSW) Limited
- Employers' Mutual Indemnity (Workers Compensation) Limited
- GIO Workers Compensation (NSW) Limited
- NRMA Workers' Compensation (NSW) Pty Limited
- NRMA Workers' Compensation (NSW) (No. 2) Pty Limited
- QBE Workers Compensation (NSW) Limited
- Royal & Sun Alliance Workers Compensation (NSW) Limited
- Zurich Australian Workers Compensation Limited

Mercantile Mutual Insurance (N.S.W. Workers Compensation) Limited and NRMA Workers' Compensation (NSW) (No. 3) Limited ceased to be licensed insurers during the comparative reporting period.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

NOTE 25 > WORKCOVER SCHEME STATUTORY FUNDS (CONTINUED)

12. Reconciliation of Net Cash Used in Operating Activities to Operating (Deficit) from Ordinary Activities

	2002 \$'000	2001 \$'000
Operating (deficit) from ordinary activities	(45,213)	(1,117,106)
Decrease/(Increase) in operating assets		
– Premiums receivable	(24,643)	(55,219)
– Recoveries receivable	(8,000)	15,000
– Interest and dividends receivable	(1,046)	1,478
– Trade debtors and prepayments	(11,415)	(7,062)
(Decrease)/Increase in operating liabilities		
– Provision for doubtful debts	(923)	15,016
– Management fees payable	68,942	826
– Statutory levies payable	5,020	(12,149)
– Other creditors and accruals	3,275	(36,184)
– Provision for outstanding claims	(695,000)	1,199,000
– Unearned premiums provision	7,398	58,061
– Insurers' guarantee fund provision	–	(651)
Realised gain on sale on investments	(106,439)	(135,782)
Unrealised loss/(gain) on investments	414,586	(993)
Net cash used in operating activities	<u>(393,458)</u>	<u>(75,765)</u>

13. Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2002 \$'000	2001 \$'000
Cash asset	18,234	5,145
Money market deposits	61,435	177,818
Bank and non-bank bills	76,141	1,086,890
Bank overdraft	(50,868)	(48,249)
	<u>104,942</u>	<u>1,221,604</u>

NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002

NOTE 25 > WORKCOVER SCHEME STATUTORY FUNDS (CONTINUED)

14. Contingent Liabilities

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

15. Events Occurring After Balance Date

There were no post balance date events which would require reporting under this heading.

End of Audited Financial Statements



ANNEXURE A
**COMPARATIVE STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 30 JUNE 2002 >**

	FUNDS									
	WorkCover Authority Fund		Insurers' Guarantee Fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Comp Fund		TOTAL*	
	2002 \$M	2001 \$M	2002 \$M	2001 \$M	2002 \$M	2001 \$M	2002 \$M	2001 \$M	2002 \$M	2001 \$M
Revenues										
Contributions	147.2	133.0	6.9	7.2	1.1	2.9	4.9	5.2	160.1	148.3
Investment revenue	1.2	12.1	(0.1)	9.0	-	-	-	-	1.1	21.1
Other revenues	16.1	14.0	3.1	12.7	-	-	-	-	19.0	26.3
TOTAL REVENUES	164.5	159.1	9.9	28.9	1.1	2.9	4.9	5.2	180.2	195.7
Expenses										
WorkCover Operations	130.8	118.6	1.8	1.6	0.1	0.1	0.1	0.1	132.6	120.1
Compensation Court	22.5	22.6	-	-	-	-	-	-	22.4	22.6
Cost of claims	12.6	4.4	8.1	27.3	1.0	2.8	4.8	5.1	26.5	39.4
Other	14.0	8.8	-	-	-	-	-	-	14.1	8.9
TOTAL EXPENSES	179.9	154.4	9.9	28.9	1.1	2.9	4.9	5.2	195.6	191.0
Operating surplus (deficit)	(15.4)	4.7	-	-	-	-	-	-	(15.4)	4.7
Non-Owner transaction changes in equity	2.3	-	-	-	-	-	-	-	2.3	-
Total changes in equity – other than those from transactions with owners as owners	(13.1)	4.7	0.0	0.0	0.0	0.0	0.0	0.0	(13.1)	4.7

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

ANNEXURE B

COMPARATIVE STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2002 >

	FUNDS									
	WorkCover Authority Fund		Insurers' Guarantee Fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Comp Fund		TOTAL*	
	2002 \$M	2001 \$M	2002 \$M	2001 \$M	2002 \$M	2001 \$M	2002 \$M	2001 \$M	2002 \$M	2001 \$M
Assets										
Receivables	22.9	34.8	-	0.1	9.0	10.0	9.6	7.7	41.9	52.6
Other financial assets	140.2	141.7	106.6	117.6	-	-	-	-	246.8	259.4
Other	60.0	33.7	2.3	0.5	1.7	0.7	2.5	2.0	66.2	36.8
TOTAL ASSETS	223.1	210.2	108.9	118.2	10.7	10.7	12.1	9.7	354.9	348.8
Liabilities										
Outstanding claims	97.4	92.6	107.2	109.7	10.7	10.7	12.1	9.7	227.4	222.7
Other	46.5	26.7	1.7	8.5	-	-	-	-	48.3	35.2
TOTAL LIABILITIES	143.9	119.3	108.9	118.2	10.7	10.7	12.1	9.7	275.7	257.9
Equity	79.2	90.9	-	-	-	-	-	-	79.2	90.9

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



ANNEXURE C
**COMPARATIVE STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2002 >**

	FUNDS									
	WorkCover Authority Fund		Insurers' Guarantee Fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Comp Fund		TOTAL*	
	2002 \$M	2001 \$M	2002 \$M	2001 \$M	2002 \$M	2001 \$M	2002 \$M	2001 \$M	2002 \$M	2001 \$M
Operating activities										
Inflows										
Contributions	135.6	124.3	–	–	2.0	2.6	3.0	3.0	140.6	129.9
Investment revenue	2.6	10.0	0.1	6.7	–	–	–	–	2.6	16.7
Other	47.3	23.4	3.4	13.1	1.6	0.1	0.3	–	52.3	36.2
(Outflows)										
WorkCover operations	(73.3)	(67.0)	0.1	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(73.3)	(67.4)
Compensation Court	(22.4)	(22.4)	–	–	–	–	–	–	(22.4)	(22.4)
Claims	(9.8)	(8.6)	(10.7)	(8.3)	(2.5)	(2.4)	(2.6)	(2.0)	(25.6)	(21.4)
Other	(50.3)	(41.2)	(2.0)	(1.0)	–	–	–	–	(52.5)	(41.9)
NET CASH	29.7	18.5	(9.1)	10.4	0.9	0.1	0.5	0.8	21.7	29.7
Investing activities										
Net cash	(15.9)	(17.3)	10.9	(18.4)	–	–	–	–	(5.2)	(35.6)
Net (increase) decrease cash	13.8	1.2	1.8	(8.0)	0.9	0.1	0.5	0.8	16.5	(5.9)

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

BUDGET STATEMENT

WORKCOVER AUTHORITY AND ASSOCIATED FUNDS

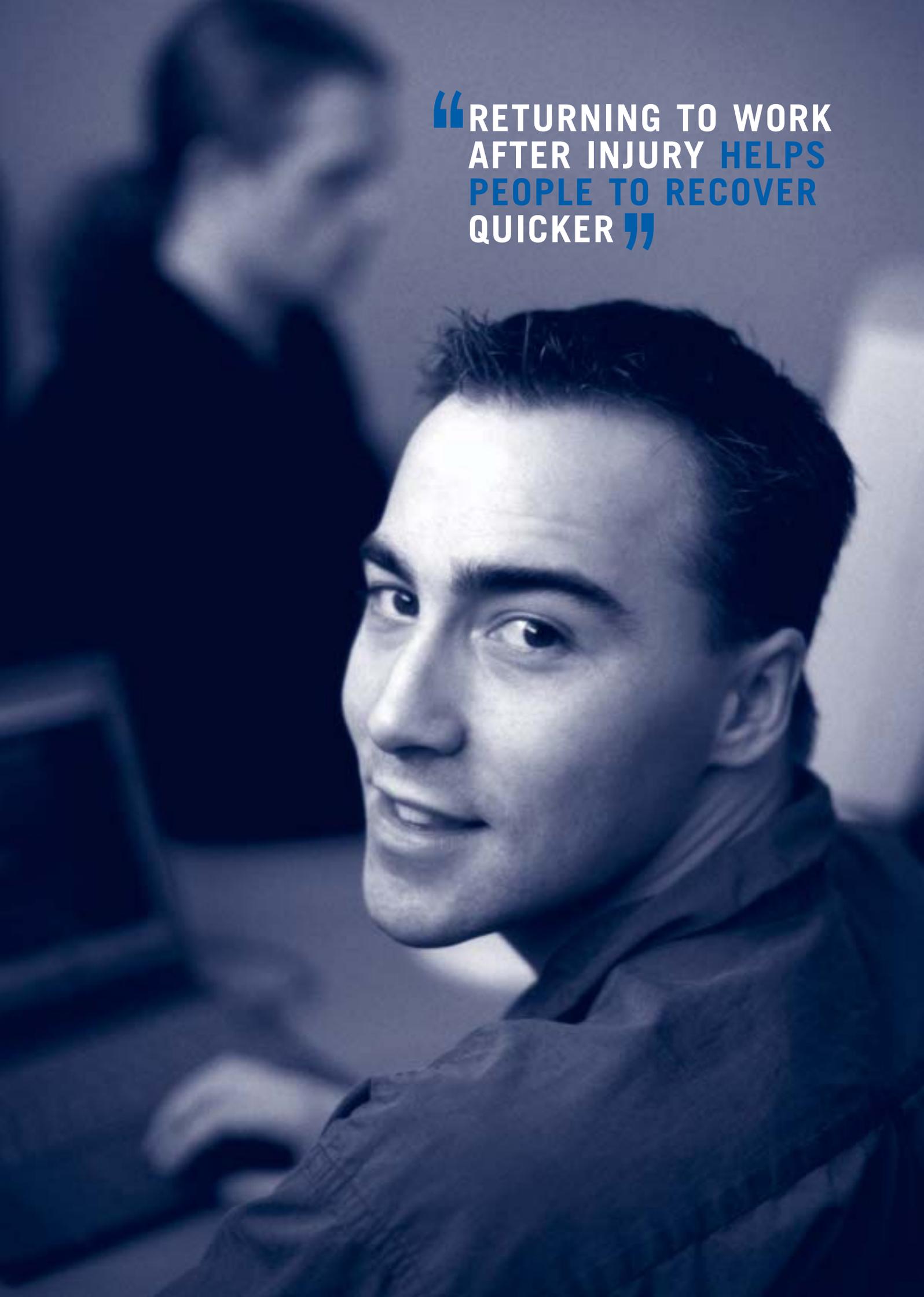
	Budget 2001/02 \$M	Actual 2001/02 \$M	Budget 2002/03 \$M
Revenues			
Contributions	149.4	160.1	139.0
Investment Revenue	6.3	1.1	14.6
Other Revenues	16.9	19.0	46.0
Total Revenue	172.6	180.2	199.6
Expenses			
WorkCover Authority Operations	131.1	130.4	140.9
Compensation Court	24.0	22.5	24.0
Workers Compensation Resolution Service	9.3	5.1	–
Workers Compensation Commission	–	4.4	29.0
Net Claims Incurred	21.3	26.5	23.6
Other Expenses	3.3	4.5	1.6
Total Expenses	189.0	193.4	219.1
Operating Surplus (Deficit)	(16.4)	(13.2)	(19.5)

2001/02

- The 2001/02 budget targeted a deficiency of \$16.4M to reduce excess reserves and the actual result was a deficit of \$13.2M.
- Revenue from investments was \$5.2M lower than budget due to very unfavourable market conditions throughout the year.
- During the year, the Workers Compensation Resolution Service discontinued and was replaced by the Workers Compensation Commission.
- Net Claims Incurred exceeded budget because of revised actuarial estimates of outstanding workers compensation claims liabilities.

2002/03

A deficit of \$19.5M is budgeted for 2002/03. The level of net assets as at 30 June 2002 is more than adequate having regard to WorkCover's statutory levying powers and the nature of its major liabilities, outstanding compensation claims. Accordingly, a return of excess funds to contributing insurers is to occur through a budgeted deficit.



**“RETURNING TO WORK
AFTER INJURY HELPS
PEOPLE TO RECOVER
QUICKER”**

APPENDICES

2001/2002



TABLE OF CONTENTS

■ Appendix 1 – Legislation and legal change	112
■ Appendix 2 – Senior executive service positions	122
■ Appendix 3 – Statements of performance	122
■ Appendix 4 – Human resource statistics	126
■ Appendix 5 – Value of recreation and long service leave	126
■ Appendix 6 – Equity statistics	127
■ Appendix 7 – Ethnic affairs priority statement	130
■ Appendix 8 – Disability action plan	132
■ Appendix 9 – Action plan for women	133
■ Appendix 10 – Response to significant matters raised in the outgoing audit reports	133
■ Appendix 11 – Freedom of information	134
■ Appendix 12 – Publications	138
■ Appendix 13 – Code of conduct	140
■ Appendix 14 – Guarantee of service	140
■ Appendix 15 – Consumer response	141
■ Appendix 16 – Privacy management	141
■ Appendix 17 – Account payment performance	142
■ Appendix 18 – Investment management performance	143
■ Appendix 19 – Risk management	144
■ Appendix 20 – Liability management performance	144
■ Appendix 21 – Occupational health and safety performance	146

■ Appendix 22 – Major assets/land – disposals and acquisitions	147
■ Appendix 23 – Works in progress	147
■ Appendix 24 – Major assets other than land holdings	149
■ Appendix 25 – Price determination method	149
■ Appendix 26 – Energy performance	150
■ Appendix 27 – Waste reduction and purchasing policy	151
■ Appendix 28 – Consultants	152
■ Appendix 29 – Overseas visits	153
■ Appendix 30 – Significant organisations with a departmental representative	155
■ Appendix 31 – Significant committees	155
■ Appendix 32 – Significant committees established in 2001/02	158
■ Appendix 33 – Significant committees abolished in 2001/02	159
■ Appendix 34 – Events that have a significant effect on the succeeding year after the balance date	159
■ Appendix 35 – Funds granted to non-government community organisations	159
■ Appendix 36 – Contracting and market testing	160
■ Appendix 37 – Research and development	160
■ Appendix 38 – Electronic service delivery	161
■ Appendix 39 – Licensed insurers, self-insurers	162
■ Appendix 40 – Index of legislative compliance	165
■ Appendix 41 – Directory	167



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 1

LEGISLATION AND LEGAL CHANGE

PRINCIPAL LEGISLATION ADMINISTERED

ACTS

SCHEME ADMINISTRATION

Workplace Injury Management and Workers Compensation Act 1998 (Chapter 2 and Schedules 2-5)

OCCUPATIONAL HEALTH AND SAFETY

Occupational Health and Safety Act 2000 No.40

Dangerous Goods Act 1975 No.68

Shops and Industries Act 1962 No.43 (except Parts IV and VI)

Rural Workers Accommodation Act 1969 No.34

WORKERS COMPENSATION

Workplace Injury Management and Workers Compensation Act 1998 No.86

Workers Compensation Act 1987 No.70

Workers Compensation (Brucellosis) Act 1979 No.116

Workers Compensation (Bush Fire, Emergency and Rescue Services) Act 1987 No.83

Workers Compensation (Dust Diseases) Act 1942 No.14

Workmen's Compensation (Lead Poisoning – Broken Hill) Act 1922 No.31

Associated General Contractors Insurance Company Limited Act 1980 No.38

Bishopsgate Insurance Australia Limited Act 1983 No.81

The Standard Insurance Company Limited and Certain Other Insurance Companies Act 1963 No.18

OTHER

Sporting Injuries Insurance Act 1978 No.141

REGULATIONS

OCCUPATIONAL HEALTH AND SAFETY ACT 2000 NO.40

OCCUPATIONAL HEALTH AND SAFETY REGULATION 2001

Occupational Health and Safety (Clothing Factory Registration) Regulation 2001

Occupational Health and Safety Legislation (Short Description of Offences) Amendment Regulation 1998

SHOPS AND INDUSTRIES ACT 1962 NO.43

DANGEROUS GOODS ACT 1975 NO.68

Dangerous Goods (General) Regulation 1999

Dangerous Goods (Gas Installations) Regulation 1998

WORKPLACE INJURY MANAGEMENT AND WORKERS COMPENSATION ACT 1998 NO.86 AND WORKERS COMPENSATION ACT 1987 NO.70

Workers Compensation (General) Regulation 1995

Workers Compensation (Insurance Premiums) Regulation 1995

Workers Compensation Transitional Regulation 1997

Insurance Premiums Order 2000-2001

Interim Workers Compensation Commission Rules 2001

WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 1 (CONTINUED)

WORKERS COMPENSATION (BUSH FIRE, EMERGENCY AND RESCUE SERVICES) ACT 1987 NO.83

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

WORKERS COMPENSATION (DUST DISEASES) ACT 1942 NO.14

Workers Compensation (Dust Diseases) Regulation 1998

SPORTING INJURIES INSURANCE ACT 1978 NO.141

Sporting Injuries Insurance Regulation 1999

Sporting Injuries Insurance Rule 1997

CODES OF PRACTICE

The following Codes have been adopted by WorkCover as Approved Industry Codes of Practice under Section 44 of the *Occupational Health and Safety Act 2000*.

BUILDING INDUSTRY

Codes of practice:

Tunnels under construction. Commenced 7 June 1991.

Electrical practices for construction work. Commenced 1 February 1992.

Façade retention. Commenced 1 May 1992.

Mono-strand post-Tensioning of concrete buildings. Commenced 1 August 1993.

Safe work on roofs, Part 1, Commercial and Industrial buildings. Commenced 1 November 1993.

Construction and testing of concrete pumps. Commenced 1 March 1994.

Pumping concrete. Commenced 1 March 1994.

Overhead protective structures. Commenced 20 March 1995.

Safety line systems. Commenced 19 June 1995.

Safe work on roofs, Part 2, Residential buildings. Commenced 1 March 1997.

Cutting and drilling concrete and other masonry products. Commenced 1 March 1997.

Amenities for construction. Commenced 1 March 1997.

Formwork. Commenced 22 June 1998.

Occupational health and safety induction training for construction work. Commenced 1 April 1999.

Excavation work. Commenced 31 March 2000.

Low voltage electrical work. Commenced 1 January 2002.

HAZARDOUS SUBSTANCES

Codes of practice:

Safe use of vinyl chloride. Commenced 1 November 1991.

Safe use of synthetic mineral fibres. Commenced 1 June 1993.

Safe handling and storage of enzymatic detergent powders and liquids. Commenced 4 April 1994.

Control of workplace hazardous substances. Commenced 12 July 1996.

Preparation of material safety data sheets. Commenced 12 July 1996.

Labelling of workplace substances. Commenced 12 July 1996.



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 1 (CONTINUED)

Safe use and storage of chemicals (including pesticides and herbicides) in agriculture. Commenced 1 September 1998.

Safe use of pesticides (including herbicides) in non-agricultural workplaces. Commenced 1 September 1998.

WORKPLACES

Codes of practice:

Compactors. Commenced 15 February 1991.

Manual handling. Commenced 1 September 1991.

Workplace injury and disease recording. Commenced 1 November 1991.

Prevention of Occupational Overuse Syndrome. Commenced 2 March 1996.

Health care workers and other people at risk of the transmission of Human Immunodeficiency Virus and other blood-borne pathogens in the workplace. Commenced 10 March 1996.

Noise management and protection of hearing at work. Commenced 31 May 1997.

OHS consultation. Commenced 7 September 2001.

Risk assessment. Commenced 21 September 2001.

Workplace amenities. Commenced 21 September 2001.

Technical guidance (various Australian Standards). Commenced 21 September 2001.

Working in hot and cold environments. Commenced 21 September 2001.

TIMBER INDUSTRY

Codes of practice:

Safe handling of timber preservatives and treated timber. Commenced 1 November 1991.

Snigging logs. Commenced 1 February 1994.

Loading, unloading and securing of logs to log haulage vehicles. Commenced 16 January 1995.

Sawmilling industry. Commenced 1 July 1997.

Amenity tree industry. Commenced 8 August 1998.

RURAL INDUSTRY

Code of practice:

Safety aspects in the design, manufacture and installation of on-farm silos and field bins. Commenced 1 August 1992.

CODE PUBLISHED BY WORKCOVER NSW IN CONJUNCTION WITH THE WINE INDUSTRY

Wine Industry Code of Practice for Workplace Health and Safety. Published January 1999.

WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 1 (CONTINUED)

CHANGES TO ACTS

WORKERS COMPENSATION LEGISLATION AMENDMENT ACT 2001

This Act:

- amends the *Workers Compensation Act 1987* and the *Workplace Injury Management and Workers Compensation Act 1998*
- establishes an advisory service to provide claims assistance in connection with claims for compensation and work injury damages
- provides further procedures for proceedings before the Commission or the Compensation Court
- allows the Commission to make interim awards if it is satisfied that compensation is payable (but is not yet able to finally determine that compensation which is payable)
- provides new provisions in relation to commutations
- miscellaneous amendments.

Schedule 1 commenced 1 January 2002, along with part of Schedule 2.1, Schedule 3.1, part of Schedule 4.1 and Schedule 6.1. Schedule 5.1 along with part of Schedule 2 and part of Schedule 4 commenced on 5 October 2001.

WORKERS COMPENSATION LEGISLATION FURTHER AMENDMENT ACT 2001

This Act:

- amends the *Workers Compensation Act 1987* and the *Workplace Injury Management and Workers Compensation Act 1998*
- provides that an admission of liability by an employer in common law work injury proceedings against the employer cannot be relied upon in any proceedings against the employer for an offence under occupational health and safety legislation. However, an admission of guilt by an employer in proceedings against the employer for an offence under occupational health and safety legislation may be relied upon in common law work injury proceedings against the employer
- introduces various new provisions relating to common law damages if there is a dispute whether the degree of permanent impairment of the injured worker resulting from an injury is sufficient for an award of damages, the claimant cannot commence court proceedings for the recovery of work injury damages unless the degree of permanent impairment has been assessed by an approved medical specialist under Part 7



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 1 (CONTINUED)

- provides mediation of a claim before the commencement of court proceedings
- repeals uncommenced provisions relating to private insurance arrangements
- introduces miscellaneous amendments.

Schedules 2, 3, 4, 5.1, 6.1, 8 and 9 commenced on 1 January 2002. Schedules 1.1 and 4 commenced 27 November 2001.

COMPENSATION COURT REPEAL ACT 2002

This Act:

- repeals the *Compensation Court Act 1984* and abolishes the Compensation Court, and transfers the Compensation Court's jurisdiction to the Workers Compensation Commission or the District Court
- introduces miscellaneous amendments.

Commenced 22 January 2001.

STATUTE LAW (MISCELLANEOUS PROVISIONS) ACT 2002

This Act:

- repeals certain Acts and provisions of Acts and certain statutory rules

- amends Section 82 of the *Workers Compensation Act 1987 No.70* to clarify that a failure to publish a notice of adjustment of workers compensation benefits does not affect the relevant adjustment.

Commenced 4 July 2002.

FINANCIAL SERVICES REFORM (CONSEQUENTIAL AMENDMENTS) ACT 2002

This Act:

- amends the *Corporations (Ancillary Provisions) Act 2001* and certain other Acts and Regulations consequent upon the enactment by the Parliament of the Commonwealth of the *Financial Services Reform Act 2001* and the *Financial Services Reform (Consequential Provisions) Act 2001*
- amends Section 156A of the *Workers Compensation Act 1987* to replace the definition of "insurance intermediary." The current definition provides that the term has the same meaning as in the *Insurance (Agents and Brokers) Act 1984* of the Commonwealth. However, the *Insurance (Agents and Brokers) Act 1984* was repealed by the *Financial Services Reform (Consequential Provisions) Act 2001* of the Commonwealth.

Commenced 21 June 2002.

WORKCOVER NSW

APPENDICES

2001/2002

APPENDIX 1 (CONTINUED)

COAL INDUSTRY ACT 2001

This Act:

- provides for the dissolution of the Joint Coal Board and the Mines Rescue Board
- provides for the exercise of the functions of those dissolved bodies by one or more companies registered under the *Corporations Act 2001* of the Commonwealth and approved by the Minister
- repeals the *Mines Rescue Act 1994* and amends the *Coal Industry Act 1946*, to make consequential amendments to other Acts
- amends Schedule 7.12 of the *Workers Compensation Act 1987* and Schedule 7.13 of the *Workplace Injury Management and Workers Compensation Act 1998* to deal with the application of the Acts in respect of the coal industry.

Commenced 1 January 2002.

NEW ACTS

OCCUPATIONAL HEALTH AND SAFETY ACT 2000

This Act:

- secures the health, safety and welfare of persons at work
- repeals the *Occupational Health and Safety Act 1983*, and the *Construction Safety Act 1912*
- amends the *Dangerous Goods Act 1975* by introducing penalty notices for certain offences and requirements for people to give information to an authorised officer.

The object of this Act is to:

- secure and promote the health, safety and welfare of people at work
- protect people at a place of work against risks to health or safety arising out of the activities of persons at work
- promote a safe and healthy work environment for people at work that protects them from injury and illness and that is adapted to their physiological and psychological needs
- provide for consultation and co-operation between employers and employees in achieving the objects of this Act
- ensure that risks to health and safety at a place of work are identified, assessed and eliminated or controlled
- develop and promote community awareness of occupational health and safety issues
- provide a legislative framework that allows for progressively higher standards of occupational health and safety to take account of changes in technology and work practices
- protect people (whether or not at a place of work) against risks to health and safety arising from the use of plant that affects public safety.

Commenced 1 September 2001.



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 1 (CONTINUED)

NEW REGULATIONS

REGULATIONS MADE UNDER THE WORKERS COMPENSATION ACT 1987

INSURANCE PREMIUMS ORDER 2002-2003

The object of this order is to:

- fix the manner in which the premium payable by an employer (or person who proposes to become an employer) for a policy of insurance under the Act is to be calculated in respect of policies of insurance that are to be or have been issued or renewed on or after 4pm on 30 June 2002
- make minor amendments to the business classification system based on the National ANSIC system known as the NSW WorkCover Industry Classification System (WIC), introduced in 2001/2002.

Commenced 30 June 2002.

REGULATIONS MADE UNDER THE WORKPLACE INJURY MANAGEMENT AND WORKERS COMPENSATION ACT 1998

INTERIM WORKERS COMPENSATION COMMISSION RULES 2001

This Regulation provides Rules for the operation of the Workers Compensation Commission.

Commenced 1 January 2002.

WORKPLACE INJURY MANAGEMENT AND WORKERS COMPENSATION REGULATION 2002

This Regulation replaces the *Workers Compensation (Workplace Injury Management) Regulation 1995*, which was repealed on

1 September 2002 under section 10(2) of the *Subordinate Legislation Act 1989*. This Regulation is substantially the same as the repealed Regulation. That Regulation, which exempts certain insurers from a requirement on calculation of risk premiums became obsolete when the uncommenced provisions of the *Workplace Injury Management and Workers Compensation Act 1998* for underwriting of the workers compensation scheme by private insurance arrangements were repealed in 2001.

The object of this Regulation is to provide:

- modification of certain provisions of the *Workplace Injury Management and Workers Compensation Act 1998* as they apply to self-insurers
- requirements for the establishment and notification of return-to-work programs
- requirements for the engagement of return-to-work co-ordinators and the functions of those co-ordinators
- offences for failure to comply with certain provisions of this Regulation and Chapter 3 (Workplace Injury Management) of the *Workplace Injury Management and Workers Compensation Act 1998*
- accreditation of rehabilitation providers
- penalty notices and penalty amounts for offences under this Regulation.

Commenced 1 September 2002.

WORKCOVER NSW

APPENDICES

2001/2002

APPENDIX 1 (CONTINUED)

REGULATIONS MADE UNDER THE OCCUPATIONAL HEALTH AND SAFETY ACT 2000

OCCUPATIONAL HEALTH AND SAFETY REGULATION 2001

This Regulation replaces the existing regulations relating to occupational health, safety and welfare with a single consolidated regulation. The regulations replaced include regulations made under provisions of the *Construction Safety Act 1912*, the *Factories, Shops and Industries Act 1962* and the *Occupational Health and Safety Act 1983* repealed by the *Occupational Health and Safety Act 2000*.

This new Regulation contains provisions on:

- the identification of hazards by employers and the elimination or control of risks at employers' places of work
- establishment of occupational health and safety committees and the election of employees' representatives in connection with an employer's duty under the Act to consult with employees in respect of decisions affecting their health, safety and welfare at work
- the duties of a controller of premises used by people as a place of work to identify hazards and eliminate or control risks at the premises
- particular risk control measures (including provisions on lighting, noise, atmosphere, electricity, confined spaces and manual handling)
- design, manufacture and registration of plant (including amusement devices) for use by people at work
- use of plant at places of work
- manufacture and supply of hazardous substances for use at places of work and the use of hazardous substances at places of work
- regulation of hazardous processes at places of work (including such processes as spray painting, abrasive blasting, welding and working with lead)
- regulation of construction work (including excavation work, demolition work and working with asbestos)
- the prescribing of work for which certificates of competency are required (including such work as scaffolding, rigging and the operation and use of certain plant and tools)
- licensing of, and the issuing of permits for, demolition or asbestos removal work, the notification of accidents and other matters.

Commenced 1 September 2001.



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 1 (CONTINUED)

OCCUPATIONAL HEALTH AND SAFETY (CLOTHING FACTORY REGISTRATION) REGULATION 2001

This Regulation requires an occupier of a clothing factory (which includes premises used in connection with the making of footwear, buttons and hats) who is an employer and is a respondent to, or subject to, a relevant clothing industry award to ensure that the premises are registered as a clothing factory for the purpose of facilitating inspection and enforcement of occupational health and safety requirements.

Previously, Section 11 of the *Shops and Industries Act 1962* required the occupier of a factory to ensure that the factory was registered under that Act. That section was repealed by the *Occupational Health and Safety Amendment Act 1997*. This current Regulation re-introduces the registration requirement.

Commenced 1 January 2002.

CHANGES TO REGULATIONS

AMENDMENTS TO THE OCCUPATIONAL HEALTH AND SAFETY REGULATION 2001

OCCUPATIONAL HEALTH AND SAFETY AMENDMENT (PENALTY NOTICES) REGULATION 2002

This Regulation inserts Schedule 2, which is a list of Penalty Notice offences, a penalty, WorkCover Code number and a short description.

Commenced 11 January 2002.

OCCUPATIONAL HEALTH AND SAFETY AMENDMENT (SHOPS) REGULATION 2001

This Regulation inserts Clause 359 which provides "1(a) the provisions of Part 3 of the *Factories, Shops and Industries Act 1962* that, immediately before the commencement of this Regulation, applied to shops, and the provisions of the *Factories (Health and Safety) General Regulations 1913* that, immediately before the commencement of this Regulation, applied to shops."

The former occupational health and safety shop provisions continue to have effect as provisions of the *Occupational Health and Safety Regulation 2001*.

Commenced 31 August 2001.

AMENDMENTS TO THE WORKERS COMPENSATION (DUST DISEASES) REGULATION 1998

WORKERS COMPENSATION (DUST DISEASES) AMENDMENT (REIMBURSEMENT) REGULATION 2001

The *Workers Compensation (Dust Diseases) Regulation 1993* is repealed.

Any Act, matter or thing that, immediately before the repeal of the *Workers Compensation (Dust Diseases) Regulation 1993*, had effect under that Regulation continues to have effect under this Regulation.

Commenced 1 January 2002.

WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 1 (CONTINUED)

AMENDMENTS TO THE WORKERS
COMPENSATION (GENERAL) REGULATION 1995

WORKERS COMPENSATION (GENERAL)
AMENDMENT (LATEST INDEX NUMBER)
REGULATION 2001

Commenced 21 September 2001.

WORKERS COMPENSATION (GENERAL)
AMENDMENT (TRANSITIONAL)
REGULATION 2001

Commenced 5 October 2001.

WORKERS COMPENSATION (GENERAL)
AMENDMENT (EXCHANGE OF INFORMATION)
REGULATION 2001

Commenced 23 November 2001.

WORKERS COMPENSATION (GENERAL)
AMENDMENT (COSTS) REGULATION 2001

Commenced 1 January 2002.

WORKERS COMPENSATION (GENERAL)
AMENDMENT (SAVINGS, TRANSITIONAL AND
OTHER MATTERS) REGULATION 2001

Commenced 1 January 2002.

WORKERS COMPENSATION (GENERAL)
AMENDMENT (LATEST INDEX NUMBER AND
COSTS) REGULATION 2002

Commenced 22 March 2002.

WORKERS COMPENSATION (GENERAL)
AMENDMENT (MISCELLANEOUS)
REGULATION 2002

Commenced 1 April 2002.

AMENDMENTS TO THE WORKERS
COMPENSATION (INSURANCE PREMIUMS)
REGULATION 1995

WORKERS COMPENSATION (INSURANCE
PREMIUMS) AMENDMENT (COST OF CLAIMS)
REGULATION 2001

Commenced 1 January 2002.

WORKERS COMPENSATION (INSURANCE
PREMIUMS) AMENDMENT (MISCELLANEOUS)
REGULATION 2002

Commenced 30 June 2002.



WORKCOVER NSW

APPENDICES

2001/2002

APPENDIX 2

SENIOR EXECUTIVE SERVICE POSITIONS

	2001/02	2000/01	1999/00
Number of CES/SES positions	13	11	10
Number of positions filled by women	4	3	4
Positions at or above SES level 5	3	3	4

APPENDIX 3

STATEMENTS OF PERFORMANCE

Name	Kate McKenzie
Position and Level	General Manager, SES Level 7
Total Remuneration Package	\$314,420
Performance Pay	Nil
Period in position	1 August 2000 – 30 June 2002

Ms McKenzie has continued to provide outstanding support to me in the management of the reform initiatives for the WorkCover Scheme. Ms McKenzie has led the implementation of the reform process ensuring a fair system for workers and employers.

Ms McKenzie continues to provide prompt, high quality, strategic advice and information to the Board, the Advisory Council and Minister on critical emerging issues, WorkCover initiatives and policies.

WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 3 (CONTINUED)

Particular performance achievements in WorkCover during 2001/2002 were:

- the successful implementation of the new OHS Act and Regulation
- introduction of Workers Compensation reforms including a Claims Advisory Service
- introduction of a Workers Compensation Commission
- introduction of Case Conferencing for the Inspectors and the Legal Team
- first Premium Discount Scheme successfully introduced
- development and implementation of “*WorkCover. Watching out for you*” communication strategy including community awareness campaign
- systematic approach to organisational improvement implemented through prioritised initiatives
- strategically led the planning for the relocation of WorkCover’s Head Office to Gosford
- introduction of one records management system
- improve corporate planning and performance reporting capacity
- introduction of strategic Information Management and Technology plan.

WorkCover continues to achieve its mission and corporate objectives through the leadership of Ms McKenzie, maintaining liaisons with all major stakeholder groups.

Hon John Della Bosca MLC

Special Minister of State

Minister for Industrial Relations

Assistant Treasurer

Minister Assisting the Premier on Public Sector Management

Minister Assisting the Premier for the Central Coast



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 3 (CONTINUED)

Name	Rod McInnes
Position and Level	Assistant General Manager, Insurance Division SES Level 5
Total Remuneration Package	\$174,336
Performance Pay	Nil
Period in position	28 March 1998 – 30 June 2002

Mr McInnes has proactively led the implementation of the Government's workers compensation reform agenda, providing a strategic focus on systems and outcomes for reporting purposes. Key projects were undertaken to ensure the reform agenda was progressed including the establishment of systems to monitor and report on the effectiveness of reforms as well as modification of insurer remuneration against Scheme outcomes.

Mr McInnes continues to improve insurer and other service providers' performance through the implementation of new insurer remuneration arrangements and the development and implementation of a Medical Management Program.

Mr McInnes continues to promote the systematic management of OHS and injury management in workplaces, implementing and promoting the Premium Discount Scheme as well as establishing communication strategies to improve awareness of new workers compensation arrangements under the "*WorkCover. Watching out for you*" banner.

Mr McInnes drives the development of key workers compensation IT systems and system enhancement, managing internal and external key stakeholders effectively. Mr McInnes provides appropriate development opportunities for staff and successfully ensured the participation of his division in WorkCover's internal performance development review system.

Mr McInnes also continues to provide prompt, high quality, strategic advice and information to the Board, the Advisory Council and Minister on critical emerging issues, WorkCover initiatives and policies. As a member of the WorkCover Executive, Mr McInnes has made a valuable contribution in assisting the General Manager with shaping the future direction of WorkCover and has shown leadership across a range of issues.

Kate McKenzie
General Manager

WORKCOVER NSW

APPENDICES

2001/2002

APPENDIX 3 (CONTINUED)

Name	Michele Patterson
Position and Level	Assistant General Manager, Occupational Health and Safety Division SES Level 5
Total Remuneration Package	\$163,605
Performance Pay	Nil
Period in position	30 September 1998 – 30 June 2002

Throughout 2001/2002, Ms Patterson has led the implementation of the OHS Act and Regulation. These Acts have been the most significant reform in NSW OHS legislation in nearly 20 years. Ms Patterson conducted extensive consultation and negotiation with key stakeholders developing transitional provisions designed to minimise the impact of the new requirements on business.

Ms Patterson has continued to actively participate in National OHS forums providing a significant contribution to the co-ordination of jurisdictional efforts. In NSW Ms Patterson has facilitated implementation of national response strategies, for example, the strategy for elimination of chrysotile by 2003.

Ms Patterson provides prompt, high quality, strategic advice and information to the Board, the Advisory Council and Minister on critical emerging issues, WorkCover initiatives and policies. Ms Patterson has led the expansion of the systematic management of OHS and injury management through the completion and introduction of the Workplace Safety Kit and through successful industry seminars.

Ms Patterson has increased the capacity of all staff within the OHS Division ensuring timely and accurate briefings. Through Ms Patterson's leadership, systems have been upgraded to increase WorkCover's capacity to deal with a wider range of queries and improved response times to complaints.

Kate McKenzie
General Manager



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 4

HUMAN RESOURCE STATISTICS AT 30 JUNE 2002

CATEGORY	2001/02	2000/01	1999/00
Senior management (SES and senior officers)	24	18	15
Scientific/technical officers	20	18	19
Departmental professional officers	24	20	21
Engineers	16	14	15
Medical staff	3	3	4
Legal staff	22	15	14
WorkCover inspectors	269	267	241
Lift specialists	10	11	11
Administration and clerical graded staff	551	483	416
Librarians	2	3	3
Trades based staff	1	1	1
Stores officer/general assistant	1	3	1
Total	943	856	761

APPENDIX 5

VALUE OF RECREATION AND LONG SERVICE LEAVE AT 30 JUNE 2002

	2002 \$'000	2001 \$'000
CURRENT		
– Recreation leave	6,509	5,420
– Extended leave	3,698	2,766
	<u>10,207</u>	<u>8,186</u>
NON-CURRENT		
– Extended leave	10,511	10,137
	<u>10,511</u>	<u>10,137</u>
Total	<u>20,718</u>	<u>18,323</u>

WORKCOVER NSW

APPENDICES

2001/2002

APPENDIX 6

EQUITY STATISTICS

WorkCover's intent is to eliminate discrimination and barriers against women, people with disabilities, Aboriginal and Torres Strait Islanders, and people from racial, ethnic and ethno-religious backgrounds. It also aims to be an organisation that reflects the diversity of the community by increasing their representation and employment among staff.

WorkCover has been undergoing a period of change in 2001/02 in line with the new occupational health and safety legislative reforms and improvements to its organisation and business processes. This is expected to continue in 2002/03.

A key part of the occupational health and safety reforms included the establishment of the new Workers Compensation Commission by the *Workplace Injury Management and Workers Compensation Act 1998*. The statutory tribunal resolves disputes concerning statutory scheme matters and provides mediation services for workplace injury damage claims.

WorkCover's corporate planning process was undertaken at the end of 2001 to set its strategic directions for 2002/03, in line with the occupational health and safety reform agenda and its internal organisation and business improvement processes.

Equal employment opportunity initiatives have been integrated across WorkCover's 2001/02 achievements and priorities and are integral to core business outcomes. They are outlined in the 2002/03 Social Justice Aspects of WorkCover's Corporate Plan (Social Justice Plan) and reflect a continued commitment to ensuring services are culturally appropriate and responsive.

The 2002/03 Social Justice Aspects encompasses the management plan and provides a summary and basis for WorkCover's annual report to the Office of the Director of Equal Opportunity in Public Employment. It also includes the Aboriginal Employment and Development Strategy.

While the Workers Compensation Commission is covered by WorkCover policies, it has developed an independent draft Access and Equity Service Charter which identifies standards against which the objective of fairness can be measured.

ABORIGINAL AND TORRES STRAIT ISLANDERS

Achievements in 2001/02 include:

- implementation of WorkCover's Aboriginal and Torres Strait Islander Employment and Development Strategy
- re-establishment of the Aboriginal and Torres Strait Islander Network
- an information session for Aboriginal staff on undergraduate and postgraduate studies for Aboriginal people
- encouraging Aboriginal and Torres Strait Islander staff to apply to the Australian Indigenous Leadership Centre Certificate Course.



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 6 (CONTINUED)

PEOPLE WITH A DISABILITY

Achievements in 2001/02 include:

- conducting access audits of all WorkCover's buildings and facilities
- ensuring access for people with a disability to the new head office in Gosford
- entered into a sponsorship agreement with the Australian Paralympian Committee for seven Paralympian athletes to deliver safety messages
- holding a compulsory equity and access session for new inspectors
- drafting an Access and Equity Service Charter for the Workers Compensation Commission
- producing risk management information in formats suitable for blind and vision impaired people.

RACIAL, ETHNIC AND ETHNO-RELIGIOUS GROUPS

Achievements in 2001/02 include:

- development of a new Ethnic Affairs Priority Statement Plan
- making available information and resources to staff in response to the 11 September 2001 terrorist incidents in the USA

- implementation of an information strategy to endorse cultural harmony by promoting and celebrating key social justice events such as International Day of People with a Disability and International Women's Day
- including quiet rooms in the new head office building at Gosford for prayer or contemplation
- twenty-four officers providing interpreter services to clients under the Community Language Allowance Scheme

WOMEN

Achievements in 2001/02 include:

- Initiatives focusing on improved health, equity and change management under the Spokeswomen's program for staff. These initiatives successfully raised awareness and provided strategies to support staff performance and productivity and will be enhanced throughout 2002/03.

WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 6 (CONTINUED)

PERCENTAGE OF TOTAL STAFF BY SALARY LEVEL (BASED ON FULL-TIME EQUIVALENT SALARY)*

LEVEL	TOTAL STAFF (NUMBER)	RESPONDENTS	MEN	WOMEN	ABORIGINAL PEOPLE & TORRES STRAIT ISLANDERS	PEOPLE FROM RACIAL, ETHNIC, ETHNO-RELIGIOUS MINORITY GROUPS	PEOPLE WHOSE LANGUAGE FIRST SPOKEN AS A CHILD WAS NOT ENGLISH	PEOPLE WITH A DISABILITY	PEOPLE WITH A DISABILITY REQUIRING WORK-RELATED ADJUSTMENT
< \$27,606	0	0%	0%	0%	0%	0%	0%	0%	0%
\$27,606 – \$36,258	7	71%	1%	1%	0%	1%	2%	0%	0%
\$36,259 – \$40,535	106	75%	4%	21%	41%	18%	20%	11%	6%
\$40,536 – \$51,293	114	80%	7%	20%	20%	16%	15%	5%	12%
\$51,294 – \$66,332	432	75%	58%	36%	21%	41%	42%	52%	49%
\$66,333 – \$82,914	201	85%	26%	18%	18%	22%	22%	25%	27%
> \$82,914 (NON-SES)	22	86%	3%	2%	0%	1%	0%	7%	5%
> \$82,914 (SES)	15	67%	2%	1%	0%	1%	0%	0%	0%
TOTAL ESTIMATED	897	78%	54%	46%	0.7%	23%	19%	8%	2.4%
SUB-GROUPS TOTAL			482	415	6	208	171	71	21
DISTRIBUTION INDEX				88	n/a	94	93	104	105

* Based on responses to a voluntary survey.

PERCENTAGE OF TOTAL STAFF BY EMPLOYMENT BASIS*

LEVEL	TOTAL STAFF (NUMBER)	RESPONDENTS	MEN	WOMEN	ABORIGINAL PEOPLE & TORRES STRAIT ISLANDERS	PEOPLE FROM RACIAL, ETHNIC, ETHNO-RELIGIOUS MINORITY GROUPS	PEOPLE WHOSE LANGUAGE FIRST SPOKEN AS A CHILD WAS NOT ENGLISH	PEOPLE WITH A DISABILITY	PEOPLE WITH A DISABILITY REQUIRING WORK-RELATED ADJUSTMENT
PERMANENT									
Full-time	754	79%	58%	42%	0.7%	25%	20%	9%	2.7%
Part-time	55	82%	9%	91%	0%	18%	9%	2%	2.2%
TEMPORARY									
Full-time	65	69%	45%	55%	2.2%	16%	18%	4%	0%
Part-time	8	50%	0%	100%	0%	0%	0%	0%	0%
CONTRACT									
SES	15	67%	67%	33%	0%	10%	0%	0%	0%
Non-SES	0	0%	0%	0%	0%	0%	0%	0%	0%
CASUAL	0	0%	0%	0%	0%	0%	0%	0%	0%
TOTAL ESTIMATED	897	78%	54%	46%	0.7%	23%	19%	8%	2.4%
SUB-GROUPS TOTAL			482	415	6	208	171	71	21

* Based on responses to a voluntary survey.



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 7

ETHNIC AFFAIRS PRIORITY STATEMENT

WorkCover is committed to providing equitable access to all services. Planning, development and delivery of services aims to be sensitive to the cultural, ethnic and religious needs of NSW society and to support the principles of multiculturalism advanced in the NSW Government's *Ethnic Affairs Action Plan 2000*.

STRATEGY> INCREASE KNOWLEDGE ABOUT INJURED WORKERS IN NSW WHO ARE FROM A CULTURALLY DIVERSE BACKGROUND

While a range of data on cultural diversity is gathered by WorkCover, the information management systems cannot supply high quality data needed for the design and development of ethnic affairs initiatives. To remedy this, WorkCover has committed to a major upgrade of its information technology system.

WorkCover has developed a range of protocols and resources to ensure its services are accessible to all people who require them. One of these is the *Guidelines for the Use of Interpreters* which is incorporated in the internal electronic telephone index and included in staff computer instruction procedures.

WorkCover has 24 officers who are registered under the Community Language Allowance Scheme and can assist in communicating with people from a non-English speaking background.

STRATEGY> IMPROVE THE KNOWLEDGE OF PEOPLE FROM A CULTURALLY DIVERSE BACKGROUND ABOUT WORKPLACE HEALTH, SAFETY, REHABILITATION AND THE SERVICES WORKCOVER PROVIDES

A WorkCover Industry Retail Group undertook a seafood industry data collection project on fish processors who are at high risk of manual handling injuries and include a high concentration of people from culturally diverse backgrounds. The project included assessment of the literacy and language requirements of these workers.

WorkCover's claims manual which is circulated to all insurers, specifies that a claimant's country of birth and language spoken at home are to be supplied.

Public forums on the new occupational health and safety legislation targeted diverse NSW business and industry groups and were advertised in the ethnic press to encourage participation by ethnic businesses and community groups.

To encourage industry employers to consult staff from ethnic and other language backgrounds on occupational health and safety, WorkCover issued a Consultation Code of Practice that gives mechanisms to achieve this requirement of the *Occupational Health and Safety Regulation*.

Posters to raise awareness of falls prevention and housing construction strategies were chosen as a communication medium as they can cater for a range of literacy levels.

Displays were held at the Vietnamese New Year Festival to improve links with the Vietnamese community and raise awareness of WorkCover's role.

WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 7 (CONTINUED)

STRATEGY> IMPROVE RESOURCES AND MANAGEMENT TO ENSURE AN APPROPRIATE ALLOCATION TO THE IMPLEMENTATION OF THE ETHNIC AFFAIRS PRIORITY STATEMENT

The corporate planning process which set strategic direction for 2002/03 integrates ethnic affairs initiatives in its achievements and priorities with the aim of making them integral to core business outcomes. Ethnic affairs initiatives are outlined in the 2002/03 Social Justice Aspects of WorkCover's Corporate Plan. The plan includes an Aboriginal employment and development strategy which was revised in 2002 in line with the new corporate plan.

While the Workers Compensation Commission is covered by WorkCover's policies, it has developed an independent draft Access and Equity Service Charter which identifies a number of standards against which the objectives of fairness can be measured.

The new head office in Gosford includes a quiet room which can be used for prayer or contemplative purposes.

Staff selection techniques training includes cultural diversity issues and strategies to ensure fair and equitable employment access, participation and adjustments for this group.

The assessment of the needs of people from culturally diverse backgrounds is part of the 12-month training course in the *Diploma of Injury and Illness Prevention and Management* which is being undertaken by new inspectors who also receive instruction on how to assess the need for the use of an inspector.

Following a campaign, responses to the voluntary equal employment opportunity survey increased by 16 per cent. The survey showed the proportion of staff from racial, ethnic or ethno-religious minority groups was 23 per cent, an increase of 5 per cent. Of these, 19 per cent were staff whose first language was not English.



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 8

DISABILITY ACTION PLAN

WorkCover has a three-year Disability Action Plan 2000-2002 which aims to improve:

- existing services to meet the needs of people with disabilities and their carers
- access to WorkCover facilities and services
- employment and career development opportunities at WorkCover for people with a disability.

OBJECTIVE> ENSURE THAT BUILDINGS AND FACILITIES ARE ADAPTED OR SUBSTITUTE FACILITIES AND SERVICES PROVIDED, TO ENABLE ACCESS BY PEOPLE WITH A DISABILITY

Following access audits of all buildings and facilities, a capital works program that incorporates access audits for all WorkCover sites was developed in 2001/02.

Plans for the new head office in Gosford included ensuring access for people with a disability. A technical advisory committee was formed to ensure fitout of the new building met requirements of staff with special needs, such as electronically adjustable workstations, videoconferencing facilities and parking for staff with a disability.

OBJECTIVE> ENSURE THAT PEOPLE WITH A DISABILITY ARE AWARE OF AND CAN EFFECTIVELY ACCESS ITS SERVICES AND PROGRAMS

As part of its community campaign to assist people with a disability to become more aware of and effectively access WorkCover's services and programs, a sponsorship agreement was entered into with the Australian Paralympian Committee that made available seven Paralympian athletes who were injured at work to deliver safety messages. One session with the Paralympians involved WorkCover staff with the aim of enhancing their understanding of and support for disability issues.

OBJECTIVE> ENSURE THAT STAFF ARE TRAINED AND COMPETENT IN MANAGING THE PROVISION OF SERVICES FOR PEOPLE WITH A DISABILITY

To help new inspectors assess the special needs of people with disabilities when carrying out inspections, new inspectors attended a compulsory equity and access session.

The Workers Compensation Commission drafted an *Access and Equity Service Charter* to ensure it provides an accessible and equitable workers compensation dispute resolution service. The Charter identifies standards against which the objectives of access and fairness are measured, including intellectual and physical accessibility.

WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 8 (CONTINUED)

An access management plan is being established to improve client access to data and information.

To make services, information and programs accessible to blind and vision impaired workers, risk management information was produced in a variety of formats, such as large print, Braille, audio tape and computer disk.

As a result of a campaign to improve equal employment opportunity data, there was a 16 per cent increase in the staff response rate to the annual survey. The survey showed that the proportion of staff with a disability increased to 8 per cent from 6 per cent. Of those with a disability, 2.4 per cent required workplace adjustment. Staff numbers are in line with the Government's benchmark.

APPENDIX 9

ACTION PLAN FOR WOMEN

The NSW Government Action Plan for Women is a whole-of-government approach to improving the economic and social participation of women in NSW society. WorkCover contributes to the Action Plan's objective to promote workplaces that are equitable, safe and responsive to all aspects of women's lives, and works towards gender equity outcomes in all areas of policy development and service delivery.

Achievements in 2001/02 include:

- initiatives focusing on health, equity and change management under the Spokeswomen's program for staff
- development of draft guidelines on pregnancy and work
- an initiative to improve the working conditions of cleaners, especially women from a non-English speaking background
- a sex workers outreach project.

APPENDIX 10

RESPONSE TO SIGNIFICANT MATTERS RAISED IN THE OUTGOING AUDIT REPORTS

During the year The Audit Office and Internal Audit Bureau conducted audits in accordance with client service and internal audit plans. Recommendations for improvement to operational and financial processes were made and positively responded to by management. No significant matters were raised by the audit.



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 11

FREEDOM OF INFORMATION

SUMMARY OF AFFAIRS

FREEDOM OF INFORMATION STATISTICS

A total of 1,115 applications for access to documents were processed under the terms of the *Freedom of Information Act*.

A total of 118 were non-personal, 378 requests were refused and no requests were deferred. A total of 224 requests were granted in full. No Ministerial Certificates were issued, 14 formal consultations conducted and no personal records amended. The range and nature of the requests remained relatively constant and established procedures were appropriate for the effective assessment of the applications. Management continued to stress the importance of documenting the reasons for decisions and the need to meet statutory deadlines.

NUMBER OF NEW REQUESTS

FOI REQUESTS	PERSONAL		OTHER		TOTAL	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
New (including transferred in)	894	947	100	92	994	493
Brought forward	137	117	18	7	155	44
Total to be processed	1,031	1,064	118	99	1,149	537
Completed	997	913	118	88	1,115	478
Transferred out	0	0	0	0	0	0
Withdrawn	7	14	0	3	7	11
Total processed	1,004	927	118	88	1,122	478
Unfinished	27	137	0	8	27	48

WHAT HAPPENED TO COMPLETED REQUESTS

RESULT OF FOI REQUEST	PERSONAL	OTHER
Granted in full	189	35
Granted in part	460	60
Refused	355	23
Deferred	0	0
Completed	1,004	118

WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 11 (CONTINUED)

MINISTERIAL CERTIFICATES – NUMBER ISSUED DURING THE PERIOD

No Ministerial Certificates were issued during the period.

FORMAL CONSULTATIONS

	ISSUED	TOTAL
Number of requests requiring formal consultations	10	14

AMENDMENT OF PERSONAL RECORDS

No requests of this nature were received.

NOTATION OF PERSONAL RECORDS

No requests of this nature were received.

FOI REQUESTS GRANTED IN PART OR REFUSED

BASIS OF DISALLOWING OR RESTRICTING ACCESS	PERSONAL	OTHER
Application incomplete/wrongly directed	0	0
Deposit not paid	0	0
Diversion of resources	1	0
Exempt	465	59
Otherwise available	0	2
Documents not held	349	22
Deemed refused – over 21 days	0	0
Released to medical practitioner	0	0
Total	815	83

COSTS AND FEES OF REQUESTS PROCESSED DURING PERIOD

	ASSESSED COSTS	FOI FEES RECEIVED
All completed requests	\$30,840	\$30,840



WORKCOVER NSW

APPENDICES

2001/2002

APPENDIX 11 (CONTINUED)

DISCOUNTS ALLOWED

TYPE OF DISCOUNT ALLOWED	PERSONAL	OTHER
Public interest	1	0
Financial hardship – pensioner/child	10	1
Financial hardship – non profit organisation	0	0
Totals	11	1
Significant correction of personal records	0	0

DAYS TO PROCESS

ELAPSED TIME	PERSONAL	OTHER
0-21 days	381	51
22-35 days	284	25
Over 35 days	339	42
Totals	1,004	118

PROCESSING TIME

PROCESSING HOURS	PERSONAL	OTHER
0-10 hours	973	114
11-20 hours	30	4
21-40 hours	1	0
Over 40 hours	0	0
Totals	1,004	118

REVIEWS AND APPEALS

Number of internal reviews finalised	9
Number of ombudsman reviews finalised	1
Number of District Court (Administrative Decisions Tribunal) appeals finalised ¹	0

¹One appeal is currently outstanding at the Administrative Decisions Tribunal.

WORKCOVER NSW

APPENDICES

2001/2002

APPENDIX 11 (CONTINUED)

BASIS OF INTERNAL REVIEW	PERSONAL		OTHER	
	Upheld	Varied	Upheld	Varied
Access refused	3	0	0	0
Access deferred	0	0	0	0
Exempt matter	3	1	3	0
Unreasonable charges	0	0	0	0
Charge unreasonably incurred	0	0	0	0
Amendment refused	0	0	0	0
Totals	6	1	3	0

During 2001/02 Freedom of Information procedures had no significant impact on the department's administration and no major FOI compliance issues or problems arose.



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 12

PUBLICATIONS

WorkCover NSW publishes a variety of printed material to assist employers and employees meet their responsibilities in the areas of workplace safety, injury management and workers compensation.

These include guides, fact sheets, codes of practice, forms, posters and general information.

WorkCover NSW works with industry, the workforce and insurers to:

- promote a culture of safety through public awareness programs, education and other community activities
- improve the performance of the workplace safety, injury management, and workers compensation systems.

THE FOLLOWING NEW PUBLICATIONS WERE PUBLISHED DURING THE REPORTING PERIOD:

A Brief Guide to the Workplace Safety Kit

A Fairer System

Benefits Guide – October 2001, April 2002

Chair Safety in Design Tool 2001

Code of Practice – OHS Consultation

Code of Practice – Work in Hot & Cold Environments

Code of Practice – Workplace Amenities

Code of Practice Low Voltage Electrical Work

Code of Practice Risk Assessment

Code of Practice Technical Guidance

Cottonsafe CD

Doctors & WorkCover – Approved Medical Specialist

Doctors & WorkCover – Injury Management Consultant

Doctors & WorkCover – Nominated Treating Doctor

First Aid in the Workplace – Fact Sheet 2001

First Aid in the Workplace – Guide 2001

Future Farmers

Incident Reporting Brochure

Injured Worker? What do you do next?

Making Your Forklift Work For You

Managing Loss and Grief in the Aged Care Industry

OHS Regulation 2001 with Margin Notes

Outline of the NSW Workers Compensation Premium Scheme for NSW 2001/2002

Passive Smoking in the Workplace – Policy and Control

PDS Brochure for Employers

Plant – Guide 2001

Plant Hire and Lease – What Suppliers must know – Fact Sheet

Premium Discount Scheme – General Guide

Rehabilitation Provider Performance Report

WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 12 (CONTINUED)

- Rehabilitation Providers and WorkCover
- Retail Industry Return to Work Kit for Employers
- Retail Industry Return to Work Kit for Workers
- Risk Management – Guide 2001
- Safety Meter – A positive performance measurement tool
- Small Business Starter Kit
- Spray Painting – Guide 2001
- Statistical Bulletin
- Stop the Injury Before It Happens
- Summary of the OHS Act 2000
- Summary of the OHS Regulation 2001
- The Law has Changed – Employer’s obligations
- Tractors & Farm Machinery – What suppliers must know
- Training and Employment Programs for Injured Workers
- Transporting Small Gas Cylinders – Fact Sheet 2002
- Violence in the Workplace – Fact Sheet
- Violence in the Workplace – Guide
- Wages Definition Manual
- Watching Out For You – poster
- What WorkCover means for Injured Workers
- When There’s an Injury
- Work in Cold Environments – Fact Sheet
- Work in Hot Environments – Fact Sheet
- Work Related Injuries – A Good Practice Guide for Workers
- WorkCover Annual Report 2000/2001
- WorkCover News Editions 46, 47, 48, 49
- Workplace Safety Kit – Guide 2001



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 13

CODE OF CONDUCT

There were no changes to the Code of conduct during 2001/02. Copies of the Code of conduct are now issued with letters of offer to prospective employees. The Code is discussed with new staff members on their first day of employment, and agreement by the employee to the Code of conduct is gained.

APPENDIX 14

GUARANTEE OF SERVICE

WorkCover is committed to providing high quality, efficient service to the employers, employees and community of New South Wales.

WorkCover is also committed to providing effective service. We do this through listening to clients so that services can be shaped to meet their needs.

While working to meet our clients' needs, WorkCover has a responsibility to the community to minimise costs. With this in mind, we endeavour to be fair and equitable in the provision of services.

STANDARD OF SERVICE

WorkCover is also committed to the continual improvement of services to help assess our progress, it is important that clients know the standards of service we aim to achieve. The standards of service that all WorkCover personnel work towards include:

- delivering service efficiently, and in a courteous manner
- giving authoritative and up-to-date information and advice
- answering telephone enquiries immediately, whenever possible. If this is not possible, the enquiry is recorded and a WorkCover officer makes contact within two working days
- responding to written requests for information, including publications, within 10 working days of receipt
- conducting investigations of occupational health and safety problems at places of work according to need, with situations of greatest risk of injury given highest priority
- conducting impartially all disputes resolution and appeal matters, according to defined policies and relevant legislation.

WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 15

CONSUMER RESPONSE

WorkCover combined its new Claims Assistance Service with the Information Centre to form the WorkCover Assistance Service.

The Information Centre experienced a considerable increase in business this year – handling 130,938 telephone calls, 9,534 Internet queries and 6,027 counter enquiries. This increase continues the previous year's trend and is again attributed to WorkCover's successful media campaigns and regulatory reform program.

The Claims Assistance Service (see page 19 for more detail) handled 2,402 cases in the six months since its launch in January, with a resolution rate of approximately 90 per cent. The Service has experienced a growing level of co-operation by insurers in implementing the workers compensation legislative reforms and this has contributed to the high resolution rate.

APPENDIX 16

PRIVACY MANAGEMENT

WorkCover's Privacy Management Plan, launched on 1 July 2000, outlines the organisation's policies and practices with respect to the management of personal information. The plan can be accessed on WorkCover's Internet site: www.workcover.nsw.gov.au

During 2001/02, no reviews were conducted by, or on behalf of, WorkCover under Part 5 of the *Privacy and Personal Information Protection Act*.



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 17

ACCOUNT PAYMENT PERFORMANCE

Amounts outstanding to suppliers at the end of each quarter of the year were:

2001/02	September Quarter	December Quarter	March Quarter	June Quarter
CURRENT	\$350,000	\$281,000	\$226,000	\$1,242,000
< 30 days overdue	\$66,000	(\$8,000)	\$95,000	\$2,000
> 30 days and < 60 days overdue	\$5,000	\$0	\$37,000	\$0
> 60 days and < 90 days overdue	\$0	\$0	\$0	\$2,000
90 days and over	\$0	(\$4,000)	\$0	\$35,000
Total value of accounts paid on time	\$12,138,439	\$10,408,802	\$9,041,749	\$9,002,602
% paid on time	94%	98%	97%	97%
Total value of accounts paid	\$12,527,565	\$10,548,954	\$9,529,991	\$9,314,424

During 2001/02, WorkCover paid \$41.9 million in accounts of which \$40.6 million or 97 per cent were paid on time.

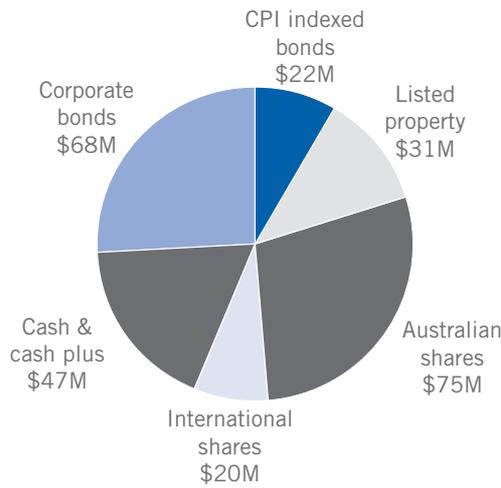
The performance target is a minimum of 90 per cent paid on time.

WORKCOVER NSW APPENDICES 2001/2002

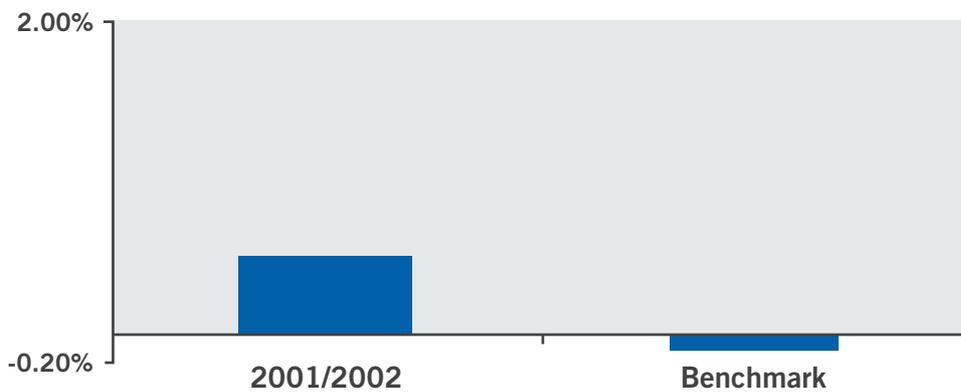
APPENDIX 18

INVESTMENT MANAGEMENT PERFORMANCE

Investments of the WorkCover Authority as at 30 June 2002 totalled \$263 million (\$267 million – 2001). As at 30 June 2002, funds were invested in the following investment categories.



The total actual return of 0.5 per cent exceeded the benchmark return of minus 0.1 per cent.





WORKCOVER NSW

APPENDICES

2001/2002

APPENDIX 19

RISK MANAGEMENT

WorkCover's internal Risk Management is provided under a Contract of Coverage with the NSW Treasury Managed Fund (TMF). As a contributing member of the TMF, WorkCover is covered for all core business functions including the functions listed in the Liability management performance in Appendix 20.

APPENDIX 20

LIABILITY MANAGEMENT PERFORMANCE

REPORTING PERIOD	2001/02	2000/01	1999/00
Workers Compensation			
Employees	793	739	736
– Number of claims	53	51	58
– Number of claims per employee	0.067	0.069	0.078
– Total cost of claims	\$326,717.00	\$2,364,207.00	\$810,673.00
– Average claim cost	\$6,164.47	\$46,357.00	\$13,977.12
– Average cost per employee	\$412.00	\$3,199.20	\$1,101.46
Motor vehicles			
Vehicles	328	326	322
– Number of claims	103	107	75
– Number of claims per vehicle	0.31	0.33	0.23
– Total cost of claims	\$192,519.22	\$220,639.77	\$137,178.54
– Average cost per claim	\$1,869.11	\$2,062.05	\$1,829.04
– Average cost per vehicle	\$586.94	\$676.81	\$426.02
Property			
– Number of claims	14	1	1
– Number of claims per employee	0.018	0.001	0.001
– Total cost of claims	\$57,709.00	\$885.00	Nil
– Average cost per claim	\$4,122.07	\$885.00	Nil
– Average cost per employee	\$72.77	\$1.20	Nil
Liability			
– Number of claims	Nil	Nil	Nil
– Total cost of claims	Nil	Nil	Nil
– Average claim	Nil	Nil	Nil
Miscellaneous			
– Number of claims	Nil	Nil	Nil
– Total cost of claims	Nil	Nil	Nil
– Average claim	Nil	Nil	Nil

WORKCOVER NSW

APPENDICES

2001/2002

APPENDIX 20 (CONTINUED)

The WorkCover Authority also has outstanding workers compensation claims liabilities that mainly arise under the Uninsured Liability and Indemnity Scheme (ULIS) and Insurers' Guarantee Fund. The Scheme and the Fund were established to pay the workers compensation claims of uninsured employers and failed insurers respectively. These liabilities are funded by insurers' contributions and details are reported in the financial statements each year.

The WorkCover Authority does not have any borrowings.

UNINSURED LIABILITY INDEMNITY SCHEME (ULIS)

YEAR	EMERGENCY & RESCUE WORKERS		BUSH FIRE FIGHTERS		ULIS	
	New claims	Paid(\$)	New claims	Paid(\$)	New claims	Paid(\$)
95/96	181	1,554,000	203	1,091,000	769	7,900,000
96/97	218	1,789,000	231	845,000	669	7,500,000
97/98	299	1,497,000	349	2,650,000	471	8,600,000
98/99	366	2,662,000	306	2,245,000	390	9,700,000
99/00	278	1,508,000	228	2,116,000	403	8,100,000
00/01	277	1,995,192	294	2,331,153	288	8,400,000

Recoveries

ULIS \$1,380,054

Prosecutions \$323,333



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 21

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE

WorkCover has set up Occupational Health and Safety Committees in the following areas:

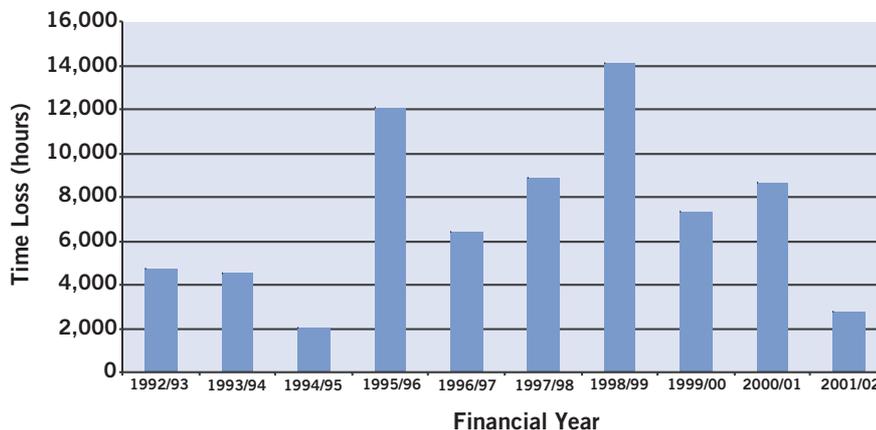
- Country North – Newcastle
- Country South – Wollongong
- Parramatta
- TestSafe – Londonderry
- Workers Compensation Commission of NSW – Sydney
- Elizabeth and Kent Streets offices – Sydney.

The committees carry out regular occupational health and safety workplace inspections and audits to eliminate health and safety risks and to create a safer working environment. Evacuation procedures are also the responsibility of the Occupational Health and Safety Committees and these have been updated recently and posted on the WorkCover Intranet site.

WORK-RELATED INJURIES AND ILLNESSES

There were 170 incident reports and 79 hazard reports lodged in 2001/02. Total lost time for the period was 2,783.6 hours. The graph shows a major reduction in lost time in comparison to the previous six years. This success has been achieved through better claims and injury management, along with a more effective return-to-work program.

TIME LOSS BY FINANCIAL YEAR



WORKCOVER NSW

APPENDICES

2001/2002

APPENDIX 22

MAJOR ASSETS/LAND – DISPOSALS AND ACQUISITIONS

DISPOSALS

LOCATION	ITEM	2002 \$'000
		Nil

ACQUISITIONS

LOCATION	ITEM	2002 \$'000
Workers Compensation Commission	Case Management System	2,735
WorkCover Authority	ANZSIC/Premium Discount Scheme	1,322
		<u>4,057</u>

APPENDIX 23

WORKS IN PROGRESS

IM&T STRATEGIES	TOTAL COST 30/6/2002 \$M	COST OVERRUN \$M	ESTIMATED DATE OF COMPLETION	REASON FOR SIGNIFICANT DELAY	ASSET/WIP
Upgrade Data Centre	0.837	0.000	June 2004		WIP
Communications Systems Upgrade	1.953	0.000	March 2003		WIP
Desktop and Laptop Upgrade	3.027	0.000	December 2002		WIP
New Workers Compensation System (NWCS)	0.476	0.000	June 2005		WIP
Workers Compensation Commission	3.098	0.000	COMPLETE		ASSET
Software Management Environment	0.336	(0.017)	COMPLETE		ASSET
Accessible Information Data Warehouse	1.092	0.000	June 2004		WIP
Legacy Systems Consolidation & Integration	1.473	0.000	June 2004		WIP



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 23 (CONTINUED)

IM&T STRATEGIES	TOTAL COST 30/6/2002 \$M	COST OVERRUN \$M	ESTIMATED DATE OF COMPLETION	REASON FOR SIGNIFICANT DELAY	ASSET/WIP
Accident Notification Call Centre (CAS)	0.447	0.000	June 2004		ASSET
Electronic Commerce Project	1.985	0.000	June 2003		WIP
Workplace Services Management System	2.661	0.000	January 2003		WIP
Licensing	0.968	0.000	September 2003		WIP
Records Management Project	0.728	0.000	December 2002		WIP
ANZSIC/Premium Discount Scheme	1.322	0.000	COMPLETE		ASSET
Compliance/Wage Audit	0.435	0.000	COMPLETE		ASSET
Legislative Reform Initiatives	0.302	0.000	June 2003		ASSET
Other Minor Works	0.655	0.000	Various		ASSET WIP
Total	\$21.795M	(\$0.017M)			

WORKCOVER NSW

APPENDICES

2001/2002

APPENDIX 24

MAJOR ASSETS OTHER THAN LAND HOLDINGS

ASSETS	2002 Fair Market Value \$'000
Buildings	6,252
Leasehold improvements	4,883
Office machines and equipment	2,680
Motor vehicles	29
Furniture & fittings	415
Computer hardware & software	21,822
Scientific & technical equipment	5,838
Total	41,919

APPENDIX 25

PRICE DETERMINATION METHOD

The Authority is funded from statutory contributions by licensed insurers and self-insurers based on their premium income and deemed premiums respectively. The amount of contributions is determined annually by the WorkCover Board of Directors based on estimates of the total of the amounts to be paid from the WorkCover Authority Fund as well as those amounts that are to be set aside as provisions to meet expenditure in later years. Estimates include allowances for CPI increases and productivity savings contained in current salary awards.



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 26

ENERGY PERFORMANCE

CORPORATE COMMITMENT

WorkCover is committed to contributing to the achievement of targeted reduction in energy consumption in line with the Government's Energy Management Policy.

PLANNING AND IMPLEMENTATION

WorkCover is working towards the development of an Energy Management Plan to deliver the outcomes required to meet the objectives of the Government's policy.

WorkCover has already initiated action to reduce energy consumption in its new Gosford Head Office by the installation of energy efficient lighting and air conditioning systems. In addition to the major systems within the building, all new office equipment is manufactured to take advantage of the latest energy efficiency technologies.

PERFORMANCE

Below is the annual energy consumption and costs of fuels used by WorkCover for 1999/00, 2000/01 and 2001/02:

FUEL	TOTAL ENERGY CONSUMED GJ			ANNUAL COST \$		
	2001/02	2000/01	1999/00	2001/02	2000/01	1999/00
Electricity (black coal)	3,470,959	3,427,484	2,141,112	259,724	256,787	185,771
Electricity (green power)	164,581	168,430	112,689	13,693	13,558	11,693
Natural Gas	N/A	N/A	N/A	N/A	N/A	N/A
LPG	13,237	2,383	0	5,557	1,159	0
Diesel*	Nil	582	625	N/A	547	488
Petrol*	1,173,961	1,084,808	1,030,080	979,105	1,004,211	804,123
Total	4,822,738	4,683,687	3,284,506	1,258,079	1,276,262	1,002,075

FUEL	CO ₂ MISSIONS TONNES			ENERGY % CHANGE IN THE LAST YEAR
	2001/02	2000/01	1999/00	
Electricity (black coal)	3,319	3,277	2,047	+1.27%
Electricity (green power)	0	0	0	-2.29%
Natural Gas	N/A	N/A	N/A	N/A
LPG	20	7	0	+455.48%
Diesel*	N/A	2	2	-100%
Petrol*	2,650	2,448	2,325	+8.22%
Total	5,989	5,734	4,374	

* Accurate segregation of diesel and petrol fuels was not available in 2000/01.

WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 26 (CONTINUED)

FUTURE DIRECTION

The standard of fitout used in WorkCover's Gosford Head Office will be adopted in all future fitouts for WorkCover's various Regional and District offices throughout New South Wales.

APPENDIX 27

WASTE REDUCTION AND PURCHASING POLICY

Throughout 2001/2002 WorkCover has continued to implement the *Waste Reduction and Purchasing Policy*. Under the Policy, agencies are required to submit reports to the NSW Environmental Protection Authority (EPA) outlining their progress in implementing their Waste Reduction and Purchasing Plans (WRAPP).

Agencies are currently in the middle of the WRAPP reporting cycle, which is every two years. The last progress report was submitted to the EPA in May 2001, the next report is due to be submitted in May 2003.

REDUCING THE GENERATION OF WASTE

WorkCover has developed a number of solutions to reduce the amount of paper used within the Agency. This includes access to email for all our staff as well as the creation of an 'On Line Service Centre' (OSC), which enables staff to submit and have approved a wide variety of commonly used documents electronically. These documents cover areas such as Finance, Human Resources and OHS reporting.

RESOURCE RECOVERY

WorkCover is actively implementing a range of strategies to make recycling easier for staff. For example, the fitout of WorkCover's new Head Office in Gosford will incorporate recycling bins for staff to place recyclable waste.

We have also reviewed our cleaning contract specifications to ensure that they include specific provisions for cleaning contractors to contribute to the effectiveness of WorkCover's recycling initiatives. This includes the use of Waste Management companies that can facilitate placing waste into the most appropriate recycling stream and minimising reliance on landfill.

USE OF RECYCLED MATERIAL

Since submission of our last WRAPP progress report, WorkCover has introduced a number of consumable products that have a recycled content, including: plain paper with recycled content and a number of high volume paper based products that are made from recycled materials.



WORKCOVER NSW

APPENDICES

2001/2002

APPENDIX 28

CONSULTANTS

CONSULTANTS EQUAL TO OR MORE THAN \$30,000

CONSULTANT	COST \$	PURPOSE
Finance and accounting/tax		
Towers Perrin	103,731	Asset consulting services
Management services		
Jim Stewart Consulting	126,974	Injury management advice and impairment guidelines
PricewaterhouseCoopers	105,000	Corporate planning review and facilitation of planning workshops
Monash University	33,745	Statistical evaluation of injury management pilots
Engineering		
Birks Engineering	33,797	Review of electrical files for TestSafe
Organisational review		
Deakin Consulting	36,092	IT security review
Ken Filewood Consulting	31,600	Advice on restructure of the executive unit
Total consultancies more than \$30,000	\$470,939	

CONSULTANTS LESS THAN \$30,000

During 2001/02, other consultancies were engaged in the following areas:

CONSULTANCY AREA	COST \$
Finance and accounting/tax	44,820
Information technology	9,630
Legal	20,355
Management services	147,642
Organisational review	23,009
Environmental	nil
Training	7,123
Total consultancies less than \$30,000	\$252,579

WORKCOVER NSW

APPENDICES

2001/2002

APPENDIX 29

OVERSEAS VISITS

PERSON TRAVELLING	DATE	PURPOSE	AMOUNT \$
Kate McKenzie General Manager	August 2001	North America to study workers compensation scheme design and meet agencies and companies involved in administration and reform of workers compensation	13,570
Frances Maguire Departmental Liaison Officer	August 2001	North America to study workers compensation scheme design and meet agencies and companies involved in administration and reform of workers compensation	12,686
Dr Robert Kenyon* Snr Specialist Occupational Physician	August/September 2001	Denmark, Czech Republic, Sweden, South Korea, Canada, Japan to attend conferences and symposiums relevant to Dr Kenyon's role	26,455
Phil Butt Chief Inspector, Dangerous Goods OHS Division	September 2001	Canada to attend 5th international conference of chief inspectors of dangerous goods	6,122
Jim Munro Director TestSafe Australia	October 2001	USA, UK and Switzerland to attend meetings of IECEX Scheme and visit laboratories with reciprocal recognition agreements with TestSafe Australia	14,580 (Recovery from Clipsal Stahl Pty Ltd 5,730)
Trevor Zabow Co-ordinator Information Centre	December 2001	Wellington NZ to present case study on WorkCover's Information Centre at Conference on Government Contact Centres	508
Gordana Manojlovic Head of High Current Unit TestSafe Australia	December 2001	Chicago and Boston USA for meeting of MC7. Reviewing international standard IEC600079-1 and to visit FM laboratories	3,976 (Recovery from Standards Australia 3,190)
Dr Kelvin Wooller* Snr Specialist Occupational Physician	April 2002	Chicago USA for Occupational Health Conference	7,911
Dr Robert Kenyon* Snr Specialist Occupational Physician	February/March 2002	USA to attend conference and attend meetings of occupational medicine professional bodies	21,765



WORKCOVER NSW

APPENDICES

2001/2002

APPENDIX 29 (CONTINUED)

PERSON TRAVELLING	DATE	PURPOSE	AMOUNT \$
Jim Munro Director TestSafe Australia	April 2002	People's Republic of China to Chair meeting and attend working group of TC31 CAG; Assessment of ITS, CESI, NEPSI and CQST facilities; negotiations with SIRA, NEPSI and CQST	17,578 (Recovery from Standards Australia 2,200 & ITS Testing Ltd England 9,478)
Tony Martin Mechanical Engineer, TestSafe Australia	October 2001	New Zealand to attend a standards meeting relating to fire extinguishers	1,116
Kate McKenzie General Manager	May/June 2002	Vienna, Austria to attend the XVIth World Congress on Safety & Health at Work in conjunction with a study tour of various countries as a delegate from the National Occupational Health & Safety Commission to consider OHS issues and how they are addressed	8,849
Frances Maguire Departmental Liaison Officer	May/June 2002	Vienna, Austria to attend the XVIth World Congress on Safety & Health at Work, followed by meeting representatives from the Health & Safety Executive in London UK to discuss progress on achieving the targets for reducing the incidence of workplace illness and injury and meeting Director of the European Agency for Safety & Health at Work in Spain to discuss planning for his participation in the Safety Summit as a keynote speaker	10,776
Michele Patterson Assistant General Manager OHS Division	June 2002	Geneva, Switzerland to attend keynote address for 10th International Association of Labour Inspectorates (IALI) Congress & General Assembly	9,607
Total			\$134,901

* Award entitlements

WORKCOVER NSW

APPENDICES

2001/2002

APPENDIX 30

SIGNIFICANT ORGANISATIONS WITH A DEPARTMENTAL REPRESENTATIVE

IEC Committee TC 31, Electrical Apparatus for Hazardous Atmospheres

Jim Munro, Chairperson

IEC Subcommittee SC 31L, Electrical Apparatus for the Detection of Flammable Gases

Jim Munro, Chairperson

APPENDIX 31

SIGNIFICANT COMMITTEES

REPRESENTATION ON SIGNIFICANT COMMITTEES

WORKERS COMPENSATION AND WORKPLACE OCCUPATIONAL HEALTH AND SAFETY COUNCIL OF NSW

The Workers Compensation and Workplace Occupational Health and Safety Council of NSW comprises worker and employer representatives, medical and legal practitioners, an insurance representative, injury management and rehabilitation and occupational health and safety experts.

The Council's key function is to give advice to the Minister, with an emphasis on a systemic approach to the prevention of workplace injury, injury management/return-to-work and workers compensation issues. The Council has a broad

range of representatives with an interest in these matters.

WorkCover representative:

Greg McCarthy, Executive Director,
Workplace Injury Management Services (Chairperson)

SPORTING INJURIES COMMITTEE

The Sporting Injuries Committee is an organisation constituted under the *Sporting Injuries Act 1978* which manages and administers the Sporting Injuries Insurance Scheme, the Supplementary Sporting Injuries Benefits Scheme, the Research and Injury Prevention Scheme and the NSW Sports Safety Award Scheme. The main scheme provides cover for registered sporting organisations when the athletes are seriously injured while participating in an authorised activity of their organisation. A death benefit is payable to the Legal Personal Representative where an athlete dies as a result of injuries sustained during the activity.

The Supplementary Sporting Injuries Benefits Scheme provides similar benefits for students engaged in organised school sport and participants of programs of the NSW Department of Sport and Recreation. The Research and Injury Prevention Scheme provides grants for applied research and education and promotion programs designed to reduce the risk of injuries in sport. The Safety Award Scheme recognises and rewards those



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 31 (CONTINUED)

involved in applied research and education and promotion programs designed to reduce the risk of injuries in sport. The Committee consists of seven members. The Chairperson is the General Manager of WorkCover NSW and the remaining members consist of three nominees of the Minister for Industrial Relations, one from the Minister for Education and Training and two from the Minister for Sport and Recreation, one of which represents disabled sports. Appointments are made by the Governor for a period of up to three years. The Committee publishes its own Annual Report.

WorkCover representatives:

Kate McKenzie, General Manager (Chairperson)

John Garbutt, Director, Office of the General Manager (Deputy Chairperson)

WORKERS COMPENSATION (DUST DISEASES) BOARD

The *Workers Compensation (Dust Diseases) Act 1942* provides a system of no fault compensation for workers and their dependants where the worker suffers death or disability from dust diseases including asbestosis, silicosis and mesothelioma. The Board is a statutory authority established to examine, hear and determine all matters and questions arising out of a claim for compensation under the Act. The Board consists of two representatives of employers, two representatives of employees, and an independent chairperson. The Board is advised by a specialist medical

authority as to the type of disease and level of disability a claimant has. The chairperson is the General Manager of WorkCover. The Board publishes its own Annual Report.

WorkCover representative:

Kate McKenzie, General Manager (Chairperson)

WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 31 (CONTINUED)

REPRESENTATION ON SIGNIFICANT INTER-DEPARTMENTAL COMMITTEES

COMMITTEE	WORKCOVER REPRESENTATIVE
CEO eGovernment Committee	Kate McKenzie, General Manager
Chief Executives Committee	Kate McKenzie, General Manager
Department of Workplace Relations Advisory Committee Comparative Performance Monitoring Working Party	Daren McDonald, Principal Policy Officer, Strategy and Policy Group
Heads of Workplace Safety and Compensation Authorities (HWSCA)	Kate McKenzie, General Manager
HWSCA Occupational Health and Safety Committee	John Watson, Assistant General Manager, Occupational Health and Safety Division
National Occupational Health and Safety Commission	Kate McKenzie, General Manager
National Occupational Health and Safety Commission – Strategy Committee	Kate McKenzie, General Manager
National Occupational Health and Safety Commission Information Committee	Dawn Peacock, Team Manager, Services Co-ordination Team
National Occupational Health and Safety Commission Prevention Committee	Peter Dunphy, Director, Strategic Operations Group
Workers Compensation and Injury Management Committee	Rod McInnes, Assistant General Manager, Insurance Division

SIGNIFICANT DEPARTMENTAL COMMITTEES

AUDIT COMMITTEE

MEMBERS AS AT 30 JUNE 2002

Hon Joe Riordan AO, Chairperson WorkCover NSW Board of Directors
 Kate McKenzie, General Manager and Director of the Board
 Greg Keating, Part-time Director of the Board
 Greg McCarthy, Part-time Director of the Board
 Dr Edward Price, Part-time Director of the Board
 John Robertson, Part-time Director of the Board
 Donna Staunton, Part-time Director of the Board
 Doug Wright, Part-time Director of the Board



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 32

SIGNIFICANT COMMITTEES ESTABLISHED IN 2001/02

PERFORMANCE AND BUDGET EXECUTIVE MANAGEMENT COMMITTEE

- oversee corporate performance and financial management
- develop and monitor the WorkCover budget
- develop and oversee the internal audit and risk management program.

INFORMATION MANAGEMENT AND TECHNOLOGY BOARD

- promote opportunities for the better use of information
- guide the selection, development and implementation of information management and technology projects consistent with corporate priorities
- ensure cost-effective use of information systems in support of WorkCover activities.

THE HUMAN RESOURCE AND ADMINISTRATION EXECUTIVE MANAGEMENT COMMITTEE

- provide a forum for consideration and approval of major human resource planning, policy development and management strategies
- oversee and monitor WorkCover's occupational health and safety, injury management and workers compensation program and performance
- oversee the organisational and business process improvement program
- oversee the Gosford relocation.

THE STRATEGY AND POLICY EXECUTIVE MANAGEMENT COMMITTEE

- oversee WorkCover's overall strategic, policy and research agendas and be the forum for management of major whole of organisation policy issues
- oversee the communication strategy and implementation of the communication plan
- approve and monitor corporate priority projects
- facilitate the strategy and policy system, corporate planning and budgeting, and the performance review and reporting cycle.

WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 33

SIGNIFICANT COMMITTEES ABOLISHED

In February 2002 the Board of Directors took a decision to abolish the Grants Committee. The WorkCover NSW Board now determines annual priorities for the Grants Scheme.

APPENDIX 34

EVENTS THAT HAVE A SIGNIFICANT EFFECT ON THE SUCCEEDING YEAR AFTER THE BALANCE DATE

There were no events that would have a significant effect on the WorkCover Authority or the WorkCover Scheme in the year succeeding the balance date.

APPENDIX 35

FUNDS GRANTED TO NON-GOVERNMENT COMMUNITY ORGANISATIONS

ORGANISATION	GRANT \$
Australasian Meat Industry Employee's Union NSW Branch	100,000
Australian Retailers Association	104,110
Maritime Union of Australia	100,000
NSW Fishing Industry Training Council Ltd (NSWFITC)	
– <i>Safety management plan for NSW commercial fishermen</i>	64,380
Real Estate Employers Federation of NSW	32,671
Textile Clothing and Footware Union of NSW	131,000
The Accommodation Association	104,980
The Australian Workers Union	100,000
The Funeral Directors Association of NSW	100,000
Total	\$837,141



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 36

CONTRACTING AND MARKET TESTING

WorkCover contracts out a number of business services. These functions cover a wide variety of industry types, including: Actuarial Services; Auditing Services; Office Support Services; Cleaning Services; Security Services; and Specialist Information Technology Services.

When undertaking contracting and market testing activity, WorkCover complies with the requirements of the *Public Sector Management Act* and the *Public Sector (Goods and Services) Regulation*. The level and complexity of market testing carried out is determined by the estimated amount to be spent. In instances where the amount exceeds the approved threshold for seeking public tenders, WorkCover utilises the services of the NSW Department of Public Works and Services through NSW Supply to obtain competitive tenders from the market place.

Where WorkCover has delegation to act independently (eg engagement of consultants) the process adopted complies with the *Guidelines for the engagement and use of consultants* issued by the Premier's Department and is consistent with NSW Government procurement policies and procedures.

APPENDIX 37

RESEARCH AND DEVELOPMENT

REVIEW OF THE WORKERS COMPENSATION SCHEME

WorkCover is facilitating an independent review of the NSW Workers Compensation Scheme to identify optimum underwriting and insurance arrangements and develop strategies to achieve better outcomes. A final report will be presented to the Minister by 30 June 2003.

INJURY MANAGEMENT PILOTS

Four injury management pilots were conducted in NSW in 2001/02 to identify and achieve best practice in claims and injury management by measuring improvements in workers' health, return-to-work outcomes and service utilisation and costs, as well as establishing benchmarks for injury and claims management for the future.

MEDICAL MANAGEMENT PROGRAM

A trial of a medical management program was conducted in Western Sydney and the Riverina to ensure medical practitioners have the best and most up-to-date information on managing work injuries and can integrate the medical management of injury into return-to-work activity.

SEAFOOD INDUSTRY

A WorkCover Industry Retail Group undertook a seafood industry data collection project on fish processors who are at high risk of manual handling injuries and include a high concentration of people from culturally diverse backgrounds. The project included assessment of the literacy and language requirements of these workers.

WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 38

ELECTRONIC SERVICE DELIVERY

The NSW Government has made a commitment to make all appropriate government services available online.

WorkCover's major achievements in electronic service delivery are:

- making legislative changes available on the website
- providing up-to-date information on occupational health and safety, injury management and workers compensation reforms and changes on the website
- introducing a web-based system to answer enquiries on the number of workers compensation claims in various categories
- initiating a project to rationalise disparate licensing systems and bring online licensing and accreditation
- bringing online the registration of matters for the Workers Compensation Commission
- providing staff with an online automated service centre on the Intranet, giving them ready access to key information, replacing manual forms and providing a knowledge base to support best practice.



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 39

LICENSED INSURERS, SELF-INSURERS

LICENSED INSURERS AS AT 30 JUNE 2002

Allianz Australia Workers' Compensation (NSW) Limited

CGU Workers Compensation (NSW) Limited

Employers Mutual Indemnity (Workers Compensation) Limited

GIO Workers Compensation (NSW) Limited

NRMA Workers' Compensation (NSW) Pty Ltd

NRMA Workers Compensation (NSW) (No 2) Pty Limited

QBE Workers Compensation (NSW) Limited

Royal & Sun Alliance Workers Compensation (NSW) Limited

Zurich Australian Workers Compensation Limited

SELF-INSURERS AS AT 30 JUNE 2002

Bankstown City Council

BOC Gases Australia Limited

Bonds Industries Pty Limited

Campbelltown City Council

Collex Pty Limited

Council of the City of Blacktown

Commonwealth Steel Company Limited

Council of the City of Lake Macquarie

Council of the City of Newcastle

Council of the City of South Sydney

Council of the City of Sydney

Council of the City of Wollongong

Delta Electricity

Effem Foods Pty Ltd

Electrolux Home Products Pty Ltd

EnergyAustralia

Eraring Energy

Fairfield City Council

Fletcher International Exports Pty Limited

Forestry Commission of New South Wales

A Goninan & Co Limited

Gosford City Council

GrainCorp Operations Limited

Hawkesbury City Council

Inghams Enterprises Pty Limited

Integral Energy Australia

Johnson & Johnson Pty Limited

Liverpool City Council

Mobil Oil Australia Pty Limited

National Australia Bank

National Rail Consortium (SSL) Pty Ltd

Pasminco Cockle Creek Smelter Pty Limited

Prestige Property Services Pty Limited

Qantas Airways Limited

Rail Infrastructure Corporation

Rocla Limited

Shoalhaven City Council

Star City Pty Limited

State Rail Authority of New South Wales

WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 39 (CONTINUED)

State Transit Authority of New South Wales

Sutherland Shire Council

3M Australia Pty Limited

Toll Pty Limited

Transfield Services (Australia) Pty Limited

TransGrid

Unilever Australia Limited

The University of New South Wales

University of Wollongong

Warringah Council

Westpac Banking Corporation

Wyong Shire Council

GROUP SELF-INSURERS AS AT 30 JUNE 2002

Australia and New Zealand Banking Group Limited

Brambles Industries Limited

BHP Billiton Limited

Coles Myer Limited

Commonwealth Bank of Australia

CSR Limited

Goodman Fielder Limited

Mayne Group Limited

McDonald's Australia Limited

NSW Treasury Managed Fund

OneSteel Limited

Sydney Water Corporation

Transfield Holdings Pty Limited

Woolworths Limited

SPECIALISED INSURERS AS AT 30 JUNE 2002

Catholic Church Insurances Limited

Guild Insurance Limited

Joint Coal Board

New South Wales Thoroughbred Racing Board

North Insurances Pty Ltd

StateCover Mutual Limited



WORKCOVER NSW APPENDICES 2001/2002

APPENDIX 39 (CONTINUED)

SPECIALISED DOMESTIC WORKERS COMPENSATION INSURERS AS AT 30 JUNE 2002

Allianz Australia Insurance Limited
Australian Unity General Insurance Limited
CGU Insurance Limited
Chubb Insurance Company of Australia Limited
Commonwealth Insurance Limited
EIG-Ansvar Limited
Elders Insurance Limited
GIO General Limited
Lumley General Insurance Limited
Mercantile Mutual Insurance (Australia) Limited
NRMA Insurance Limited
NZI Insurance Australia Limited
QBE Insurance (Australia) Limited
Royal & Sun Alliance Insurance Australia Limited
Westpac General Insurance Limited
Zurich Australian Insurance Limited

WORKCOVER NSW

APPENDICES

2001/2002

APPENDIX 40

INDEX ON LEGISLATIVE COMPLIANCE

This index includes a list of the report's legislative compliance under the *Annual Reports (Departments) Act 1995*, and subsequent amendments.

	PAGE NUMBER
Account payment performance	142
Accounting policies	61
Assets (land disposal/acquisition)	147
Assets (other than land holdings)	149
Audit – Statement by Directors	48
Audit – Actuarial Certificates	51
Audit – Independent Audit Report	49
Audited financial statements	57
Cash flow statement	59
Charter and mission	2
Code of conduct	140
Committees (abolished, established, advisory, departmental, interdepartmental)	155
Consultants	152
Consumer response	141
Contracting and market testing	160
Cost per copy for production	168
Disability action plan	132
Electronic service delivery	161
Energy performance	150
Equity statistics (equal employment opportunity)	127
Ethnic affairs priority statement	130
Executive remuneration (SES Level 5 and above)	122
Financial performance statement	57
Financial position statement	58



WORKCOVER NSW APPENDICES

2001/2002

APPENDIX 40 (CONTINUED)

	PAGE NUMBER
Freedom of information	134
General Manager's Report	5
Grants to non-government organisations	159
Guarantee of service	140
Highlights – Year in review	8
Human resource statistics	126
Investment management performance	143
KPA – Reform	17
KPA – Compliance	24
KPA – Communication and influence	31
KPA – Performance	40
Legislation and legal change	112
Liability management performance	144
Major assets/land	147
Occupational health and safety	146
Organisation structure	13
Overseas visits	153
Price determination, method of	149
Privacy management	141
Publications	138
Research and development	160
Response to outgoing audits	133
Risk management	144
Senior Executive Service positions	122
Statements of performance	122
Value of recreation and long service leave	126
Waste reduction and purchasing policy	151
Works in progress	147

WORKCOVER NSW

APPENDICES

2001/2002

APPENDIX 41

DIRECTORY

WORKCOVER NSW OFFICES

HEAD OFFICE

Office Hours 8:30am-5:00pm
Monday to Friday
92-100 Donnison Street
GOSFORD 2250
Phone: (02) 4321 5000
Fax: (02) 4325 4145
Postal Address
WorkCover NSW
Locked Bag 2906
LISAROW 2252

WorkCover Assistance Service

Office Hours 8:30am-4:30pm
Monday to Friday
Ground Floor,
92-100 Donnison Street
GOSFORD 2250
Phone: 13 10 50

REGIONAL and LOCAL OFFICES

Office Hours: 8:30am-4:30pm
Monday to Friday

REGIONAL OFFICES

Newcastle

956 Hunter Street
NEWCASTLE WEST 2302
Phone: (02) 4921 2900
Fax: (02) 4921 2929

Parramatta

Level 8, 128 Marsden Street
PARRAMATTA 2150
Phone: (02) 9841 8550
Fax: (02) 9841 8490

Wollongong

106 Market Street
WOLLONGONG 2500
Phone: (02) 4222 7333
Fax: (02) 4226 9087

LOCAL OFFICES

Albury

463 Kiewa Street
ALBURY 2640
Phone: (02) 6021 5911
Fax: (02) 6041 2580

Batemans Bay

Shop 6, Fenning Place
12 Orient Street
BATEMANS BAY 2536
Phone: (02) 4472 5544
Fax: (02) 4472 5060

Blacktown

125 Main Street
BLACKTOWN 2148
Phone: (02) 9671 8701
Fax: (02) 9831 8246

Dubbo

Suite 3, 157 Brisbane Street
DUBBO 2830
Phone: (02) 6884 2799
Fax: (02) 6884 2808

Goulburn

21-23 Clifford Street
GOULBURN 2580
Phone: (02) 4822 1243
Fax: (02) 4822 1242

Grafton

NSW Government Offices
49-51 Victoria Street
GRAFTON 2460
Phone: (02) 6641 5111
Fax: (02) 6641 5100

Griffith

NSW Government Offices
104-110 Banna Avenue
GRIFFITH 2680
Phone: (02) 6964 2027
Fax: (02) 6964 1738

Hurstville

Level 4, 4-8 Woodville Street
HURSTVILLE 2220
Phone: (02) 9598 3366
Fax: (02) 9585 0261

Lindfield

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LINDFIELD 2070
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Fax: (02) 9936 3030

Lismore

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Manchester Unity Building
29 Molesworth Street
LISMORE 2480
Phone: (02) 6622 0088
Fax: (02) 6622 0090

Liverpool

Suite 4, Ground Floor
157-161 George Street
LIVERPOOL 2170
Phone: (02) 9827 8600
Fax: (02) 9827 8690

Narrabri

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Fax: (02) 6792 3532

Newcastle

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ORANGE 2800
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Fax: (02) 6362 8820

Parramatta

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PARRAMATTA 2150
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Fax: (02) 9841 8490

Port Macquarie

Shops 1 & 2
Raine & Horne House
145 Horton Street
PORT MACQUARIE 2444
Phone: (02) 6584 1188
Fax: (02) 6584 1788

Shellharbour

134-134A Lamerton House
Shellharbour Square
BLACKBUTT 2529
Phone: (02) 4297 3796
Fax: (02) 4296 8914

Tamworth

Shop 20, 341 Peel Street
TAMWORTH 2340
Phone: (02) 6766 2490
Fax: (02) 6766 4972

Lake Macquarie

Shop 2, 33 The Boulevard
TORONTO 2283
Phone: (02) 4959 6366
Fax: (02) 4950 5587

Tweed Heads

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TWEED HEADS 2485
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Fax: (07) 5536 4389

Wagga Wagga

Level 2, 76 Morgan Street
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Phone: (02) 6937 3600
Fax: (02) 6937 3616

Wollongong

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WOLLONGONG 2500
Phone: (02) 4222 7333
Fax: (02) 4226 9087



WORKCOVER NSW PRODUCTION NOTES ANNUAL REPORT 2001/2002

PRODUCTION TEAM

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New photography by Michael Saggus (Board of Directors and General Manager, pages 5 and 10)

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PRODUCTION COST PER UNIT

1,000 copies of the Annual Report were produced at an average unit cost of \$62. This figure is calculated by dividing the total direct external production costs by the number of Annual Reports printed.

The relatively high figure of the unit cost is caused primarily by the significant size and complexity of the document compared to the extremely short print run required.

The Annual Report is also available as a printable PDF on the WorkCover NSW website www.workcover.nsw.gov.au



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