

ANNUAL REPORT

IMPROVING HEALTH AND SAFETY IN THE WORKPLACE

2000/2001



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

Our role

WorkCover NSW administers and enforces compliance with Occupational Health and Safety (OHS), injury management and workers compensation legislation and manages the workers compensation system. WorkCover:

- 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 and
- ensures the appropriate coordination of arrangements for the administration of the schemes to which the workers compensation legislation or the occupational health and safety legislation relates.

Vision

Safe Secure Workplaces

The WorkCover Authority is committed to:

- NSW workplaces being among the safest of the world's modern economies. This will reduce the significant social economic cost of occupational injury and disease for the individual, for industry and for 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.

Mission

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

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 1983, the Construction Safety Act 1912, the Factories, Shops and Industries Act 1962, the Dangerous Goods Act 1975, the Workers Compensation (Bush Fire, Emergency & Rescue Services) Act 1987 and the Regulations and Codes of Practice under those Acts.

Our Structure

WorkCover is structured into four divisions:

- General Manager's Group
- Occupational Health and Safety
- Insurance
- Corporate Governance

WorkCover offices are located in the Sydney CBD, suburbs and in regional centres throughout NSW. See page 169 for details.

General Manager's Group

The General Manager's Group has three branches. The Office of the General Manager provides executive support to the Board and General Manager, coordinates advice to the Minister and provides secretariat services to WorkCover's consultative bodies. The Information Management Branch is responsible for WorkCover's technical infrastructure, data support and records management. The Finance Branch is responsible for the overall management of WorkCover's finances, including financial accounting and reporting; budget formulation and control; investment accounting and taxation compliance.

Occupational Health and Safety Division

The OHS Division promotes safer and healthier workplaces for employees and provides 'one stop shop' information and assistance on occupational health and safety, workers compensation and injury prevention and management to employers, workers and the public through the network of WorkCover offices located throughout NSW.

It enforces the OHS and workers compensation legislation through: inspections; investigations of incidents and complaints and; where necessary, the application of penalties and prosecutions; the licensing and certification of certain activities and hazardous equipment; and implementing targeted prevention and education programs.

Insurance Division

The overall purpose of the Division is to lead the continuous improvement of the workers compensation and injury management systems in NSW.

The Division seeks to efficiently and effectively ensure these systems:

- assist in securing the health, safety and welfare of workers and, in particular, prevent work related injuries
- provide:
 - prompt treatment of injuries
 - effective and proactive management of injuries
 - necessary medical and vocational rehabilitation following injuries in order to assist injured workers to promote their return to work as soon as possible
- provide injured workers and their dependants with income support during incapacity, payment for ■ permanent impairment or death, and payment for reasonable treatment and other related expenses
- receive contributions from employers commensurate with the risks faced, taking into account their strategies and performance in injury prevention, injury management and return to work and
- are fair, affordable and financially viable.

Corporate Governance Division

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

It advises on the development, implementation and review of policy and legislation; corporate and business planning; communications and marketing, including media liaison; human resource management; corporate governance; and property, purchasing and fleet management.

general manager's report



This Annual Report details WorkCover's main achievements and challenges over the past year towards achieving our goal of having safer workplaces; prompt, efficient and effective injury management to help workers get back to work as

safely and as quickly as possible; and having fair and affordable workers compensation premiums.

Our priorities include:

- increasing the focus on managing risk and preventing injuries in NSW workplaces
- providing prompt and effective treatment and return to work of injured workers
- offering adequate income support for injured workers and their families, with fair compensation for permanent impairment

- having an efficient and fair dispute resolution system to prevent and resolve workers compensation disputes and
- increasing incentives in the premium system for improved performance by employers on occupational health and safety and injury management.

WorkCover is implementing extensive reform to occupational health and safety, injury management and workers compensation for people in NSW. We are undertaking a major overhaul of our regulatory regime so that we have a framework that meets the needs of the twenty first century. It is an ambitious program but significant progress on the reforms has been made during the past 12 months.

We have worked extensively with the community and in workplaces on practical programs to improve workplace safety. The work undertaken during 2000-01 on the new occupational health and safety legislative framework will ensure that it can be smoothly implemented in September 2001. The new Act and Regulation will mean that NSW has a much more modern approach to occupational health and safety.

2000-01 at a glance . . .

- Finalisation of the OHS Regulation, including the second public comment phase, to support the introduction of the *OHS Act 2000* planned for implementation in September 2001. This includes development of information and education materials to support the introduction of the OHS Act and Regulation
- Strengthening of our relationships with industry stakeholders through a revised role for our Industry Reference Groups
- Establishment of the new Workers Compensation and Workplace Occupational Health and Safety Council that provides advice to the Minister on a systemic approach to the prevention of workplace injury, injury management/return to work and compensation issues
- Consolidating the organisational reforms previously undertaken so that the volume and complexity of work needed for the reforms could be effectively undertaken by the organisation
- Effectively managing the impact of the collapse of HIH Insurance on its two NSW workers compensation

Last year's Annual Report outlined the Government's plan for delivering a more efficient, affordable and fairer workers compensation scheme, as announced by the Minister in June 2000. During the past year WorkCover has devoted many of its resources to meeting these objectives.

There are a number of key problems and issues that we are tackling to improve the NSW workers compensation system. Primarily, these problems relate to poor injury and claims management and an unacceptably high level of disputes. While there are fewer claims, injury and claims management is not as effective as it should be. Significant numbers of claimants are not returning to work and there are far too many disputed claims. This leads to the cost of claims increasing and contributes to a large and growing deficit for the WorkCover Scheme. The deficit will take a number of years to repair and it is fair to say that there is no overnight solution or one simple strategy that will provide all of the answers needed. For this reason WorkCover has taken a multi-faceted approach to dealing with the problems.

Considerable work has been done in the past 12 months to make sure that the necessary legislative

framework is in place to support the reforms and to find practical solutions to the identified problems such as our injury management pilots, new Premium Discount Scheme and industry classification system.

Our aim is to complete the overhaul of occupational health and safety and workers compensation legislative frameworks and then to continue to improve the efficiency of the operation of these systems.

The work undertaken by WorkCover and included in this Annual Report includes the practical work done on a daily basis in workplaces, with the NSW community and our key stakeholders to achieve our goals. It also includes the work we have done to improve our organisational performance so that we deliver on our goals. The reforms to occupational health and safety and workers compensation are providing a driving force for the changes we are making to our organisation and planning. This will allow us to move forward on the tasks ahead.

We are investing resources to assist our staff throughout the period of reforms and the relocation of WorkCover's head office to Gosford in late 2002.

insurers to ensure injured workers, employers and service providers had no disruption, with no detrimental effect on the WorkCover Scheme

- Signing the development agreement for WorkCover's new Head Office in Gosford and making significant progress on planning for a smooth relocation to Gosford, in late September 2002
- Undertaking targeted programs for rural communities, including the Rollover Protection Structures rebate scheme through "Farmsafe"
- Introducing a new insurer remuneration package with a key focus on improved performance with stronger penalties for poor performance
- Client Contact Centre handled 113,781 calls (12% more than the previous year), 5745 counter enquiries (a significant increase from the previous year) and some 3618 enquiries from the Internet. It was rated third in a benchmarking exercise of NSW Government agencies call centres
- New legislation and regulation to implement the changed focus in workers compensation

Change occurred in the senior management of WorkCover. Mr Philip Reed was recruited to head the Corporate Governance Division and to steer the major organisational changes needed so WorkCover's resources can be most effectively used. Mr Peter Hole was recruited to head up the Information Management Branch, a key strategic area in WorkCover with responsibility for oversight of WorkCover's critical technology capacity.

Next year will be challenging and exciting as WorkCover implements new health and safety legislation and other initiatives, such as a Claims Assistance Service, to bring about substantial improvements to workplace safety and injury and claims management. I am confident that the strength of WorkCover as an organisation will ensure that the current pace and breadth of reform and innovation needed to bring about world best practice in health and safety and workers compensation in NSW will continue.

I take this opportunity to thank the WorkCover Board and the Workers Compensation and Workplace Occupational Health and Safety Council of NSW, for the significant contributions they have made to these

initiatives throughout the last year. I look forward to working with them again in the next year.

Finally, the progress made in the 12 months would not have been possible without the hard work and commitment of WorkCover management and staff. I thank them for the effort they have made during this time of change to all facets of our work. I look forward to working with them on meeting our primary goals of having safer workplaces, improved injury management with support for injured workers and fair workers compensation premiums.



Kate McKenzie
General Manager

- Introduction of a Premium Discount Scheme
- Implementing a new industry classification system for workers compensation premium rates
- Undertaking injury management pilots to find best practice in injury and claims management
- Working with medical and health profession to improve injury treatment
- A strategic focus on workers compensation compliance, utilising new technologies to support the audit and compliance activities
- Recruitment of 42 additional inspectors and increasing WorkCover's capacity to implement and monitor compliance with OHS and workers compensation legislation
- New advertising agency appointed and new community education and advertising campaign mapped out
- IM & T Board established to ensure a strategic approach to IM & T priorities information.

board of directors and senior management

The Board of Directors of WorkCover NSW was constituted under the *Workplace Injury Management and Workers Compensation Act 1998*, which also defined the functions of the Board.

Under the Act:

- The Board of Directors are responsible for determining the administrative policies of WorkCover and ensuring that the activities were carried out properly and efficiently
- The General Manager controls and manages the affairs of WorkCover in accordance with the policies of the Board
- Both the Board of Directors and the General Manager are subject to Ministerial control and direction.

The Board of Directors consists of the General Manager of WorkCover and six part-time members, including a chairperson. They were appointed by the

Governor on the recommendations of the Minister for Industrial Relations for a three-year term of office commencing on 14 October 1998. The members of the Board as at 30 June 2001 were:

Members

Chairperson and part time director

Hon Joe Riordan AO, 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 Chairman 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 Chairman of the Electricity Commission of NSW.



*WorkCover NSW Board Members.
From left: Dr Edward Price,
Sandra Berghofer, Hon Joe Riordan,
Doug Wright, Kate McKenzie and
Greg Keating*

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 Chairman of the National Occupational Health and Safety Commission (Worksafe Australia).

Part time directors

Sandra Berghofer, Managing Director, Stanhope Management Services Pty Ltd, has been a Director of the Board of WorkCover since October 1998 and is a member of the Audit and Grants Sub-committees. Ms Berghofer has extensive executive management experience in both government and financial services sectors. She has strong expertise in the design, function and performance of Australian and international accident compensation systems, operations and regulatory compliance programs. She has represented both government and industry in a wide range of stakeholder, parliamentary and scheme reform programs.

Michael Costa, Secretary, Labor Council of NSW. Mr Costa has been a Director of the Board of WorkCover of NSW since 1992. He has a Bachelor of Arts (Economics/Philosophy) Degree, and was the Australian Eisenhower Fellow in 1995. Mr Costa is the Managing Director of Radio 2KY. He is also a Director of Sydney Water Corporation, Eraring Power, Totalcare Industries Limited and Chifley Financial Services.

Greg Keating, Partner, McClellands Solicitors. Mr Keating was admitted as a Solicitor in 1980. He has practised extensively in personal injury law, and is an

accredited specialist practitioner. He was Acting Judge of the District Court from 1996 to 1999. Mr Keating has a Diploma of Law.

Dr Edward Price, registered and practising medical practitioner, consulting in medico-legal and occupational medicine and 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. Dr Price was formerly 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.

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

General Manager and Director of the Board

Warwick McDonald, was Acting General Manager of WorkCover NSW from 30 March to 31 July 2000.

Kate McKenzie has held the position of General Manager of WorkCover NSW since 1 August 2000.

Board attendance during 2000/01

Name	Number of meetings attended	Date/s absent
Mr J Riordan	13	
Ms S Berghofer	12	27 November 2000
Mr M Costa	8	24 July 2000 26 March 2001 14 May 2001 28 May 2001 25 June 2001
Mr G Keating	13	
Dr E Price	13	
Mr D Wright	9	13 September 2000 30 April 2001 14 May 2001 28 May 2001
Mr W McDonald	1	
Ms K McKenzie	12	

Meetings of Committees of the Board of Directors 2000/2001

Audit Committee:

Membership: All Board members

Meetings held on: 24 July 2000
23 October 2000
3 November 2000
26 February 2001
28 May 2001

Grants Committee:

Membership: Sandra Berghofer
Michael Costa
Greg Keating
Kate McKenzie

Meetings held on: 14 September 2000
11 December 2000
26 March 2001

IT Sub-Committee:

Membership: Michael Costa
Sandra Berghofer
Kate McKenzie

Meetings held on: 14 September 2000

SENIOR MANAGEMENT

Kate McKenzie

General Manager

Peter Hole

Director, Information Management Branch

Peter Burrows

Director, Finance Branch

John Garbutt

Director, Office of the General Manager

Michele Patterson

Assistant General Manager,
Occupational Health and Safety Division

Bryan Russell

Director, Strategic Operations Group,
Occupational Health and Safety Division

John Watson

Director, Service Delivery Group,
Occupational Health and Safety Division

Jim Munro

Director, TestSafe Australia

Rod McInnes

Assistant General Manager,
Insurance Division

Siew Kiang

Director, Insurance Service Delivery Group,
Insurance Division

Robert Oliver

Director, Insurance Strategic Management Group,
Insurance Division

Philip Reed

Assistant General Manager,
Corporate Governance Division

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 & Safety Council of NSW

Workers Compensation (Dust Diseases) Board
 Chairperson- General Manager WorkCover

General Manager

Sporting Injuries Committee
 Chairperson – General Manager WorkCover

Office of the General Manager Group

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

Corporate Governance Division

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

Insurance Division

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

Occupational Health & Safety Division

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

Incidence of work-related injury and illness

The figures given here relate to the period 1999-00 since final results for 2000-01 are not yet available.

In 1999-00, new major claims declined 4.1% from the previous year to 53,224. (New major claims are claims for which the result of injury was death, permanent disability, or temporary disability where five days or more were paid for total incapacity). This decline represents the fifth consecutive year where the number of injuries has declined. The decline in the number of injuries has contributed to a lowering of the incidence of injury in the NSW workforce from 23.1 per 1000 workers in 1998-99 to 21.3 in 1999-00, a decline of 7.8%.

The number of claims for deafness is continuing to trend downwards, with the number of cases in 1999-00 reduced to 4382. Deafness claims have been declining since 1995-96, when the number of

deafness cases reached a peak of 10,684. The reduction in the number of cases from this period to 1999-00 represents an overall decline of 59%. The factors that have probably had the highest impact on lowering this trend since 1995-96, especially at the initial stage, were the amendments made to the Workers Compensation Act, which restricted deafness claims to a minimum of 6% hearing loss for claims made after 10 November 1995.

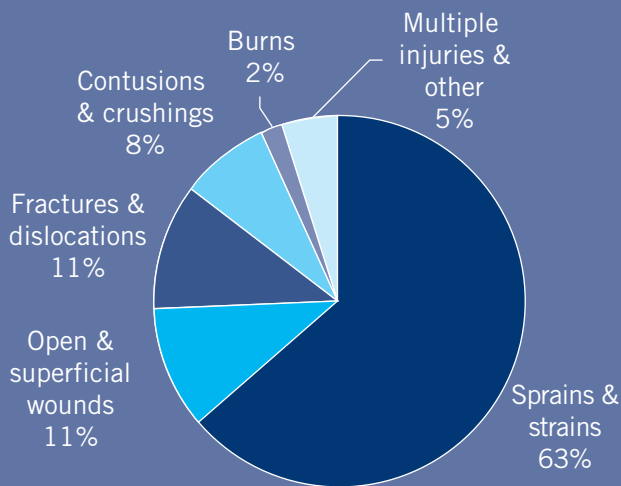
Mental disorders also saw a decline in the period of 1997-98 to 1999-00, from 1908 cases to 1577 cases, representing a decline of 17.3%.

There was a decline in the number of back injuries in the workplace in the 1997-98 to 1999-00 period, from 13,268 to 11,466, representing a decline of 13.6%. However, as a proportion of total injuries, the number of back injuries has remained static at around 30% since the 1997-98 period.

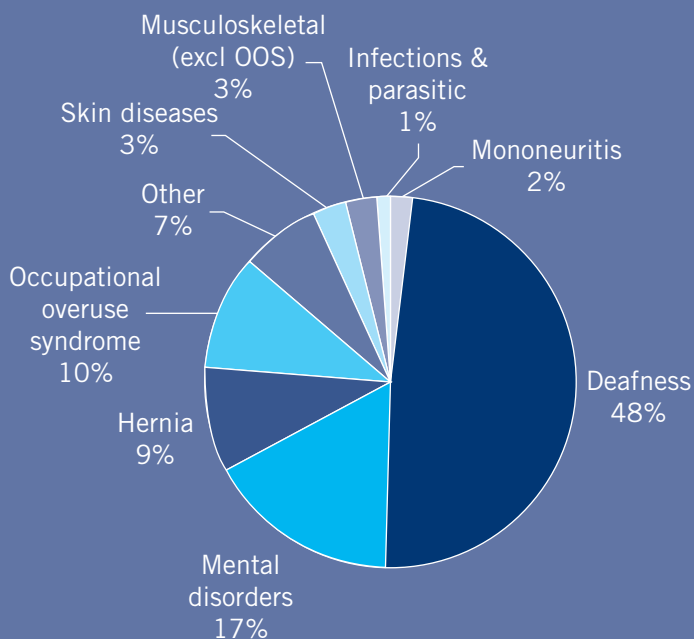
Industry incidence rate (employment injuries)

Industry	Year 1998-99	Year 1999-00
Mining	54.6	55.0
Construction	45.6	39.9
Agriculture, forestry and fishing	45.7	39.2
Transport and storage	35.6	35.0
Manufacturing	36.1	33.4
Government administration and defence	23.2	25.8
Electricity, gas and water supply	26.9	25.6
Health and community services	23.2	20.8
Personal and other services	25.0	20.7
Accommodation, cafes and restaurants	23.4	22.7
All industry divisions	23.1	21.3
Cultural and recreational services	22.3	16.5
Wholesale trade	16.4	18.1
Communication services	24.4	14.6
Retail trade	15.6	14.1
Property and business services	13.9	11.1
Education	9.3	10.3
Finance and insurance	7.5	5.9

Injury types (workplace injuries), 1999-00



Occupational diseases, 1999-00



Workers compensation claims payments

Total payments for 1999-00 amounted to \$2.7 billion, an 8% increase (\$200 million) on the previous year. When adjusted for average weekly earnings, the increase was around 4%. The payments that contributed to this rise were commutations (redemptions) and legal payments which increased by 33% and 14% respectively in 1999-00.

The compensation payments include weekly benefits, lump sum payments and medical expenses. Non-compensation payments comprise largely legal payments and investigation expenses.

The proportion of compensation payments was 71%, and non-compensation was 29% of total payments. Workplace injuries accounted for 80% of total payments while occupational diseases accounted for 12.5%. The remaining 7.5% was due to non-workplace injuries.

The largest components of both workplace injury payments and occupational disease payments were commutations (redemptions) (24% and 21% respectively), then total incapacity (16% and 15%). The third highest cost for workplace injuries was damages and common law (13%), while the third highest cost for occupational diseases was legal payments (15%).

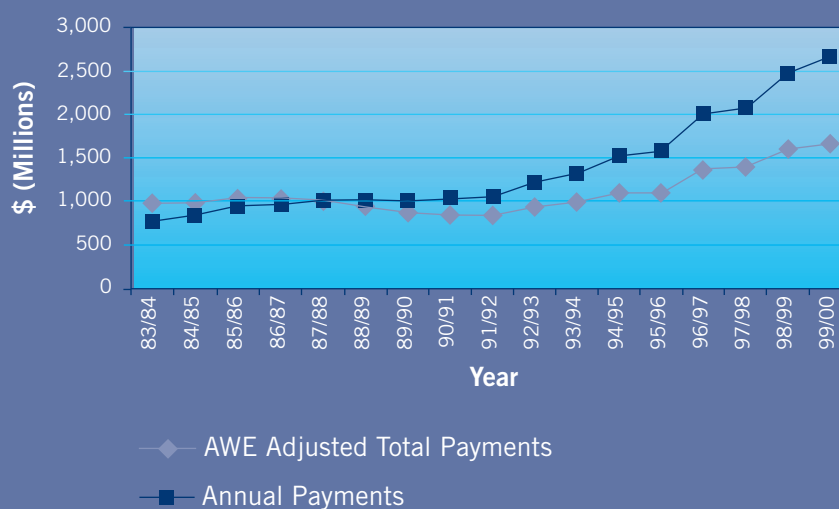
Overall, the long-term trends show a gradual rise since 1983-84, with a steep rise occurring around the late 1990s.

Breakdown of payments, 1999-00

Type of payment	%
Medical treatment	8.2
Hospital treatment	2.3
Rehabilitation treatment	2.2
Physiotherapy, chiropractic treatment, and damaged artificial limbs and clothing	2.5
Death payments	0.8
Permanent injury	5.4
Pain and suffering	2.1
Commutations (Redemptions)	22.9
Partial incapacity (s38 and s40) (Weekly benefit)	3.0
Total incapacity (Weekly benefit)	16.0
Damages and common law	12.3
Investigation expenses, and transport and maintenance	5.3
Legal payments*	11.8
Other	5.2
Total	100

**Legal payments include disbursements but do not include plaintiff related legal costs at common law which are included under common law payments.*

Total payments, 1983-84 – 1999-00



Time between date claim entered in insurer's system and claim closed date, for 1999-00 claims

	No. of claims	% of total
0 - 4 weeks	5,063	3.1
Over 4 weeks - 3 months	40,126	24.7
Over 3 months - 6 month	42,657	26.3
Over 6 months - 12 months	37,639	23.2
Over 12 months	36,782	22.7
	162,267	100.0

Return-to-work rate in 1999-00 for workers who have been off work for at least four weeks

	No. of claimants	%
Have returned to work	20,852	57.5
Have not yet returned to work	15,402	42.5
	36,254	100.0

Incidence of claims for fractures and contusions and crushings

Injury Type	No. of Claims	Incidence Rate*
Workplace injuries	39,531	15.8
Non-workplace injuries	4,524	1.8
Occupational diseases	9,169	3.7
Employment injuries	53,224	21.3
Permanent injuries	15,241	6.1
Temporary injuries	37,802	15.1
Fatalities	181	7.2
Fractures	5,309	2.1
Contusions and crushings	3,763	1.5
Mental disorders (occupational stress)	1,577	0.6
Deafness	4,382	1.8
* per 100,000 workers		

reforming NSW workers compensation

The NSW Compensation Scheme is designed to provide immediate assistance to injured workers without having to prove that someone is at fault. However, even though the number of workers compensation claims are decreasing, injured workers are staying off work longer, claims management is quite poor and NSW has a much higher incidence of disputes than other states. All this leads to the cost of claims continuing to rise.

In 1998 the Government introduced major reforms to address the deteriorating financial position of the WorkCover Scheme. The main cost saving reform in the 1998 Act was the introduction of new injury management and dispute resolution arrangements. There were also changes to the weekly benefit provisions and removal of restrictions on commutations. Premium rates were maintained at the average rate of 2.8% (not including GST and related costs).

There have been positive results from the 1998 reforms. The numbers of new claims are trending down and the deteriorating trend in return-to-work rates has halted.

While the 1998 reforms have delivered Scheme savings, the level of these savings has not been sufficient to bring costs below the current average premium rate and thus impact on the accumulated deficit.

In June 2000 the Minister, the Hon John Della Bosca MLC, announced a package of major reforms to the NSW Workers Compensation Scheme to ensure it is fair and affordable for the State's workers and employers. The package includes:

1. Identification of further measures to increase the focus on injury management and early return to work
2. Review of dispute resolution processes and structures, and improved dispute prevention measures
3. Development and implementation of medical treatment protocols
4. Development of market incentives to reduce workplace injuries and encourage insurer and employer participation in injury management and early return-to-work programs
5. Development of strategies to meet Scheme participants' needs for accurate and timely information enabling them to fulfil their obligations.
6. Additional measures to control professional fees and ensure the Scheme and its participants get good value for money
7. Development of mechanisms to gradually remove existing cross-subsidies within the premium rates
8. Development of strategies to retire Scheme deficit
9. Assessment of the use of industry-based schemes and self-insurance to achieve better outcomes
10. Development of strategies to target compliance

In addition, he signalled the need to have new corporate governance arrangements for the NSW Workers Compensation Scheme.

In line with the Minister's announcement, the past year has seen the following changes to the WorkCover Scheme:

Legislation

In December 2000, an Act passed by the NSW Parliament amended compliance and fraud provisions. It also addressed dispute resolution with the aim of reducing the number of disputed workers compensation claims by, for example, requiring information about a claim be exchanged before conciliation begins rather than later, at a court hearing.

In June 2001, another Bill was passed by the NSW Upper House that included significant changes to dispute resolution and compliance measures. The Bill was expected to be passed by the NSW Lower House in early July 2001 and enacted with effect from 1 January 2002.

Injury Management Pilots

This initiative is aimed at identifying and achieving best practice in claims and injury management. Four injury management pilots began in January 2001, covering industry (private hospitals and nursing homes – Warrakanji Care Integration), regional (Central West NSW – Central West Injury Management Service); and two licensed insurers (QBE and EML). Steering committees were formed which consisted of stakeholder representatives for all groups, and pilot initiatives advised via employer information sessions.

Medical Management Pilots

WorkCover has begun a program aimed at working closely with medical practitioners to ensure they have the best and most up-to-date information on managing work injuries, and can integrate the medical management of injury with return-to-work activity.

In January 2001, WorkCover called for and appointed consultants to undertake two projects - general practitioner education and marketing/incentives. The third project, in which WorkCover is working with peak worker, employer and insurer bodies, involves development of education strategies and resources for consumers, employers and insurers to ensure alignment of the expectations of everyone involved in the management of an injured worker with acute low back pain. All three projects should be completed by 31 August 2001.

The practical assistance given to general practitioners that will flow from this program will mean better outcomes for injured workers, with more returning to their original employment.

Dispute Prevention and Resolution

There are more workers compensation disputes in NSW than in any other State. In December 2000, an Act was passed by the NSW Parliament to facilitate early settlement by enhancing information exchange processes. Other changes improved the handling of claims so that disputes are resolved more quickly.

Following consultation with unions, employer groups and other key stakeholders, a Bill was introduced to NSW Parliament in June 2001 to overhaul dispute prevention and resolution processes so that benefits to workers are delivered and disputes resolved without unnecessary delays and costs. The Bill was expected to be passed by the Parliament in early July 2001, resulting in the following fundamental changes from 1 January 2002:

- A new system of streamlined claims processing and management to result in payments and treatment commencing within seven days in most cases

- Establishment by WorkCover of a Claims Assistance Service to help workers and employers understand their rights and responsibilities and help resolve and conciliate disputes at the workplace (WorkCover will also fund the provision of these services through unions and industry groups)
- Objective and consistent guidelines for assessing claims for permanent impairments
- Establishment of a Workers Compensation Commission – a new, integrated dispute resolution service to hear and resolve all disputes in a timely, fair manner

The Government's Commission of Inquiry into Workers Compensation Common Law Matters (The Sheahan Inquiry), expected to report in August 2001, may provide the basis for further change.

Premium Discount Scheme

On 30 June 2001 WorkCover introduced a Premium Discount Scheme (PDS) to encourage employers to improve occupational health and safety (OHS) and injury management (IM). The PDS offers discounts on workers compensation premiums (for a maximum of three years) for employers who meet WorkCover's OHS and IM benchmarks. In the first year an employer may receive a discount of up to 15% (to a maximum of \$75,000), in the second a discount of up to 10% (maximum \$50,000) and in the third year a discount of up to 5% (maximum \$25,000). WorkCover-approved Premium Discount Advisers (PDAs) will audit employers' OHS and IM systems to verify they are entitled to a discount.

WorkCover's actuaries estimate that, in its first year, the PDS will result in net savings of \$6 million to the

Workers Compensation Scheme and in seven years a cumulative net saving of \$352 million.

By 30 June 2001, WorkCover had approved 81 Premium Discount Advisers (PDAs). More than 50% were approved to offer discounts of 15% with the rest offering discounts of 10% and 5%. In addition, over half of those advisers are based outside the Sydney metropolitan area, good news for employers in rural NSW. Compliance policies for the PDS were developed and will be undertaken by WorkCover's Inspectorate staff.

Consultation with employers, unions, insurers and occupational health and safety and injury management specialists led to the conclusion that the PDS was not suited to all small businesses. A small business strategy was developed for small employers maximum 20 full-time (or equivalent) employees, where sponsor organisations replace PDAs to verify whether employers have met benchmarks and are entitled to receive a discount (a maximum of 10% in the first two years and 5% in the third year). Early in June, advertisements were placed in newspapers for sponsor organisations.

Insurer Remuneration

PricewaterhouseCoopers were competitively selected to conduct a fundamental review of the insurer remuneration package. They found that insurers are generally under-performing and their profitability is low and, to improve their performance, they need to invest significantly in staff resources and IT/infrastructure systems. However, insurers will not invest unless they believe they will get a return on their investment. On the other hand, WorkCover will not increase remuneration if there is no improvement in performance.

PricewaterhouseCoopers recommended a closer link between base fees and service standards, a substantial increase in the performance-based incentive fees available, and the use of insurer service standards as a basis for limiting the availability of base fees and performance fees for insurers.

A new insurer remuneration package incorporating these findings and recommendations was established. Its key focus is to provide insurers with stronger incentives for improved performance, as well as stronger penalties for continued poor performance.

Timely Information

WorkCover has reviewed its communication strategies to ensure that scheme participants receive accurate and timely information to enable them to meet their needs and fulfil their obligations. Several advertising campaigns were conducted highlighting employer obligations on workers compensation insurance. Reader-friendly information on the changes being made was also provided, including WorkCover website updates. In addition, WorkCover released a web-based statistical database that enables users to research workers compensation claims by industry, sex, nature and mechanism of industry etc.

Control of Professional Fees

Regulations aimed at preventing touting for workers compensation claims that were introduced in May 2001 restrict legal advertising to the lawyer's name, contact details and area of speciality.

A new Physiotherapist Fee Schedule that took effect on 1 June 2001 establishes a physiotherapy fee schedule and review after 10 visits. This new schedule resulted from a pilot Physiotherapy Review Process that began on 1 January with the aim of

improved monitoring and quality of physiotherapy services.

Premium Reform

One key reform is the gradual removal of cross-subsidies in the WorkCover Scheme premium rating system to ensure the premium rates for specific industrial and business sectors more closely reflect the cost of workers compensation claims from those sectors.

In January and February 2001, WorkCover consulted extensively with employers, unions and insurers regarding the introduction of the Australian and New Zealand Standard Industrial Classification (ANZSIC) system. Stakeholders generally supported the adoption of an ANZSIC-based system.

The new system, known as the WorkCover Industry Classification (WIC) system was introduced for the premium year commencing 30 June 2001. It resulted in small premium rate increases for half the employers and decreases for the other half, reflecting the pattern of cross-subsidisation under previous systems. The average premium rate of 2.8% (not including GST) or 3.15% (including GST and related costs) has been maintained.

The adoption of the new ANZSIC-based system provides a more realistic and appropriate system of industry classification, fairer premiums and clear incentives and rewards for improved occupational health and safety and injury management.

Reduction of WorkCover Scheme Deficit

In November 2000, WorkCover called for Expressions of Interest for proposals to reduce the Scheme deficit and achieve a long-term solution without impacting on employers or reducing the level of service to

injured workers. A number of proposals were received and assessed by an expert panel, and a report was submitted to the Minister for consideration.

Industry-based Schemes and Self-insurance

Specialised insurers have restricted licences that allow them to underwrite specific classes of business, for example, coal mining. This category of licence was closed to new applicants under the legislation for many years. New legislation was enacted to allow industry schemes to operate if they satisfy WorkCover's licensing requirements.

This has the potential to provide greater incentives to employers to improve injury management and occupational health and safety. This will also ensure, in relevant cases, that the claim costs of that industry are borne directly by that industry.

The WorkCover Board approved a new specialised insurer licensing policy for these schemes in April 2001. Following approval of the new policy, WorkCover granted StateCover Mutual Limited (a scheme for local government councils) a specialised licence to begin operations on 30 June 2001.

Compliance

Both premium evasion and false claims in the WorkCover Scheme add to the cost of workers compensation premiums. In 2000-01, the Government introduced a number of significant amendments to enhance compliance within the workers compensation system. WorkCover's approach is even-handed, and its targeting is aimed at reducing the level of employer non-insurance and under-insurance, at the same time as decreasing fraud by claimants and service providers.

WorkCover is using a strategic approach by focusing on those activities that can achieve the best outcomes for improving compliance. In the past 12 months, significant steps were made towards the strategic use of data to achieve compliance improvement. Targeted information and education campaigns aimed at enhancing employers' awareness of their obligations and increasing the level of voluntary compliance are being conducted. Inspection activity of employers has been significantly increased.

Using a sophisticated data-matching approach, WorkCover has developed computer-based models for identifying claimants who, for example, may be illegitimately receiving benefits from several employers. Specialist fraud investigators are currently investigating suspect claimants who were identified through data matching.

New Workers Compensation and Workplace Occupational Health and Safety Council

On 1 January 2001, the Occupational Health and Safety Council and the Workers Compensation Advisory Council merged 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.

2000 - 2001 highlights

systems

objective

Facilitate the effective and efficient operation of occupational health and safety and workplace injury management and workers compensation to enable stakeholders to achieve safe workplaces, effective return to work and security for injured workers.

strategies

- Work with service providers and stakeholders in the system to ensure that clients obtain high quality and timely services
- Provide information, analysis of system performance, efficient administration and high quality policy advice to the Advisory Council and Industry Reference Groups to enable them to effectively maintain an OHS management system and a workers compensation system that are equitable, reliable and transparent
- Undertake statutory functions efficiently and effectively to agreed client service standards
- Monitor and regulate system operations and outcomes.

highlights

- Development of a new regulation to support implementation of the new *OHS Act 2000*. This included preparation of a Regulatory Impact Statement (RIS) and a public comment period on the Regulation, RIS and draft OHS Consultation Code of Practice. The 137 submissions received following the public comment period were taken into account in finalising the Regulation
- Overhaul of workers compensation legislation. Legislation was passed in 2000 to enhance compliance with workers compensation legislation and improve dispute resolution mechanisms. A further Bill passed the NSW Upper House in late June 2001 that will overhaul injury and claims management and further improve dispute resolution. The Bill is expected to be passed by Parliament in July 2001. In addition, a judicial inquiry into common-law claim processes in NSW was established
- WorkCover's effective management of the impact of the collapse of HIH Insurance on its two NSW workers compensation insurers so there was no detrimental effect on the operations of the WorkCover Scheme
- Review of Insurer Remuneration Program and development of stronger incentives to improve insurer performance and stronger penalties for poor performance
- New industry classification system (WorkCover Industry Classification System) that results in premiums more closely reflecting the claims cost of each industry, giving increased incentives and rewards for employers to improve other health and safety and injury management practices
- Four Injury Management Pilots to identify best practice in injury and claims management that can be used in workers compensation
- Medical Education Projects to improve the management of injured workers with acute low back pain (one of the most common injuries in workers compensation) and identifying the best means of having general practitioners take up the use of clinical guidelines.

future directions

- Implementation of the new *OHS Act 2000* and OHS Regulation 2001 in September 2001
- Implementation in January 2002 of improvements to injury and claims management and dispute resolution arising from workers compensation legislation expected to be passed by the NSW Parliament in July 2001
- Implementation of new Insurer remuneration package
- Thorough, independent evaluation of injury management pilots studies to be completed by the Monash University School of Business and Econometrics
- Changes to injury and claims management
- Development of an education program to ensure physiotherapists focus on delivering services that assist injured workers to return to or stay at work.

2000 - 2001 highlights

workplaces

objective	strategies
<p>Influence employers, employees and the community in achieving healthy, safe and secure workplaces</p>	<ul style="list-style-type: none">■ Develop and deliver workplace services through the effective and efficient integration of the resources of the organisation■ Undertake effective targeting of OHS, workers compensation and injury management issues through utilisation of relevant data■ Ensure compliance with OHS and workers compensation legislation by monitoring and intervention in industries and workplaces■ Provide information to enable workplaces to develop and implement suitable OHS, injury management and claims management systems and procedures.

highlights

- Client Contact Centre being formed as a one-stop place for information, OHS licensing and assistance. The Client Contact Centre was rated third in a benchmarking survey of NSW Government agency call centres
- Development of practical guidance materials and training package to support the introduction of the new OHS Act and Regulation. Key documents included a Workplace Safety Kit; OHS Consultation Code of Practice; and OHS Consultation Training Package
- Strategic focus on workers compensation compliance that had five key elements: legislative reforms; computer-based risk management system; targeted investigations and audits; improving employer awareness of obligations; and identifying and prosecuting fraud
- WorkCover Olympic Command Centre that helped ensure safety throughout the intense operational period of the Sydney Olympics
- Development of a Premium Discount Scheme that provides financial incentives to employers to improve their OHS and injury management practices
- A multi-media advertising campaign that targeted employers of young workers urging them to look after their young workers by providing appropriate safety equipment, supervision and training.

future directions

- Implementation of the OHS Act and OHS Regulation to be accompanied by a comprehensive awareness campaign. An evaluation of industry awareness of the regulatory reforms will be undertaken following their introduction
- Further initiatives to improve targeting of investigations into employer compliance with their workers compensation obligations will be developed and implemented
- Monitoring and evaluation of Premium Discount Scheme and the introduction of the small business strategy.

2000 - 2001 highlights

clients

objective	strategies
<p>Build partnerships with clients and stakeholders to ensure that WorkCover's services deliver the required results and value for money.</p>	<ul style="list-style-type: none">■ Develop mechanisms to identify client needs and to obtain and incorporate client feedback in the delivery and refinement of WorkCover's workplace services■ Address high-risk industries through the establishment of industry specific initiatives■ Enhance client access to WorkCover's services to ensure the achievement of the NSW Government's social justice and rural and regional objectives.

highlights

- Industry Reference Group (IRG) initiatives that promoted practical solutions to address industry specific occupational health and safety and injury management issues and a highly successful IRG conference where members shared success stories
- Over 100 industry initiatives including those in the transport, hospitality and rural industries where WorkCover collaborated to develop industry specific OHS and injury management strategies
- Continuation of the WorkCover Paralympic Athlete Sponsorship Program that helps to bring home the message about work safety.

future directions

- WorkCover Assist Package to assist employer and employee groups manage the introduction of reforms to OHS and workers compensation
- Further industry teams initiatives and partnerships to address emerging issues in high risk industries
- Development of further options to address employer compliance with workers compensation. These options will be canvassed in a Green Paper made available for public comment
- Targeting industries with high premium rates regarding OHS and injury management strategies.
- Delivery of a statewide public seminar campaign to facilitate client understanding of OHS legislation.

2000 - 2001 highlights

coordination

objective	strategies
<p>Coordinate the administration of workers compensation and occupational health and safety in order to maximise outcomes.</p>	<ul style="list-style-type: none">■ Develop policies, administrative processes and consultative mechanisms within WorkCover to ensure that services delivered to workplaces integrate the spectrum of prevention, injury management and claims administration services provided by WorkCover■ Continue to work towards an integrated data and analysis system that provides timely and useful information■ Incorporate coordinated service delivery objectives into WorkCover's recruitment, induction, training and development programs.

highlights

- Establishment of Information Management & Technology Board that has a primary goal of having a strategic approach to information technology developments within WorkCover
- Rollout of new Standard Operating Environment to all WorkCover country offices that significantly improves productivity
- Creation of an Editorial and Publications Committee to ensure coordinated approach to the development of WorkCover's information products on occupational health and safety, injury management and workers compensation
- Adopting new Strategic Information Plan.

future directions

- Full implementation of the Workplace Services Management System (WSMS) that will enable an integrated and coordinated response to complaints and enquiries. WSMS will assist WorkCover's continuous improvement processes through accurate collection of data regarding complaints to WorkCover
- New advertising campaign regarding changes to occupational health and safety and injury management
- Implementation of the WorkCover Assist Package to assist employee and employer groups implement the reforms
- Development of new Corporate Plan completed and implemented.

2000 - 2001 highlights

objective

Develop an organisational culture that encourages staff and continually improves organisational processes in order to effectively deliver services.

strategies

- Implement continuous improvements in WorkCover's working environment through improvements in: leadership; policy and planning; information and analysis; people; client focus; processes, products and services; and performance
- Encourage the development of a working environment that reinforces WorkCover's corporate values
- Establish strategic business resource plans to guide management activity across WorkCover.

highlights

- 42 new inspectors recruited to enhance WorkCover's capacity to implement and monitor compliance with OHS and workers compensation legislation
- Agreement to begin construction on new Head Office building in Gosford signed, Project Coordinator appointed, recruitment initiatives implemented and planning for relocation commenced
- Appointment of a Social Justice Project Officer to implement social justice plans and initiatives
- Spokeswomen's Program revamped and strategic plan developed with many programs initiated to assist women staff members in WorkCover develop their skills and knowledge
- Establishment of the WorkCover Management Team to assist the Executive in managing forward planning and the day to day operation of WorkCover.

future directions

- An additional 20 inspectors to be recruited and trained
- Strategic planning to facilitate Head Office relocation to Gosford completed and implemented
- Development of strategies to improve the representation of Aboriginal and Torres Strait Islander staff throughout WorkCover
- Enhancement of the Spokeswomen's Program, including a conference to be held in March 2002 and a women's health initiative to support WorkCover's own OHS plan.

systems



systems

Objective

Facilitate the effective and efficient operation of occupational health and safety and workplace injury management and workers compensation to enable stakeholders to achieve safe workplaces, effective return to work and security for injured workers.

Strategies

- Work with service providers and stakeholders in the system to ensure that clients obtain high quality and timely services
- Provide information, analysis of system performance, efficient administration and high quality policy advice to the Advisory Council and Industry Reference Groups to enable them to effectively maintain an OHS management system and a workers compensation system that are equitable, reliable and transparent
- Undertake statutory functions efficiently and effectively to agreed client service standards
- Monitor and regulate system operations and outcomes.

The WorkCover environment

Reforms to the workers compensation system and the new occupational health and safety legislation due to be implemented in the next year share the common objective of reducing the incidence and cost of workers compensation claims through building the capability of industry to better manage occupational health and safety and injury management. The OHS legislation sets out a risk management methodology aimed at ensuring employers have appropriate OHS management procedures and systems in place to prevent workplace incidents, injury and disease. Changes to workers compensation legislation refocus

attention on improving outcomes for injured workers through better injury and claims management.

Supporting these improvements to the OHS legislation and workers compensation system, WorkCover has also initiated a broad range of reforms to improve the care and economic protection of injured workers, and the financial viability of the workers compensation scheme.

Outcomes/results

Development of new OHS Regulations to support the new OHS Act

The *OHS Regulation 2001* has been developed to support the *OHS Act 2000* in achieving reductions in the incidence of workplace injuries and disease. It will replace the *OHS Act 1983* regulations, the *Construction Safety Act 1912* and its regulations. It will also replace Part 3 of the *Factories, Shops and Industries Act 1962* and its Regulations.

Replacement of this out-dated and overly prescriptive legislation is consistent with NSW Government policy for more efficient regulation. The *OHS Regulation 2001* will adopt a performance-based approach while maintaining prescribed controls in highly hazardous areas. This approach means that the new Regulation will:

- Be simpler for users to understand
- Have clear objectives and focus on fixing identified problems
- Promote outcomes
- Promote certainty through clearly stated criteria and timeframes for the assessment of applications for approvals, permits, licenses, etc,
- Be easier to enforce, and
- Be regularly reviewed.

Preparation for the introduction of OHS Act and OHS Regulation

The past 12 months have seen a concentration of effort in the preparation for the introduction of the new OHS Act and Regulation. A Regulatory Impact Statement (RIS) was prepared containing projected costs, the benefits of implementing a draft Regulation and case studies of claims experience for large and medium sized employers in the construction, health and retail industries.

Key stakeholders and targeted industry and professional organisations in NSW were provided with copies of the RIS, the draft Regulation, and information brochures on the proposed *OHS Act 2000* and the draft Regulation. The same information was also made available on WorkCover's website and at 14 public seminars conducted throughout NSW. General and specific comments were invited on the draft Regulation, Regulatory Impact Statement and draft OHS Consultation Code of Practice. A total of 137 public submissions were received as a result of this consultation.

The submissions from the public were generally supportive of the overall approach of the Regulation, with concerns focused on specific provisions and implementation issues. Comments on specific issues and clauses in each chapter of the Regulation were analysed in detail. A report was prepared recommending, clause by clause, where changes to the Regulation should be made. Decisions on the specific issues raised resulted in the development of

- revised drafting instructions
- margin notes
- guidance material and other implementation details.

Changes to Workers Compensation Legislation

NSW Parliament passed legislation in December 2000 that significantly amended compliance and fraud provisions. It also addressed dispute resolution with the aim of reducing the number of disputed workers compensation claims by, for example, requiring information about a claim be exchanged before conciliation begins rather than later, at a court hearing.

With NSW having the largest number of workers compensation disputes of any jurisdiction in Australia, further changes to bring systemic improvement to workers compensation were considered by the NSW Parliament in the 2001 Autumn session of Parliament. The NSW Upper House passed legislation in late June 2001 that included significant changes to injury and claims management, dispute resolution and compliance measures. The Bill was expected to be passed by the NSW Lower House in early July 2001 and to commence from 1 January 2002.

Inquiry into Common Law

In May 2001, the Minister announced that Justice Terry Sheahan would head an inquiry to examine more efficient ways of processing workers compensation claims, reducing unnecessary costs, maintaining access to common law for seriously injured workers and ways of reducing unnecessary common law actions. The Inquiry is expected to conclude in August 2001.

WorkCover Scheme Performance

As at the end of June 2001 the WorkCover Scheme actuaries have reported that as at the 30 June 2001, the WorkCover Scheme has \$6.4 billion in assets and estimated outstanding liabilities of almost \$9.2 billion, resulting in a deficit of just over \$2.76

billion, an increase of \$1.12 billion from the previous year. The Scheme's funding ratio as at 30 June 2001 stood at 70%, down from 80% at 30 June 2000.

The increase in the Scheme's deficit is due to the projected increase in the Scheme's estimated outstanding claims liabilities. The key factors driving this increase in outstanding claims costs are a 35% per annum increase in common law claims numbers in recent years, the number and cost of commutations continuing to increase at a greater than expected rate and the Scheme's legal costs. In addition to these significant increases, the Scheme's asset base has shrunk due to a combination of higher than expected Scheme payments and lower than projected premium income.

The reforms to injury and claims management that have been introduced by the Government will start to impact positively on the WorkCover Scheme in the next year, though it is expected that it will take some time for the Scheme to come back into balance.

Setting of investment strategy.

Licensed insurers' investment managers manage the investment of individual workers compensation funds, which, collectively, form the Statutory Fund. These investment managers make the decisions needed to manage the Statutory Fund in accordance with WorkCover's investment mandate, which provide criteria for asset allocation and security selection. The investment mandate was developed by WorkCover and its investment consultant using asset-liability modelling techniques. The Scheme Investment Strategy is reviewed annually.

WorkCover commenced a review of the WorkCover Scheme Investment Strategy in conjunction with its investment consultant, Towers Perrin, in April this

year. The current investment mandate, with its reduced level of risk tolerance, reflects the expectation that private underwriting would commence. The investment strategy was based on the assumption that the Scheme would be in a run-off position requiring increased liquidity and reduced tolerance for risk. WorkCover's current strategic asset allocation (i.e. reference portfolio) consists of 25%, 30% Australian fixed interest, 15% CPI bonds and 17.5% Australian shares, 8.5% Property trusts and 4% International shares.

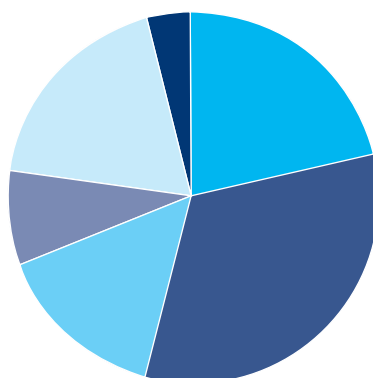
It is anticipated that a new investment strategy will be sent to the WorkCover Board for approval in July 2001. The main aim of the proposed new investment strategy is to improve expected outcomes with the acceptance of some increase in risk. The date for its implementation has not yet been set.

Monitoring of investment performance of insurers' fund managers

WorkCover closely monitors the investment performance of insurers' investment managers in two key areas – compliance with WorkCover's investment mandate and monitoring of the investment returns compared to the agreed benchmarks.

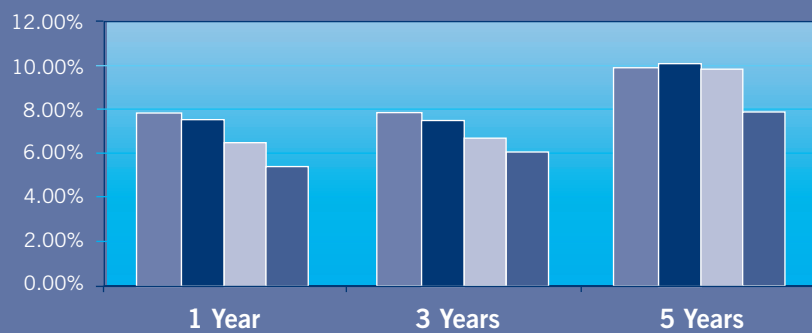
WorkCover's external master custodian arrangement with Cogent Investment Operations Pty Ltd has improved and enhanced WorkCover's capacity to measure and monitor compliance and investment performance in a timely and effective manner. At 30 June 2001, the Statutory Funds invested totalled \$5,865 million. The Statutory Fund's assets were apportioned with a bias towards defensive asset classes (see below), which benefited the Statutory Fund due to the volatile world sharemarkets over this review period.

Statutory fund asset allocation range as at 30 June 2001



- Liquids
- Listed Property
- Fixed Interest
- Australian Equities
- CPI Indexed Bonds
- International Equities

Return on Statutory fund investments for period ending June 2001



- Scheme
- Reference Portfolio
- Liability Bond
- Towers Perrin Capital Stable Fund

The performance of the Consolidated Statutory Fund investment compares favourably to all of WorkCover's agreed benchmarks.

The Reference Portfolio represents WorkCover's strategic asset allocation for the scheme investment funds and is derived from asset liability modelling and other considerations. The Reference Portfolio is used to compare insurers' risk/return performance, and reflects WorkCover's preferred level of risk for the Scheme investment funds over a complete market cycle. It is pleasing to note that the Consolidated Statutory Fund has performed broadly in line with the Reference Portfolio over the long term.

The Liability Bond is a hypothetical security (structured bond) whose payments exactly match the expected liability payments. The Liability Bond provides a measure of the financial progress of the fund in meeting its liabilities assuming the value of the assets equals the value of liabilities at the start of each quarter (excluding the deficit position). If investment performance exceeds the performance of the WorkCover Liability Bond, then the financial progress of the fund has improved. The Consolidated Statutory Fund has outperformed the Liability Bond across all time periods.

The Consolidated Statutory Fund's annual return of 7.84% strongly outperformed its peer group average (Towers Perrin Pooled Funds Survey for Capital Stable Funds) return of 5.50% for 2000-01. The Statutory Fund's strong return was supported by the upswing in defensive market conditions evidenced over the short term.

Over the medium to longer-term period, the Statutory Fund performed strongly compared with its peer group returning 8.1% annually (vs 6.7%) and 9.6%

annually (vs 7.8%) for three and five years respectively.

Monitoring and Regulating Insurers

Licensed insurers issue and administer policies for the WorkCover Scheme. These licensed insurers also manage the collection of premiums, perform injury management and administer most claims processes. There are a number of different types of insurers licensed by WorkCover.

WorkCover Managed Fund Licensed Insurers

Managed Fund licensed insurers act as agents for WorkCover in the management of the WorkCover Scheme. The Managed Fund insurers cover the majority of NSW employers. During the last year there were a number of major changes of insurers licensed by WorkCover.

NRMA Workers Compensation (NSW) Pty Ltd began operations as a licensed insurer in December 2000. It is the first new insurer to enter the NSW scheme since 1996.

Effective management of the collapse of HIH Insurance

Some companies in the HIH Insurance Group were placed into provisional liquidation on 16 March 2001. The collapse of the HIH Group had disastrous effects on many sectors. However, as a result of WorkCover's management of the situation, the collapse was able to be managed so it had little impact on the operations of the WorkCover Scheme.

There were two licensed workers compensation insurers in the HIH group, HIH Workers Compensation (NSW) Pty Limited and FAI Workers Compensation (NSW) Limited. The statutory funds of the two NSW licensed workers compensation insurers

in the HIH Group - HIH Workers Compensation (NSW) Pty Ltd and FAI Workers Compensation (NSW) Limited - were held separate from other company assets. These companies were later acquired by NRMA and renamed NRMA Workers Compensation (NSW) (No 2). WorkCover approved this acquisition in terms of its licensing requirements.

Workers compensation licensed insurers in NSW operate under a Statutory Fund Scheme, where the assets of an insurer's statutory fund are kept separate from the other assets of the insurer and can only be used for statutory purposes, such as the payment of claims. These statutory funds do not come under the control of the liquidator and remained intact following the acquisition.

As a result of these arrangements, employers with workers compensation policies with HIH or FAI were largely unaffected by the collapse of the HIH Group. Payments to injured workers were maintained and their claims continued to be managed. In addition, payments to service providers were unaffected.

There were some companies in the HIH Group that were former insurers under the pre WorkCover, privately underwritten 1926 Act structure. The affected companies were FAI Traders, CIC Insurance, Industrial Liabilities Underwriters and World Marine and General Insurance. WorkCover arranged for claims of these former insurers to continue to be managed and paid through the Insurers Guarantee Fund.

The outstanding liability for claims against insurers in the HIH group under the 1926 Act has been determined by WorkCover's consulting actuary to be \$28 million as at 30 June 2001.

The Insurers Guarantee Fund is funded from contributions from licensed insurers. However, as the Insurers Guarantee Fund is currently fully reserved, there are no plans to determine a contribution by insurers in the foreseeable future.

At the end of the reporting period WorkCover managed fund insurers had the following market share:

Insurer Market Shares - Year-ended 30 June 2001

Insurer	Market share of 2000-01 policies	Market share of 2000-01 premiums
Allianz	17.29%	26.53%
CGU	13.34%	6.26%
EMI	4.02%	5.18%
GIO	31.32%	23.56%
NRMA	0.27%	0.06%
NRMA [No2]	2.93%	8.74%
NRMA [No3]	3.50%	4.43%
QBE	21.20%	15.35%
Sun Royal	1.62%	5.00%
Zurich	4.51%	4.89%

Injury Management Audit

In the last quarter of 2000, WorkCover conducted audits of all managed fund insurers for the previous year's remuneration. All managed fund insurers have now revised their injury management programs to include a quality assurance process. These programs were approved by WorkCover in December 2000. They will be audited by insurers and WorkCover as part of the remuneration arrangements for insurers to implement injury management. In total, insurers can achieve a maximum of \$4.25 million for this aspect of their injury management work.

Insurer training program

In July 2000, WorkCover and the Insurance Council of Australia convened a working party consisting of representatives of licensed insurers. Their aim was to find ways of improving the effectiveness of insurers' use of medical services and management of medical disputes. The working party developed the Workplace Injury Management Training Program consisting of:

- Series 1 - Working with Doctors to Influence Outcomes and
- Series 2 - Medical Dispute Management.

The program is designed to communicate an industry-agreed position on the role and utilisation of doctors, and so improve communication with the medical profession and the management of medical disputes.

Training manuals and resources, including information leaflets for workers and revised procedures for referral and assessment of medical disputes, were developed and distributed. These are the tools the insurers need to train and educate their staff, improve injury and claims management

systems, and review organisational policy and procedures.

By February 2001, all licensed insurers had revised their injury management programs by integrating the principles and procedures that are central to the training program.

Self-Insurers

The *Workers Compensation Act 1987* permits employers to apply to WorkCover to be licensed as self-insurers, and larger NSW employers continue to show strong interest in this approach. Licensing requirements (including prudential requirements, minimum employer size and outsourcing) relating to WorkCover's self-insurance licensing policy were reviewed during the year. The review also gave WorkCover an opportunity to revise its policy in light of the 1998 legislative requirements for injury management and current OHS performance expectations. Before the WorkCover Board approves the final policy, WorkCover will consult stakeholders. It is expected that the policy will be finalised in late 2001.

At 30 June 2001, there were 50 self-insurers and 12 group self-insurers licensed by WorkCover. In 2000-01, the following new self-insurer licences were granted:

- Campbelltown City Council
- McDonald's Australia Limited
- OneSteel Limited
- Prestige Property Services Pty Ltd
- University Of Wollongong
- Woolworths Limited

A complete list of licensed self-insurers is at **Appendix 6**.

Following consultation between WorkCover and the Self Insurers Association, an audit tool for assessing the injury management systems and processes of self-insurers was developed. This will be used to audit the self-audit submitted by self-insurers as part of their license renewal.

Specialised Insurers

Specialised insurers have a restricted licence allowing them to underwrite specific classes of business, such as coal mining or horse racing. This category of licence was closed to new applicants for many years. However, it was re-opened in 2000-01 by enacting new legislation to allow industry schemes to operate, subject to WorkCover requirements being met. WorkCover requires self-insurers and specialised insurers to lodge an amount of security equivalent to the actuarial valuation of their claims liability plus a prudential margin. The security is to meet claims not otherwise met by a specialised or self-insurer. Security held by WorkCover typically takes the form of bank guarantee, cash deposit or government-secured investments. Security is reviewed annually based on the latest actuarial advice.

At 30 June 2001, WorkCover held \$55.239 million in deposits/investments and \$605.195 million in bank guarantees for specialised and self-insurers. Specialized insurers are also required to hold a federal APRA licence.

Under the new provisions, StateCover Mutual Limited, a scheme for local government councils, was granted a specialised insurer licence by WorkCover and began operations on 30 June 2001.

Review of insurer remuneration package.

A fundamental review of insurer remuneration aimed chiefly at aligning insurer incentives to achieve Scheme objectives was conducted in 2000-01. The goal of this review was the development and implementation of a new remuneration package to apply from 1 July 2001. PricewaterhouseCoopers (PwC) worked with WorkCover and insurer representatives to conduct the review.

PwC reported that insurers are generally under-performing, their profitability is low and they need to invest significantly in staff resources and infrastructure (mainly IT systems) to improve performance. PwC recommended linking base fees more closely to service standards by both increasing the performance-based incentive fees available (up to 100% increase) and limiting the level of base fees. PwC also recommended that WorkCover should not provide extra remuneration unless it results from a substantial improvement in performance.

Following the review a new insurer remuneration package has been developed and will be introduced with effect from 1 July 2001. The key focus of the new package is to provide insurers with stronger incentives to improve performance and stronger penalties for continued poor performance. The new package involves increasing the current annual performance fee (up to \$46 million) to around \$90 million, the maximum performance fee payable if all insurers achieve 100% of their performance benchmarks. In addition, there are also performance fees based on achieving improved outcomes in claim tail management. In practice, insurers who are poor performers must improve to remain financially viable.

Under the new package, some poorer performing insurers will face substantial fee reductions at current performance levels. The financial benefit to

the scheme resulting from improved insurer performances is expected to far exceed the additional performance fees paid to insurers. PwC has proposed objective outcome and service measures to assess insurer performance. These measures will be subject to proper audit processes and/or independent review. Independently of the PwC review, WorkCover is reviewing the remuneration for management of statutory fund investments. Importantly, improved performance has significant benefits for injured workers and their employers.

New Industry Classification System for Workers Compensation Premiums

WorkCover has developed a new system for classifying employers into industry classes for premium rating purposes. The new system, called the WorkCover Industry Classification (WIC) System came into effect for policies commencing or being renewed from 30 June 2001.

The new industry classification system increases the number of industry classes from 112 to 529. This change will result in:

- premiums more closely reflecting the claims costs of each particular industry
- the level of cross-subsidisation between industries being reduced
- increased incentives and rewards for employers to improve OHS and injury management.

Transitional measures have been adopted to ensure that employers are not adversely affected by significant increases in their industry premium rate due to the adoption of the WIC system. The new System will mean lower industry premium rates for about half of NSW employers, and higher rates for the others.

Review of physiotherapy service delivery

During the past year a range of initiatives was implemented to improve monitoring and the quality of physiotherapy services provided to injured workers. The reporting arrangements between physiotherapists and insurers were revised to encourage greater accountability and better monitoring of the quality of service delivery. To ensure that physiotherapists focus on delivering services that assist the worker either to return to or to stay at work, WorkCover engaged a consultant to develop an education program for all health professionals treating injured workers.

New fee arrangements were introduced, including a differential fee according to whether the physiotherapist agrees to provide services in an outcome-based way after undertaking a course on outcomes-based treatment. Physiotherapists can now provide up to 10 treatment sessions and must obtain approval from the insurer to go beyond 10. Practitioners who are identified as over-servicing are referred to a review panel of three independent physiotherapists nominated, respectively, by the Australian Physiotherapy Association, the Physiotherapists Registration Board and WorkCover.

Revised system of accreditation of rehabilitation providers

WorkCover is applying a more strategic approach to the review of rehabilitation providers. They are no longer reviewed periodically, but in response to aberrant statistics, complaints and any other matter that comes to WorkCover's attention. New standards for providers were established.

A return-to-work rate for accredited rehabilitation providers to help workers find a job with a new employer was set at a minimum of 50%. The minimum return-to-work rate for accredited rehabilitation providers to help workers stay with their

pre-injury employer was increased from 75% to 80%. The changed approach, including the revised standards for providers, was implemented in September 2000. This means that WorkCover can be more strategic in reviews of rehabilitation providers and concentrate on those providers who might not be achieving the required outcomes.

During the year, WorkCover conducted 68 reviews of accredited rehabilitation providers and investigated 928 complaints about them.

Pilot studies to identify and achieve best practice approach to injury and claims management

Injury management pilots began in January 2001 with the aim of identifying and achieving best practice claims and injury management. The pilots covered:

- Industry (private hospitals and nursing homes): Warrakanji Care Integration
- Regional (Central West NSW): Central West Injury Management Service and
- Two insurers, QBE and EML/PWC.

Early indications are that it is possible to substantially improve claim and injury management. For each of the pilots a steering committee, comprising stakeholder representatives from all the groups involved, was established and employer information sessions were held to advise on pilot initiatives. The Monash University Department of Econometrics and Business Statistics will conduct a full independent evaluation of these pilot programs.

Medical education program

In January 2001, WorkCover called for consultants to undertake two pilot projects to improve the

management of injured workers with acute low back pain. The projects are:

1. Research, development and testing of clinical practice guidelines, education programs and support materials for the management of injured workers with acute low back pain and
2. Research, development and testing of marketing and incentive strategies to maximise general practitioners' uptake of the clinical guidelines.

WorkCover is coordinating a third project in consultation with the peak representative bodies of workers, employers and insurers. The project is developing education strategies and resources for consumers, employers and insurers to align the expectations of all involved in the management of an injured worker with acute low back pain. The projects are expected to be completed by the end of August 2001.

Management of claims of various volunteer schemes

The NSW Government recognises the valuable service that volunteer bush fire fighters and emergency and rescue service workers provide to the community. WorkCover administers the emergency and rescue workers compensation scheme that covers volunteers from Surf Life Saving NSW, the Volunteer Rescue Association and the State Emergency Services. WorkCover is committed to ensuring that fair and adequate compensation is available to all volunteers who are injured as a direct result of this service.

During the year, 277 claims were received and \$1.997 million was paid. WorkCover also administers the Bush Fire Fighters Compensation Fund against which 294 claims were made and \$2.330 million was paid. More than 83% of claims were accepted within 21 days of receipt and 90% within 42 days.

Highlight:

Following the hailstorms that hit Sydney in April 1999, a volunteer working on the roof of a two-storey damaged building fell to the ground, suffering a major injury to his back. He was taken to hospital and underwent complex 11-hour surgery for severe back injury. In early May 1999, WorkCover visited him to implement an injury management plan and an intensive rehabilitation plan. He made a good recovery. Within three months he began working part-time and, within six months, full-time. However, he could not carry out all the work he was doing before the accident. The rehabilitation program continued until February 2001 when no further assistance was needed as he was coping well with a combination of full and limited pre-injury duties. WorkCover continues to meet his ongoing medical expenses related to the serious nature of his injury.

Managing claims and recovery of debt from uninsured employers and prosecutions

Injured employees who are not covered by a workers compensation policy may claim against the Uninsured Liability and Indemnity Scheme (ULIS) which is administered by WorkCover. WorkCover received 288 claims against the ULIS and a total of \$8.4 million was paid. WorkCover attempts to recover debt from employers in the following ways:

ULIS recovery

This is the recovery of compensation paid against claims lodged against ULIS. To date, a total \$946,365 has been recovered. WorkCover makes every effort to recover ULIS claims from employers. However, recoveries are often difficult to achieve due to the lengthy time gap between injury and claims lodgement, and with employers also having often ceased trading or are in liquidation.

ULIS Prosecutions

This relatively new function was introduced early in 1999. It involves the recovery of double the premium and a fine for employers who don't have workers compensation insurance. A total of \$309,942 was recovered during the previous year.

Highlight:

A woman had her right arm amputated during an incident onboard a NSW-registered trawler which was off the Queensland coast, heading for NSW. As the NSW-based trawler owner did not have a NSW workers compensation policy, WorkCover accepted liability and began paying workers compensation. A rehabilitation provider was also appointed to assist the woman with counselling, vocational options, prosthesis fitting and assistance with hair washing, dressing, meal preparation etc. She now has a prosthesis and personal care assistance, and is attending counselling. Vocation options are also being investigated to look at possible retraining to help her return to the workforce. The matter was referred for prosecution of the uninsured employer.

workplaces



workplaces

Objective

Influence employers, employees and the community in achieving healthy, safe and secure workplaces

Strategies

- Develop and deliver workplace services through the effective and efficient integration of the resources of the organisation.
- Undertake effective targeting of OHS, workers compensation and injury management issues through utilisation of relevant data.
- Ensure compliance with OHS and workers compensation legislation by monitoring and intervention in industries and workplaces.
- Provide information to enable workplaces to develop and implement suitable OHS, injury management and claims management systems and procedures.

The WorkCover Environment

A central element in WorkCover's programs to reduce the incidence and cost of workers compensation claims is building the capability of industry to better manage occupational health and safety and injury management. This means ensuring that industry puts in place appropriate management systems to prevent workplace incidents and to effectively manage injuries if they occur.

In the workplace, WorkCover has supported these policy reforms through improved service delivery and more targeted compliance actions. WorkCover NSW leads Australia in the number of prosecutions and notices issued for breaches of OHS legislation. At the same time, WorkCover is working co-operatively with industry through a range of programs aimed at raising understanding and capability to effectively manage OHS and injury management obligations. The Premium

Discount Scheme provides a financial incentive to assist and encourage employers to put in place prevention and injury management measures.

Outcomes/Results

Client Contact Centre

In September 2000, WorkCover merged its WorkCover Information Centre and OHS Licensing Unit to form a one-stop Client Contact Centre. The Centre's business increased significantly in the period as compared with the previous one. The number of calls handled this year, 113,781, is 12% higher than last year, while the number of counter enquiries made, 5745, is also significantly higher. There have also been 3618 Internet queries. These increases were a result of WorkCover's successful media campaigns and the regulatory reform program.

WorkCover's Centre joined 14 other NSW Government agencies in a Call Centre Benchmarking Project. It was ranked third on client satisfaction, and was seen to be a leader in staff OHS induction training and database development.

In 2001, a review was conducted on the OHS Licensing Unit with the aim of improving service delivery. This review process involved interviews with stakeholder focus groups and included a preliminary investigation of online OHS licensing, as part of the NSW Government's Connecting Business Program.

Development of risk management and other guidance materials

After the public comment period on the *OHS Act 2000* and *OHS Regulation 2001* was over, intensive planning began for its implementation, expected to be in September 2001. A series of industry seminars, to be conducted throughout NSW, are planned from September to December 2001.



Artists impression of the new WorkCover offices in Gosford

A range of information products are being developed including practical guides and fact sheets on subjects such as violence, first aid, spray painting, plant, workplace amenities, work in hot and cold environments, and risk management at work. One example is the *Workplace Safety Kit*, a step-by-step guide that helps business implement a systematic approach to OHS. It has been trialled in over 30 organisations.

The kit was a great success in the CouncilSafe project and has assisted local councils throughout NSW improve their OHS management. It is a resource that supports the Premium Discount Scheme and will also aid businesses to effectively implement the new OHS Act and regulation. WorkCover is planning an intensive promotion program over the next 12 months to promote the kit as a guide for organisations who want to manage their OHS more systematically.

The OHS Consultation Code of Practice was developed during September-October 2000. It is intended to provide practical guidance on the duty to consult required in the *Occupational Health and Safety Act 2000*. The inclusion of this requirement in *Occupational Health and Safety Act 2000* emanated from a recommendation of the Parliamentary Standing Committee on Law and Justice that conducted an inquiry into workplace safety in 1997 and 1998.

The code contains:

- Instruction on the consultation provisions of the Act and Regulation
- Practical guidance and examples to assist industry implement and maintain meaningful and effective consultation arrangements and
- Case studies showing how various workplaces undertake OHS consultation.

Feedback from industry representatives indicates they see the code as a user-friendly tool that will significantly assist understanding of the OHS consultation process.

The OHS Consultation Training Package, which will be accredited by the Vocational Education and Training Accreditation Board, has been developed to replace the existing OHS Workplace Committees Training Course. It provides a benchmark for the development of industry-generated OHS consultation courses.

The package will be provided to approved training providers who will then deliver it to industry. This process will help to multiply the number of industries and stakeholders exposed to appropriate OHS information and guidance. The package will target all workplaces and address all aspects of consultation along with the specific elements required to implement

a risk management approach. It supports the consultation, provisions of the *OHS Act 2000* and the more detailed provisions of the *OHS Regulation 2001*.

Making sure the Olympics and Paralympics were safe

The period of Olympic competition saw intense workplace activity with attendant increase in risk of work-related injury or illness. A WorkCover Olympic Team was established to ensure that systems and procedures were in place to minimise any risk associated with WorkCover's operational response.

The WorkCover Olympic Command Centre was staffed for 16 hours a day, seven days a week, from 15 September to 1 October 2000. Team response inspectors, accompanied by site managers from 19 of the 22 Games sites and SOCOG officials, also carried out inspections during the 'bump in' and 'lock down' periods. Hazards were identified and risk management systems implemented. The WorkCover Olympic Command Centre received a total of 54 accident notifications (a insignificant number considering the huge workforce involved in the Olympics at this time). All operational responses were timely and appropriate.

Strategic Focus on Workers Compensation Compliance

WorkCover's strategic approach to workers compensation compliance focuses on the five key activities that have the highest likelihood of improving compliance. Using this approach, the following was achieved:

Legislative reforms

In 2000-01, the NSW Government introduced a number of significant amendments to enhance compliance within the workers compensation system. These included a \$750 Penalty Notice for non-insured employers where prosecution is not cost-effective, and a new, broad, fraud provision that enables WorkCover to prosecute a fraudulent claimant or service provider with penalties of \$55,000, two years imprisonment or both.

Two additional Penalty Notices were introduced for an employer who fails to provide their insurer with a wage declaration or an estimate of wages.

Computer-based risk management system

WorkCover made significant steps towards the development of a risk management system that leverages data to drive limited resources in controlling premium abuse and fraud. It achieves this by 'learning' from experience based on many thousands of claims and policies to detect subtle patterns of abuse. Major projects contributing to the development of a risk management system include consolidation of licensed insurers' electronic wage audit data into a single database.

Investigations into under-insurance and non-insurance

As a result of WorkCover's focus on compliance, additional premium from all investigations undertaken during the period more than doubled to \$14.8 million. Some of the projects undertaken are highlighted below.

WorkCover initiated large-scale audit projects totalling 2200 audits, which targeted employers identified through the first application of statistical risk management models. As at 30 June 2001, completed audits had yielded additional premium of \$3.2 million.

Ninety three investigations of employers were finalised identifying under-declaration of \$37.9 million in wages and resulting in the billing of an additional \$1.3 million in premiums.

In addition, 203 complaints from unions, inspectors, employers, insurers, etc were also investigated. The 76 matters finalised identified a total under-declaration of \$17.6 million in wages, and resulted in employers being billed for \$977,851 in additional premium.

WorkCover undertook a blitz of industrial estates in Western Sydney, Central Coast and Wollongong in late November/December 2000 to investigate the level of non-insurance amongst small employers in industrial

estates. Over 500 site inspections were undertaken as part of this project. Thirteen employers were identified as being un-insured: three have had \$750 Penalty Notices, three have been referred for prosecution and three are still under investigation.

Identifying and prosecuting fraud

During the year, 191 referrals of potential claimant fraud were received, about 30% more than last year. Six matters were successfully prosecuted with five referrals for prosecution and a further 84 matters being investigated.

A computer-based model, using data matching, was also developed for identifying fraudulent claimants. This initiative identified 1520 claims for examination, resulting in 20 matters being referred for prosecution and a further 130 being investigated with a view to prosecution action.

Case Study: Man ordered to repay \$53,000 in workers compensation fraud

In May 2001, WorkCover successfully prosecuted Shane Richardson of Fairfield in the Downing Centre Local Court for taking money by deception for receiving workers compensation payments while working in three jobs as a security officer, a clerical officer and a storeman.

WorkCover presented evidence that Richardson had admitted he knew his insurer had to be advised if he undertook paid employment and that he was in paid employment during the periods in which he claimed to be totally incapacitated.

Richardson was convicted of dishonesty obtaining \$45,182 by deception and ordered to attend 120 hours community service. He was also convicted on a charge of dishonestly obtaining \$7,781 by deception, for which he received a three year suspended sentence and placed on a good behaviour bond conditional upon meeting stringent requirements for attending counselling for a gambling addiction.

Enhancing employer awareness of obligations

Projects aimed at increasing employer awareness included press advertisements in Sydney, the Illawarra and the Central Coast. These were aimed at alerting employers to the need for them to maintain a valid workers compensation insurance policy and the severe penalties if they fail to do so. The advertisements supported a blitz of industrial estates by WorkCover inspectors.

Information packs and warning letters were mailed out to approximately 8000 employers advising of their obligations to lodge wage declarations with insurers and warning employers of the penalties.



Advertising campaign to promote awareness of farm safety

A brochure titled *The Law Has Changed* was developed to advise employers of their workers compensation obligations and the recent legislative amendments introducing new penalties and higher fines for non-compliance.

Strategic approach to improving compliance with OHS legislation

OHS Convictions

In 2000/01, 444 summonses were laid by WorkCover. In the same period there were a total of 404 convictions for breaches of the *Occupational Health and Safety Act 1983*. Forty summons were dismissed by the court, and 23 summonses were withdrawn. This represents a 91% success rate. Total fines awarded by the courts were \$5.4 million.

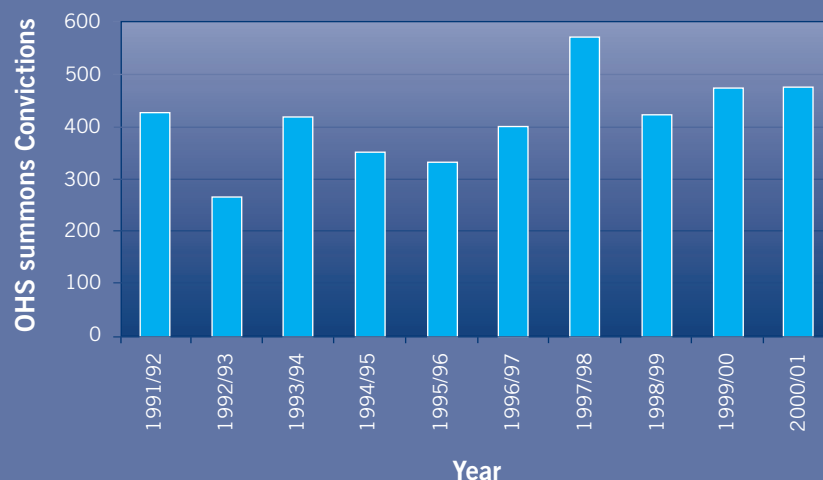
Some examples of matters brought before the courts were:

- A landmark judgment by the Full Bench of the NSW Industrial Relations Commission, which overturned the acquittal of a woodchip machine

manufacturer, achieved a major development in occupational health and safety law. The Full Bench upheld WorkCover's appeal against the acquittal and entered a conviction against the defendant, Arbor Products International (Australia) Pty Ltd. It was the first time the Full Bench of the Commission had been asked to determine the law in relation to Section 18 of the *Occupational Health and Safety Act 1983*. The case evolved from an incident in 1997 when a Yass Shire Council employee had both arms amputated while feeding privet branches into a wood chipping machine at the council's waste transfer station. WorkCover successfully argued in its appeal that Arbor Products had supplied the machine knowing that its use was inappropriate at a waste transfer site, where contaminated green waste would cause regular blockages. Penalties and costs have still to be determined at the time of publication.

- Capral Aluminium Ltd was fined \$200,000 as a result of a worker at its Kurri Kurri furnace aluminium smelter being sprayed with chlorine gas from a blast furnace. The court heard that WorkCover had issued

NSW WorkCover OHS Prosecutions 1991-2001



Capral with an Improvement Notice requiring it to routinely replace couplings on equipment used in furnace procedures, but the company had failed to regularly and reliably test these corrosive components - leading to the accident in which the furnace man was injured.

■ Seating construction firm, Walders Goodtime Pty Ltd was fined \$40,000 on 10th May 2001, under section 18(2) of the OH&S Act 1983, by Justice Boland in the NSW Industrial Relations Commission. The offence related to the collapse of a temporary stand at Newtown in 1997 in which 14 people were injured.

About 50 people were seated in the stand when it collapsed shortly before a performance of the play, 'Black Mary' by Company B at the Wilson St Carriage Works. WorkCover presented evidence that the stand had not been certified by an engineer and was not designed to withstand loads prescribed in relevant safety regulations and standards.

The court heard that Walters Goodtime had been employed to supply a stand but had subcontracted the job to another firm Showtime Staging.

In imposing the penalty, Justice Boland said despite the fact the subcontractor had dealt directly with the theatre company, Walders Goodtime had a responsibility to ensure an appropriately qualified engineer certified the seating was safe.

■ On 8th March 2001 construction supply firm, Ridge Consolidated Pty Ltd was fined \$110,000 after pleading guilty in the NSW Industrial Relations Commission to a breach of section 16(1) of the Occupational Health and Safety Act 1983. A construction worker died on the M4 Motorway project in 1997 after he was struck and killed by a motorist who drove off the road and into the worksite through a gap in the protecting barrier. The worker was performing

concrete patching work beside one of the known gaps in the concrete barrier fence.

The state Government, through RTA called for tenders to complete an extension of the M4 motorway by way of an additional motor lane. State Wide Roads (SWR) was the successful tenderer. SWR could not be prosecuted for the current offence as on a previous judgement it was proved that SWR had no employees. SWR sub contracted to Ridge Consolidated Pty Ltd, who in turn sub contracted out the concrete work to a company called Hitex, a day labour placement company. The worker was employed as a day labourer by Hitex (in liquidation) on the site under the direction of Ridge Consolidated.

Justice Kavanagh found that Ridge Consolidated had failed to ensure that the worker, a contract labourer, had been trained in site safety, inducted into safety procedures, properly supervised or satisfactorily protected.

In this case the modern industrial trends of complex arrangement of sub contractors and the avoidance of responsibility for site safety notwithstanding the absolute obligation that the Act places on each of these employers were highlighted. Justice Kavanagh in her judgement said that, " the most serious consequences of subcontracting out work and using day labour placements have been revealed through this prosecution."

Development of a Premium Discount Scheme

WorkCover's Premium Discount Scheme integrates issues of safer workplaces, improved injury management and affordable/fair premiums. This innovative program is a practical initiative to provide incentives to employers to improve their health and safety and injury management practices.

WorkCover produced a number of reader-friendly guides and brochures describing the discount scheme to help

employers and potential Premium Discount Advisers (PDAs) understand the Premium Discount Scheme, including

- A general guide to the Premium Discount Scheme
- Guidance material on the benchmarks employers need to meet to qualify for a discount under the scheme, and
- The entry requirements for Premium Discount Advisers
- Code of Conduct for Premium Discount Advisers.

Provision of practical advice through information, guidance products and education programs.

Helping employers and injured workers understand their rights and obligations is a priority for WorkCover.

Apart from the extensive range of OHS publications that will be produced to support the new OHS Act and Regulations, WorkCover's OHS Education Unit provides skills development, trainer accreditation and practical advice to industry on occupational health and safety matters.

It does this by producing and reviewing educational resources for use by a wide range of industries and organisations.

WorkCover also produced a range of information products, including brochures on changes to the industry classification scheme and the injury management pilots. With major changes to injury and claims management and dispute resolution expected to take effect from 1 January 2002, a range of information products to assist injured workers and their employers understand their rights and obligations will be produced.

TV and radio advertising campaign targeting young workers

A \$1.6 million TV and print campaign aimed at urging employers to "Look after your young workers like they

were family" was conducted from January to March 2001 and broadcast in Sydney and regional centres.

It combined the issue of young workers with that of the construction industry by depicting a youth with no safety harness falling off a roof. It pointed out how this could have been avoided with appropriate safety equipment, supervision and training. Brochures providing further information and raising employer awareness were also made available to viewers.

Although the young man shown was working in construction, the message was intended to reach a wide range of employers, and tracking research verified that it was, in fact, widely seen. Three-quarters of all employers who saw it reported that it had encouraged them to think more about workplace safety. Almost as many said it had heightened their awareness of their responsibilities.

Information on injuries to assist development of intervention programs

To assist employers understand the frequency and pattern of injuries in their industry and develop programs that better target key problem areas, WorkCover released a pilot of the Workers Compensation Statistical Analysis System (WCSAS) in June 2001. This web-based system enables users to make their own enquiries on the numbers of workers compensation claims in various categories. They can select the period of interest (three years of data are available), and whether to examine all employment injuries or only workplace injuries. Later screens allow selection of an industry of interest, and the structuring of one or two-dimensional queries by such attributes as sex, nature of injury, mechanism of injury, etc.

Limited graphing facilities are available but tabular reports can be downloaded to Excel or other graphing packages.

clients



clients

Objective

Build partnerships with clients and stakeholders to ensure that WorkCover's services deliver the required results and value for money.

Strategies

- Develop mechanisms to identify client needs and to obtain and incorporate client feedback in the delivery and refinement of WorkCover's workplace services.
- Address high-risk industries through the establishment of industry specific initiatives.
- Enhance client access to WorkCover's services to ensure the achievement of the NSW Government's social justice and rural and regional objectives.

The WorkCover Environment

WorkCover actively works with its clients and stakeholders to better focus and continuously improve occupational health and safety and injury management performance. Strategies have been established to address issues in high-risk industries. These include a number of partnership programs between WorkCover and the NSW community aimed at achieving safe secure workplaces.

Outcomes/Results

Industry Reference Groups

Review of Industry Reference Groups (IRGs)

WorkCover established industry Reference Groups in 1999 to assist industries to improve their occupational health and safety (OHS), injury management (IM) and workers compensation performance. They identify, in consultation with the industry, major industry specific OHS and/or IM

issues and develop and promote industry specific resources and practical solutions to address these problems.

A WorkCover review of the operations of the IRGs, conducted in consultation with stakeholders, was completed in January 2001 and a final report and approved recommendations produced. The review followed changes to the section of the *Workplace Injury Management and Workers Compensation Act 1998* covering the governance and operations of the IRGs. As a result, the IRGs will:

- Be better able to utilise industry experts on particular OHS and IM issues as required
- Have a broader role as consultative bodies on OHS, IM and workers compensation matters, and
- Have access to appropriate funding for approved workplan activities and the dissemination and promotion of IRG initiatives to industry.

Industry Reference Group initiatives

Industry Reference Group initiatives completed in 2000-01 included:

- Completion, distribution and promotion of the Excavation Code of Practice
- A series of workshops in the mining industry aimed at raising the profile of best-practice injury management and return to work
- Production of risk management documents aimed at improving the health and safety of young workers in the hospitality industry
- Development, piloting, distribution and promotion of a small business OHS management system tool for small transport and storage businesses

- Development and dissemination of targeted information promoting early contact with insurers when injuries occur in the business services sector
- Production of a rural safety magazine and distribution throughout NSW in *The Land* newspaper, to coincide with Farm Safety Week. It will be an ongoing annual publication and
- Rural safety hotline 1800 number launched in Goulburn in July 2000 to provide information on rural safety products and related safety issues.

IRG conference

Following a survey of the Industry Reference Groups that showed they wanted to know what other IRG members were doing, over 200 industry representatives attended the IRG conference held in July 2000.

The Minister opened the conference and there were presentations by WorkCover on significant legislative reforms impacting on OHS, injury management and workers compensation. Members of six IRGs gave presentations on a number of innovative projects and the Workers Compensation Advisory Council conducted a feedback panel session. Conference delegates rated the presentations and the conference very highly.

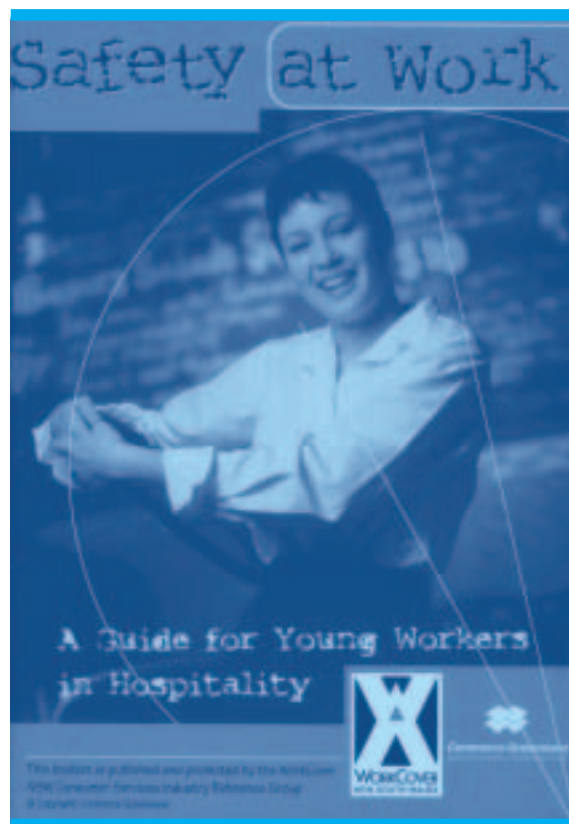
Industry Initiatives

WorkCover engaged in over 100 industry initiatives during 2000-01.

The key OHS reform strategies pursued by WorkCover have been to promote the systematic management of OHS, to encourage effective workplace consultative

arrangements, to promote consideration of health and safety during the design phase and to pursue industry specific approaches that account for changes in the labour market.

WorkCover NSW has taken a leading role with respect to a range of these policy objectives within Australia. At the Work Congress 5, a major international gathering of OHS jurisdictions and OHS experts held in March this year, WorkCover presented papers on systematic management, safe design and strategic industry partnerships.



WorkCover's *Safety at Work: A guide for Young Workers in Hospitality* booklet was published in June 2001, in conjunction with the Consumer Services Industry Reference Group (IRG). This popular new booklet was one of 100 industry initiatives undertaken by WorkCover in 2000-1.

WorkCover has collaborated with the National Occupational Health and Safety Commission in devising a national safe design strategy and has published safe design guidelines for the NSW construction industry.

WorkCover has continued to contribute to the programs of the National Occupational Health and Safety Commission through its Prevention and Information committees and other working parties. A prime focus of WorkCover's activities with the National Commission is the implementation of the National Improvement Framework NIF, which contains nine key action elements that have been endorsed by the Workplace Relations Minister Council. In advancing the NIF, the National Commission has recently established three working parties, which WorkCover NSW is represented on, to consider the implications of changes in the labour market for OHS.

WorkCover's industry teams throughout the year have facilitated greater industry specific focus and enabled more effective collaboration with industry around OHS and injury management projects. Projects included were:

Transport industry: WorkCover worked with the other government agencies and industry bodies (including membership of reference groups) to ensure a clear OHS perspective is applied to road safety considerations. Key organisations with which WorkCover engaged were the Australian College of Road Safety, National Road Transport Commission, NSW Police and RTA.

Hospitality industry: The Memorandum of Understanding between WorkCover and the hospitality industry has successfully been transformed into a Safety Alliance, launched by the Minister in February 2001. WorkCover continues to support the industry, which through the MOU produced an OHS induction information package and a risk management package for supervisors.

CouncilSafe: WorkCover, in partnership with 19 local councils, assisted in implementing a safety management program. WorkCover inspectors undertook 80 workplace visits/inspections in support of the program.

FarmSafe: WorkCover used a number of strategies to address the high injury rate in rural industry with an emphasis on hazards associated with heavy

The Hon Tony Kelly, MLC, the Hon Ian Macdonald, MLC and Duncan Fraser, Chairman, Farmsafe NSW presenting the first Roll over Protection Structure rebate cheque to D J Johnson at the Ag-quip Rural Field Day in Gunnedah. Over \$650,000 in rebates has been issued since the scheme began.



machinery and chemicals. Strategies included a \$495,000 television advertisement campaign in rural areas in association with a 15 minute farm safety checklist distributed via direct mail, a rebate scheme for pre-1983 tractors to be fitted with roll over protection (1933 applications received by 30 June 2001). Tractors not fitted with roll over protection will be targeted by a compliance program in the next financial year.

Construction industry: WorkCover undertook a broad range of intervention projects in the construction industry during the year and commenced a major evaluation of the OHS management practices and performance of the commercial sector. WorkCover audit results reveal a 25% mean improvement in the implementation of the OHS management systems of principal contractors who were signatory to the Memorandum of Understanding with the NSW Government. Arising from the MOU a Construction Safety Kit has been developed which contains tools to assist industry in the area of hazard management, contractor management, safe design and performance measurement.

Establishment of Compliance Working Party.

The Workers Compensation and Workplace OHS Advisory Council established the Compliance Working Party during the year. The working party includes representatives from peak employer and employee groups. Its primary focus is to develop strategies to address premium avoidance and employer compliance. It proposed reforms to improve employer compliance with workers compensation obligations. These were referred to the Minister for his consideration. Legislative amendments regarding some of the compliance reforms were expected to be passed by the NSW Parliament in July 2001.

It is expected that in August 2001 the Government will release, for consultation, a Green Paper (or discussion paper) on further reforms to improve employer compliance with their workers compensation obligations.

Regional Office Strategic Alliances.

WorkCover's Regional Offices have developed strategic alliances with other local services to reduce duplication of effort in government agencies. For example, the Country North Team participated in a joint local council project that considers public safety issues. Similarly, the Country South Team is involved in a joint government industry network. Involvement in whole-of-government strategies in regional areas has provided a range of opportunities to promote projects, disseminate information and facilitate improvements in the implementation of OHS by participating agencies and their stakeholders.

Paralympic athlete sponsorship program.

WorkCover's Paralympic athlete sponsorship program, which sponsored three competitors in the Sydney 2000 Paralympic Games, continued during the last year, and the Australian Paralympic Committee referred four more athletes to the program.

These seven Paralympians range from Heath Francis, 19, who lost an arm in a farm accident at age three, to Terry Giddy, 50, who became paraplegic following a forestry accident at age 15. The program, which involves each Paralympian making 10 workplace speaking-appearances a year, is advertised in WorkCover News and elsewhere. The speakers, who have been given presentation training, generally describe how they were injured, stressing the importance of and need for safety in the workplace and rehabilitation.



Paralympic athletes sponsored by WorkCover
Back from left:
Kahi Puru, Heath Frances, Nigel Smith
Front from left:
Terry Giddy, Greg Smith, John Marshall

The excellent feedback from these presentations indicates that the speakers are getting the message across. WorkCover accepts bookings free-of-charge from unions, workplace OHS committees etc., and tries to match the speaker with the industry. Heath Francis, for example, will open a program in August 2001 on rural safety for NSW country high school students. These students are likely to be the farmers of the future.

Disability Awareness Campaign.

WorkCover uses a variety of techniques to communicate to both external clients and staff the importance and management of workplace safety. WorkCover managers and supervisors attended a course on disability awareness, which brought to their attention the needs of staff and clients with disabilities.

Provision of information on WorkCover's website.

To provide clients throughout NSW with up-to-date access to information regarding occupational health and safety, injury management and workers compensation reforms and changes, relevant information was provided on the WorkCover website. A new area was added to the website called "New Directions" which highlighted progress on the Minister's June 2000 reform package and linked visitors to relevant legislative changes.

coordination



coordination

Objective

Coordinate the administration of workers compensation and occupational health and safety in order to maximise outcomes.

Strategies

- Develop policies, administrative processes and consultative mechanisms within WorkCover to ensure that services delivered to workplaces integrate the spectrum of prevention, injury management and claims administration services provided by WorkCover.
- Continue to work towards an integrated data and analysis system that provides timely and useful information.
- Incorporate coordinated service delivery objectives into WorkCover's recruitment, induction, training and development process.

The WorkCover Environment

A major overhaul of both the occupational health and safety and workers compensation environment is taking place in NSW. These changes are about ensuring that industry puts in place systems to prevent workplace incidents and more effectively manage workplace injuries. WorkCover has developed strategies and policies to ensure that there is an integrated approach to managing these changes with appropriate infrastructure to assist staff in their daily work.

Outcomes/results

Strategic Directions Taskforce

Following the Minister's Statement in June 2000 of a package of reforms to workers compensation in NSW, WorkCover established a cross-divisional team, the

Strategic Directions Taskforce, to coordinate the initiatives needed to implement the statement.

The taskforce comprised staff from across WorkCover and other key agencies such as The Cabinet Office, the Workers Compensation Resolution Service and Treasury. It met regularly during the development of the various initiatives, such as the injury management pilot studies, the Premium Discount Scheme and premium reforms. The taskforce provided an important point of coordination within WorkCover to ensure a coherent approach to the reform initiatives across the entire organisation.

Ongoing planning

The WorkCover Management Team, comprising senior staff from across the organisation, was established during the last year to assist the Executive in managing the day-to-day operations of the Executive and in forward planning. The team has taken on a number of projects such as developing a performance reporting system and WorkCover's Corporate Plan.

The WorkCover Corporate Plan is being reviewed and revised to ensure that it meets the needs of the organisation to have an integrated and systemic approach to improving occupational health and safety, injury management and workers compensation. Reforms to these matters are expected to be implemented within the next 12 months, driving this strategic approach to WorkCover's operations.

In the operational areas, planning occurs on a regular basis. For example, the OHS Division has implemented a planning cycle that consists of the establishment of the Division's forward work plans and outlines of its strategic directions and objectives for the next three years. This process allows the Division's programs to be linked with key activities in

other Divisions, contributes to improved organisational processes and assists resource allocation and management activity. Likewise, the Insurance Division is overhauling its plan to ensure that the Division can successfully manage the breadth and scope of change planned regarding injury and claims management.

Improving communication within WorkCover

A structured program of executive, divisional and branch meetings was in place throughout the year to keep metropolitan and regional staff informed about organisational developments. This was enhanced by almost daily use of the Intranet and monthly consultation with the Joint Consultative Committee involving management and employee representatives.

Identification by Legal Services Branch of OHS and Insurance Divisions' needs re service delivery and feedback

The Legal Services Branch worked with the Insurance (Claims Branch) and OHS (Inspection) Divisions on service delivery issues. System improvements beneficial to clients that were implemented included:

- Court outcomes emailed to inspector/team manager via the Legal Case Management System (LCMS)
- All reports, letters and other communications, particularly from contract solicitors with carriage of OHS prosecution, forwarded by email only, allowing greater tracking and management, and
- Weekly reports to WorkCover Executive via LCMS

Legal Services Branch and OHS Division have commenced work on a project of early intervention in the compliance investigative process by utilising case conferencing.

Implementation of Frontline Management Initiative and Executive Development program

The Frontline Management Initiative was designed to enhance the management skills of WorkCover's frontline supervisors, via a nationally recognised training qualification. A whole-of-government initiative, the Executive Development Program was designed to develop senior managers' skills and capabilities. Both of these training programs are considered very important in coordinating WorkCover's service delivery objectives. In 2000-2001, participants completed three-quarters of the competency units for the program.

Appointment of New Advertising Agency and new advertising campaign

As WorkCover's existing advertising agency contract was due to expire in June 2001, a tender for a new contract for an advertising agency was released in early 2001 with 21 bids received.

After a thorough tender process, undertaken in accordance with NSW Government guidelines (including 12 pitch presentations), a new advertising agency, D'Arcy Australia Pty Ltd, was awarded the contract from June 2001. D'Arcy was chosen for their capacity to simply and clearly encapsulate complex issues and for their fresh approach.

A new advertising campaign is being developed that will build a platform on which to roll out information on the reforms that WorkCover is undertaking to occupational health and safety and workers compensation in the next year. It is expected that the new campaign will commence in September 2001.

Editorial and Publications Committee

WorkCover's Editorial and Publications Committee was established in March 2001 to ensure that:

- Funds are expended in the highest priority areas
- Information products target areas of greatest need
- The type of publication (e.g., electronic, pamphlet, booklet) is determined early in the process, and
- Information products have an integrated approach to occupational health and safety, injury management and workers compensation.

All WorkCover publications are now submitted to the committee at the concept stage. Following approval, tender specifications (including the use of external consultants), tenders and contents (in consultation with nominated technical experts) are submitted to the committee for approval.

The committee is also responsible for developing the WorkCover corporate identity manual for all publications, monitoring stock control and re-ordering publications.

Electronic Services Delivery Working Group

An Electronic Information Services Working Group has been established so there is a corporate-wide approach to the design and service delivery of electronic information, and compliance with government (such as equitable access) and WorkCover policies, standards and procedures. The working group will also ensure that the delivery of information electronically is consistent with the WorkCover Communications Strategy.

Establishment of Information Management and Technology Board

In January 2001, the General Manager established an Information Management and Technology (IM&T) Board whose goal is to maximise the returns from investment in information management and information technology projects. The IM&T Board provides a forum for debate on information management and information technology issues, with the need to resolve issues in a mutually beneficial and integrated manner.

The General Manager chairs the IM&T Board and its members comprise executive members from key management areas within WorkCover, NSW Government and industry. The WorkCover members represent the organisation's major information users, ensuring the strategic direction and priorities are in harmony with WorkCover's needs. The wider membership of the board ensures that the strategic priorities of the Government's information management and technology are reflected.

Standard Operating Environment

WorkCover is undertaking an extensive program to upgrade its data communication network and personal computers to a new Standard Operating Environment (SOE) based on Microsoft Windows 2000. This enables the efficient running of much-needed WorkCover-wide applications.

This upgrade involves the replacement of 350 laptop computers, the physical upgrading of over 800 desktop computers and the re-installation of software on all 1150 - plus systems. In addition, the wide area network was upgraded to utilize frame relay technology. The additional speed and capacity of the new network has drastically improved throughput and

reduced response times at all WorkCover branch offices. Expenditure for the projects has exceeded \$3 million with \$1.3 million on the network hardware and installation and the laptop purchases totalling \$1.8 million.

As part of the selection process for the new laptops and, in order to best match available technology with business needs, a working group was established comprising a cross section of potential users.

At the same time, the rollout was being planned. It was decided that country officers should have the new machines before the metropolitan and Sydney CBD offices. A team of over 30 staff from Administration Officers to Computer Programmers, Project Managers, Help Desk and even the Director were out installing and helping with the upgrading of the laptop fleet.

WorkCover's new computers were delivered to 27 locations across NSW. The order comprised 349 laptops and port replicators, protective cases, security locks and retractable phone cables. This represented over 49.6 cubic meters of equipment, or one-and-a-half standard 20-foot shipping containers.

The rollout team began, on schedule, in June 2001 with eight teams working simultaneously at Tweed Heads, Tamworth, Orange, Albury, Newcastle, Wollongong, Goulburn and Tuggerah. All country locations were completed by the end of June 2001. The rollout team travelled nearly 7 500 kms and spent over 1500 hours installing the computers.

In conjunction with the rollout, all existing desktop computers are being upgraded to the SOE. This involves the installation of additional memory chips to double memory capacity and the installation of the

standardised suite of applications programs. The rollout is expected to be completed by the end of August 2001.

The upgrade program has already seen a marked improvement in both performance and reliability across all parts of WorkCover. Additionally, the user-friendly functionality of the new environment increases productivity.

Implementation of 'data mining' software to analyse under-insurance and allow more effective targeting of compliance initiatives.

In May 2001, WorkCover invested in leading-edge data mining software that enables sophisticated and complex analyses of data sourced from within WorkCover, as well as combinations of internal data and data sourced externally. This software is one of the key tools that will be used to develop a risk management system and enable WorkCover to target its wage audits with high precision.

Introduction of the Workplace Services Management System

Each year, WorkCover receives a large number of complaints and enquiries relating to OHS and workers compensation issues. During 2000-01 the Insurance and OHS Divisions worked closely with the Information Management Branch to create the WorkCover-wide Workplace Services Management System (WSMS). WSMS records details of complaints about employers' handling of OHS, workers compensation and injury management matters. It enables a faster response time by WorkCover Inspectors, more effective use of resources and performance monitoring.

The WSMS system also captures data on all WorkCover's interactions with workplaces in NSW. WSMS will enable coordinated responses, enhanced early intervention and utilisation of WorkCover's personnel resources. It will also assist in future resource planning and provision of support to industry.

In addition to enabling collation of information, WSMS:

- Improves service delivery to customers
- Provides a common system for the efficient management and analysis of complaints data
- Optimises efficiency of data handling.

WorkCover began the rollout of WSMS in late June 2001 to the OHS and Insurance Divisions.

Legal Case Management System

The establishment of the Legal Case Management System during the year allowed all criminal and civil law practice group solicitors to track each matter in their practice to ensure all the statutory requirements of OHS and workers compensation legislation, and court directions were satisfactorily complied with.

It has also improved the production of prosecution statistics and reports (both civil and criminal) to relevant stakeholders, such as WorkCover's Executive Group and the Workers Compensation and Workplace OHS Council.

Development of online Performance Management and Development System

In February 2001, WorkCover began development of a prototype system to convert its manual, paper-based Performance Management and Development System to an online version. When the system is complete, staff will be able to use the WorkCover computer network to obtain information on organisational education, and training and development opportunities. They will also have access to their position description, and so be able, in consultation with their supervisor, to pursue their personal training and development needs. This will include those staff who have special needs or requirements.

culture



culture

Objective

Develop an organisational culture that encourages staff and continually improves organisational processes in order to effectively deliver services.

Strategies

- Implement continuous improvements in WorkCover's working environment through improvements in: leadership; policy and planning; information and analysis; people; client focus; processes, products and services; and performance.
- Encourage the development of a working environment that reinforces WorkCover's corporate values.
- Establish strategic business resource plans to guide management activity across WorkCover.

The WorkCover Environment

WorkCover relies heavily on the skill and dedication of its staff. Effective recruitment, selection and training and the safety, well-being and satisfaction of its staff are central to WorkCover's success as an organisation. With the relocation of WorkCover's Head Office to Gosford planned for September 2002, WorkCover has further emphasised these strategies and the value of having effective consultation with staff.

Outcomes/results

Inspectors

WorkCover inspectors enforce the implementation of OHS and workers compensation/injury management legislation in NSW. Regular recruitment campaigns are conducted to maintain inspector numbers. Inspector positions are highly sought after and all new inspectors require intensive training.

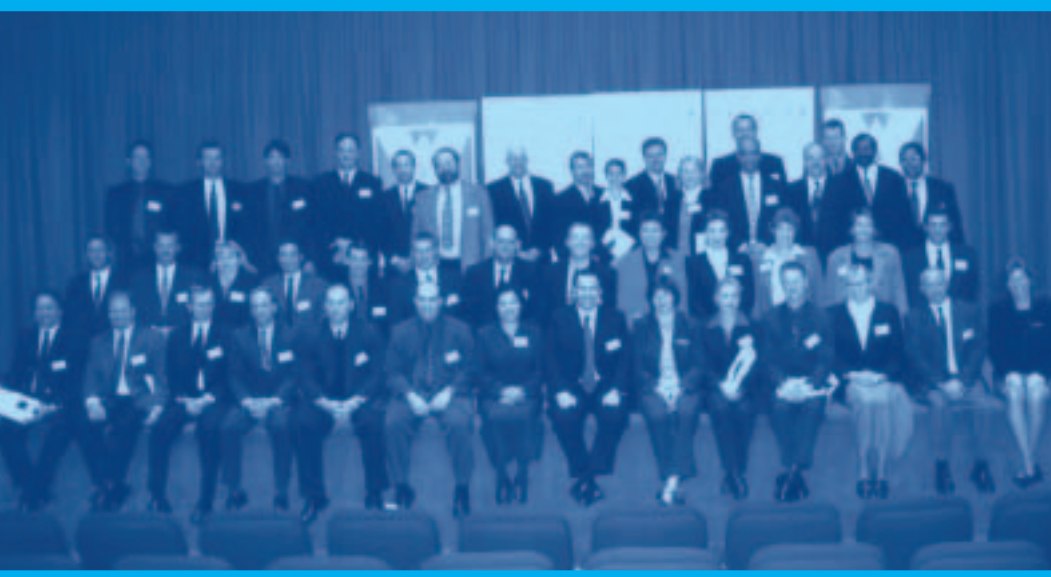
The authorisation of 42 new inspectors in June 2001, followed by a recruitment drive to fill another 20 entry-level trainee positions, will boost WorkCover NSW's inspectorate to a total of 301, the largest state based team implementing OHS and workers compensation laws within Australia. While the 42 new appointees will take up positions throughout NSW, the 20 additional trainees will be based in the Sydney metropolitan area.

Current recruitment action is targeting specific sectors of the community to better reflect the composition of workplaces. In particular, to comply with its social justice initiatives, WorkCover is implementing strategies to attract more women, Aboriginal and Torres Strait Islanders and people from culturally diverse backgrounds.

The successful applicants will be trained for 12 months for their Diploma of Illness and Injury Prevention Management, before being authorised as inspectors. Training includes a legal practice component provided by Legal Services Branch. Other topics include investigation, notices and fines for enforcement; legislative reform, workers compensation, manual handling, systematic management of OHS (which includes risk management) and consultation. In addition, a formal, structured mentoring program has been established during the past year for the trainee inspectors to ensure they benefit from the skills of more experienced inspectors.

Head Office Relocation to Gosford

Considerable work has been undertaken during the past 12 months on planning for the relocation of WorkCover's Head Office to Gosford. After the signing of an agreement by the Minister for Public Works and Services, the Hon. Morris Iemma MP, in



The 42 new WorkCover inspectors authorised in June 2000

April 2001, construction of the organisation's new Head Office at Gosford is expected to begin in July 2001. The new Head Office is expected to be operational by late September 2002, housing over 400 staff.

A full-time Project Coordinator was appointed in May this year to manage the myriad of tasks to be completed to ensure the relocation occurs smoothly. WorkCover is continuing to advertise vacant positions in the Central Coast local press. The same advertisements are also being run in the government sections of the metropolitan newspapers. Recruitment of people living on the Central Coast to vacant positions is being assisted by this advertising. It also gives Central Coast residents the opportunity to see first-hand the types of jobs that will be available in Gosford. Through competitive selection, about 75 staff living on the Central Coast have been recruited.

WorkCover also began a six-month pilot program in August 2000 that allowed the transfer of employees from other public sector organisations. The program provided opportunities for public sector employees

who commute from the Central Coast to obtain employment with WorkCover. In addition, it provided opportunities for some WorkCover staff who have decided not to work in Gosford to obtain employment in other organisations. The pilot program identified a range of issues relevant to future recruitment strategies. Development of specific policies addressing these issues is under way in order to put in place a clear program for workforce management of the move to Gosford. It is expected to conduct a similar program in the coming year.

To ensure the fit-out of the new Head Office building in Gosford conforms with best practice, a Technical Advisory Committee TAC was appointed in early 2001. This is in addition to the Relocation Committee which was established earlier to examine the full range of matters regarding the relocation. The members of the TAC consist of WorkCover professionals specialising in such areas as construction technology, ergonomics and workplace assessment. Among the issues being examined are raised flooring, chairs, workstations, access for people with disabilities and security.

In line with the provisions of the *OHS Act 2000* and *OHS Regulation 2001*, the TAC is involving staff in fit-out decisions wherever possible. For example, employees will be invited to comment on workstation samples. The architect appointed by WorkCover to design the building's interior will also be required to consult with both the committee and staff on certain aspects of the office fit-out.

Orientation bus trips for staff and their families to the area around Gosford began in June 2001. The day-long visits included a tour of the Central Coast suburbs and talks by representatives of local council, education, health, sport and recreation, real estate and tourism, as well as question and answer sessions.

Completion of Australian Institute of Insurers Workers Compensation training course by Insurance Division staff

Following the restructure of the Insurance Division in 2000 and major reforms to workers compensation legislation it was recognised that many of the Division's staff required new or updated knowledge and skills. A course was specifically tailored to the

needs of WorkCover and covered legislative updates, the workers compensation insurance industry, and the systems and relationships between injured workers, employers, the health profession, insurers and WorkCover. Fifty staff (45% of Insurance Division) participated in the program, which was conducted over four half-days in June 2001. The interactive course consisted of lectures, practical case studies, assignments and a final examination.

Training in dealing with violence and aggression in the workplace

Violence and aggression in the workplace are recognised as a significant issue facing all employers. Because of WorkCover's role in workplaces throughout NSW and its role as an employer, this issue is particularly significant. A pilot program was devised to confirm the essential components of an appropriate long-term training program aimed at dealing with violence and aggression in the workplace. The pilot program was implemented, 48 staff were trained and a provider selected. The full program was implemented in April 2001

*The Hon John Della Bosca MLC
congratulates new inspector Karen Simpson*



Review of OHS Division's structure

A key element of the OHS Division's strategy for maximising its services to industry was its restructuring into industry teams from 1999-2001. A review of the team structure by senior managers in the OHS Division during the last year has confirmed the value of the team structure. The teams are proving to be closely attuned to the needs and requirements of industry and have successfully implemented a range of industry-focused projects and campaigns.

Review and negotiation of WorkCover-specific pay awards

The Crown Employees (WorkCover Authority – Inspectors) Award was the subject of negotiation with the Public Service Association. The main thrust of the negotiations was the introduction of a new classification structure for inspectors that will be assimilated with the new teams structure for the OHS Division. At 30 June 2001, negotiations were almost completed for the making of a new award by the NSW Industrial Relations Commission by consent of the parties.

Continuation of the Spokeswomen's Program

The Spokeswomen's Program aims to promote efficiency and effectiveness in the public sector by assisting women to develop their knowledge and skills. Consistent with WorkCover's corporate planning process, a new three-year strategic plan for the program was developed and endorsed by the General Manager and Women's Liaison Officer. The new strategic plan supports WorkCover's corporate and business initiatives, especially the relocation of Head Office to Gosford, and the improved health and well-being of female staff.

The program's main achievements in 2000 – 20001 were:

- Appointment and training of a new Women's Liaison Officer
- Appointment of a Project Officer, Social Justice to help coordinate and support the program
- Election and training of new Spokeswomen to fulfil their roles over this three-year term
- Luncheon information sessions, with a focus on issues for women in careers and improving women's health and well-being, and
- Seasonal newsletters – Summer (2000), Winter (2000) and Autumn (2001).



Brochure promoting WorkCover's Paralympian Sponsorship Program

Implementation of social justice plans and initiatives

WorkCover fully supports the NSW government's commitment to ensure equity, equality, access and participation for all Australians in the social, political, cultural and economic fields.

The organisation aims to achieve this by ensuring its workplace policies, practices and behaviours are fair, based on merit and discrimination-free for all staff. These are implemented via WorkCover's EEO Management Plan, which is informed by its workforce profile. This plan includes the Spokeswomen's Program, the Aboriginal and Torres Strait Islander Employment and Development Strategy, and the Disability Action Plan (see also Appendices 23 & 24).

As part of this support, in April 2001, WorkCover appointed a Project Officer, Social Justice, to manage and report on its key social justice plans and activities. This new position is also responsible for developing strategies to accelerate integration of social justice initiatives into WorkCover's corporate and business plans.

In 2000-01, EEO outcomes focused chiefly on the Sydney Olympics 2000, relocation of Head Office to Gosford and inspector recruitment.

- *Sydney Olympics 2000:* To assist staff and address the extraordinary circumstances of the Olympic Games in September-October 2000, WorkCover introduced a flexible work practices package and communication strategy. The package included more flexible working hours, part-time work arrangements, working from another location, working from home, access to leave arrangements and staff reassignment.
- *Relocation of Head Office to Gosford:* WorkCover's flexible workplace arrangements were further enhanced through endorsement and promotion of the Gosford Telecentre that was launched in October 2000. This led to an increase in the take-up rate over the period of operation. Another enhancement was the New Employee Assistance Program that was launched in December 2000. The program included services such as financial and legal consultations, Eldercare and Managerlink.
- *Inspector recruitment:* Recruitment strategies aimed at increasing representation of EEO groups within the inspectorate were implemented to ensure WorkCover's services are more culturally reflective and responsive to community needs. In 2000-01, the proportion of applications for inspector vacancies received from women was 10.8%. Increased female representation will be further sought for the 2001-02 program.



financial statements

for Annual Report 2000/2001

financial statements

for the year ended 30 June 2001

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 2001 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 26 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 26, 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.

Provisions for outstanding claims liability of the Scheme have been based on central estimates provided by Tillinghast-Towers Perrin.



J.M. Riordan
Chairperson



Kate McKenzie
General Manager

8 November 2001

independent audit report

for the year ended 30 June 2001



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

WORKCOVER AUTHORITY OF NEW SOUTH WALES

To Members of the New South Wales Parliament and the Board of Directors of the Authority

Scope

I have audited the accounts of the WorkCover Authority of New South Wales for the year ended 30 June 2001. The members of the Board 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 and members of the Board based on my audit as required by sections 34 and 41C(1) of 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 as a component of income. 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 AAS 38 "Revaluation of Non-Current Assets". My Independent Audit Report on the financial report for the year ended 30 June 2000 was also qualified accordingly.

In accordance with the requirements of AAS 38, as at 30 June 2001, the net increase on revaluation of non-current investments amounting to \$3.8 million (\$10.6 million in 1999-2000) should have been credited directly to an asset revaluation reserve. Had this been done, the operating surplus would decrease from \$4.7 million (\$32.9 million in 1999-2000) to \$0.9 million (\$22.3 million in 1999-2000). 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 Authority as at 30 June 2001 and the results of its operations and its cash flows for the year then ended.



R J Sendt
Auditor-General

SYDNEY
9 November 2001

actuarial certificate

outstanding claims liabilities at 30 June 2001

Level 17, MLC Centre
19-29 Martin Place
Sydney NSW 2000
GPO Box 3279
Sydney NSW 2001
Tel: (02) 9229 5555
Fax: (02) 9229 5566
Fax: (02) 9229 5588

Management Consultants
and Actuaries

Tillinghast - Towers Perrin

WORKCOVER AUTHORITY OF NSW

Actuarial Certificate Outstanding Claims Liabilities at 30 June 2001

Tillinghast-Towers Perrin ("Tillinghast") has been contracted by the WorkCover Authority of NSW ("the WorkCover Authority") to make estimates of the outstanding claims liabilities as at 30 June 2001, of the following funds:

- WorkCover Scheme Statutory 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 NRMA;
- 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 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.

Towers, Perrin, Forster & Crosby, Inc. ARBN 002 551 019 is incorporated in USA and has limited liability
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Tillinghast - Towers Perrin

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

- expenses of \$290 million to meet the cost of management of claims outstanding (including claims incurred but yet to be reported) as at 30 June 2001;
- an allowance of \$269 million for the impact of the transitional effects of the Federal Government's New Tax System. (This is comprised of \$278 million related to the gross outstanding liabilities offset by \$9 million related to recoveries.)

Valuation Results

WorkCover Scheme Statutory Funds

The estimated liability for the WorkCover Scheme Statutory Funds as at 30 June 2001, net of recoveries, is \$8,284 million. This amount is made up as follows:

TABLE 1

WorkCover Scheme Statutory Funds Outstanding Claims Liability at 30 June 2001

	\$M
Gross Outstanding Claims	8,578
less Anticipated Recoveries	(294)
Net Outstanding Claims	8,284

The WorkCover Authority has provided \$8,337 million in the Financial Statements of the WorkCover Scheme Statutory Funds as at 30 June 2001. This comprises \$8,284 million for the net outstanding claims liability and \$53 million for the unexpired risk provision. (An unexpired risk provision is held because the unearned premiums from 2000/2001 policies are unlikely to be sufficient to meet the costs associated with them.)

Other Funds

The estimated outstanding claims liabilities at 30 June 2001 for the remaining Funds, net of recoveries, are set out in Table 2.

- 3 -

Tillinghast - Towers Perrin

TABLE 2
Outstanding Claims Liabilities at 30 June 2001 – Other Funds

	\$M
ULIS	92.6
ERWCF	9.7
BFFCF	10.7
NEM	72.3
Bishopsgate	5.7
AGCI	2.2
Greatlands	1.4
HIH	28.1
Total	222.7

The WorkCover Authority has provided \$222.7 million in the Financial Statements of the above Funds as at 30 June 2001 for the outstanding claims liabilities.

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 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.

Reports

Full details of data, method, assumptions and results for the WorkCover Scheme Statutory Funds are set out in our report dated 26 September 2001 and for the other Funds in 3 separate reports dated 3 September 2001.

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Tillinghast - Towers Perrin

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.



Dave Finnis
Fellow of the Institute of Actuaries of Australia

Date: 23 October 2001



Andrew Cohen
Fellow of the Institute of Actuaries of Australia

Date: 23 October 2001

statement of financial performance

for the year ended 30 June 2001

	Note	2001 \$'000	2000 \$'000
Revenues			
Contributions	2(e) & 3	148,253	93,453
Fees and charges	4	7,642	9,605
Investment income	5	21,070	15,546
Other revenue	6 & 26	18,705	29,312
Total revenues from ordinary activities		195,670	147,916
Expenses			
WorkCover Authority operations			
Salaries and employee payments	7 & 2(i)	55,779	56,894
Superannuation	18	12,646	(12,753)
Office accommodation	21(b)	10,614	10,105
Depreciation	2(b)	5,728	5,039
Other operating expenses	8	35,375	30,993
		120,142	90,278
WorkCover Scheme			
Compensation Court of NSW		22,562	20,119
Workers Compensation Resolution Service		7,622	7,419
Net claims incurred	9	39,446	(5,365)
Other expenses		1,167	2,614
		70,797	24,787
Total expenses from ordinary activities		190,939	115,065
Operating surplus from ordinary activities		4,731	32,851
Total Changes in Equity - other than those resulting from transactions with owners as owners		4,731	32,851

The accompanying notes form part of these financial statements.

statement of financial

position

as at 30 June 2001

	Note	2001 \$'000	2000 \$'000
Current assets			
Cash assets	20	13,598	21,582
Receivables	10	36,662	50,059
Other financial assets	11	36,818	34,376
Total current assets		87,078	106,017
Non - current assets			
Receivables	10	15,963	13,119
Other financial assets	11	222,562	191,181
Property, plant and equipment	13	23,221	21,208
Total non - current assets		261,746	225,508
Total assets		348,824	331,525
Current liabilities			
Payables	16	8,765	7,319
Interest bearing liabilities	15	-	2,059
Provisions	18	8,186	7,922
Outstanding claims	17	24,806	23,953
Total current liabilities		41,757	41,253
Non - current liabilities			
Payables	16	8,168	16,496
Provisions	18	10,137	8,295
Outstanding claims	17	197,888	179,338
Total non - current liabilities		216,193	204,129
Total liabilities		257,950	245,382
Net assets		90,874	86,143
Equity			
Asset revaluation reserve	14	7,673	7,673
Retained surplus	2(g)	83,201	78,470
		90,874	86,143

The accompanying notes form part of these financial statements.

statement of cash flows

for the year ended 30 June 2001

	Note	2001 \$'000	2000 \$'000
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Contributions		129,891	133,169
Investment income		16,741	3,139
Recoveries		985	1,195
Transfer from statutory funds		7,168	6,348
Other receipts		28,078	38,938
Salaries and employee payments	2(i)	(55,547)	(59,833)
Office accommodation		(11,446)	(10,232)
Compensation Court of NSW		(22,426)	(19,200)
Workers Compensation Resolution Service		(7,579)	(7,353)
Compensation claims paid		(21,396)	(21,990)
Refunds from Bishopsgate Insurance Co Fund		-	(9,301)
Other payments		(34,735)	(33,482)
Net cash provided by operating activities	19	29,734	21,398
Cash flows from investing activities			
Purchase of non - current assets		(6,376)	(5,572)
Proceeds on sale of non - current assets		169	15
Purchase of investments		(495,134)	(75,759)
Redemption of investments		465,682	75,727
Net cash used in investing activities		(35,659)	(5,589)
Net increase(decrease) in cash held		(5,925)	15,809
Cash at the beginning of the financial year		19,523	3,714
Cash at the end of the financial year	20	13,598	19,523

The accompanying notes form part of these financial statements.

notes to and forming part of the financial statements

for the year ended 30 June 2001

Note 1 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 24. These financial statements comprise all of those funds but do not include the WorkCover Scheme Statutory Funds' accounts. Those accounts are shown separately in Note 26.

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 the return to work of persons injured at work; and
- regulates the 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. WorkCover complies with the provisions of the New Tax System.

Note 2 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 written down replacement cost 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 AAS38: "Revaluation of Non-Current Assets".

- (ii) These financial statements are a general purpose financial report and have been prepared on an accrual basis.

notes to and forming part of the financial statements

for the year ended 30 June 2001

Note 2 Summary of Significant Accounting Policies (continued)

- (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 mandatory professional reporting requirements and industry practices.
- (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 written down replacement cost. 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	25.0 - 33.0
Computer Hardware	33.3

A review of asset useful lives in 2001 determined that significant computer software assets have an estimated life of three years rather than the four years estimated for most computer software assets.

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

Capitalisation Policy

Fixed assets or Non-current Assets are those assets with a working 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, allowances for the costs of claims administration and the impact of the goods and services tax. 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 Entitlements

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 oncosts.

notes to and forming part of the financial statements

for the year ended 30 June 2001

Note 2 Summary of Significant Accounting Policies (continued)

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 2002 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.

(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 retained surplus has increased to by the amount of the operating surplus for the year, \$4.7m, to \$83.2m (\$78.5m, 2000). The current level of retained surplus is in excess of requirements and accordingly, the contribution strategy for future years provides for a reduction in the retained surplus.

notes to and forming part of the financial statements

for the year ended 30 June 2001

Note 2 Summary of Significant Accounting Policies (continued)

(h) Extension of Time

The Treasurer granted WorkCover an extension of time to 30 September 2001, 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.

(i) Comparative Figures

Australian accounting standards no longer require the separate reporting of abnormal items. Accordingly, expenditures for voluntary redundancies (\$4.152m) and superannuation (\$7.100m) that were shown as abnormal items in the 2000 financial report have been included with "Salaries and employee payments" and "Superannuation" respectively for 2001.

The accounting standards also require interest bearing liabilities to be shown separately from other payables.

At 30 June 2000 certain superannuation adjustments of \$15.242m were reported under "Other receipts" in the Statement of Cash Flows and should have been more appropriately dissected as "Salaries and employee payments". There is no effect on the "Net cash provided by operating activities" nor on "Cash at the end of the financial year".

Note 3 Contributions

Contributions to the various funds were:

	2001 \$'000	2000 \$'000
WorkCover Authority Fund		
Insurers	125,840	127,024
WorkCover Scheme Statutory Funds – Management and Administration Expenses	7,168	5,756
	133,008	132,780
Insurers' Guarantee Fund	7,177	(40,083)
Bush Fire Fighters Compensation Fund	2,897	381
Emergency & Rescue Workers Compensation Fund	5,171	2,242
Failed Insurers' Funds	-	(1,867)
	148,253	93,453

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.

The contribution rate for the WorkCover Authority Fund in 2001 was 4.1% (4.7% - 2000) of insurers' premium income and self-insurers' deemed premiums.

The failed insurers' funds were closed in 2000.

notes to and forming part of the financial statements

for the year ended 30 June 2001

Note 4 Fees and charges

	2001	2000
	\$'000	\$'000
Lift Registration & Inspection	1,908	2,836
TestSafe Australia Testing & Consulting	1,901	2,303
Certificates of Competency	1,861	2,066
Testing & Boiler Inspection	448	473
Demolition & Pest Control Licences	606	339
Consultancy & Training	116	428
Sale of Publications	127	439
Other	675	721
	7,642	9,605

Note 5 Investment income

	2001	2000
	\$'000	\$'000
Interest on Call and Term Deposits	1,893	1,855
Movement in Market Values		
– Realised	14,806	1,237
– Unrealised	4,371	12,454
	21,070	15,546

Note 6 Other revenue

	2001	2000
	\$'000	\$'000
Fines & Professional Costs Recoveries	4,571	4,632
Legal aid & Interpreter Scheme Recoveries	180	510
Motor Vehicle & Overtime Recoveries	729	796
Liquidator's Distribution (NEM Insurance Co)	12,685	22,487
Other	540	887
	18,705	29,312

Note 7 Salaries and employee payments

	2001	2000
	\$'000	\$'000
Salaries and Allowances	46,643	42,898
Long Service Leave	1,974	1,903
Annual Leave	2,837	3,315
Workers Compensation Insurance	784	636
Payroll Tax	2,951	3,267
Fringe Benefits Tax	324	532
Payments to Board Members	191	191
Voluntary Redundancies	75	4,152
	55,779	56,894

notes to and forming part of the financial statements

for the year ended 30 June 2001

Voluntary Redundancies

In 2000 WorkCover continued with a major program of organisational redesign and restructure. This program was principally designed to implement efficiencies contained in the Government's corporate services reforms and improve the delivery of occupational health & safety, workers' compensation and injury management.

A voluntary redundancy program was implemented in accordance with the Public Sector Management Office's Policy on Managing Displaced Employees.

Olympic Games

Staff employed by WorkCover on initiatives directly and specifically related to the Olympic Games:

Number of staff directly allocated to Games activities	Total staff costs \$'000's
14	68

Staff seconded to other agencies on initiatives directly and specifically related to the Games:

Number of staff seconded	Total staff costs \$'000's
42	121

Note 8 Other operating expenses

Other operating expenses of \$35.4m (\$31.0m - 2000) contain items of expenditure which are required to be disclosed by the Public Finance and Audit Act. Those items are:

	2001 \$'000	2000 \$'000
Consultancy Fees	878	945
Audit Fees		
External Audit - The Audit Office NSW		
– WorkCover Authority	172	215
– WorkCover Scheme	19	18
Internal Audit - Internal Audit Bureau	93	107
Provision for Doubtful Debts	862	84
Bad Debts	10	13
Loss on Sale of Assets	589	60

notes to and forming part of the financial statements

for the year ended 30 June 2001

Note 9 Net claims incurred

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.

	2001			2000		
	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	28,970	8,661	37,631	21,555	(15,321)	6,234
Reinsurance and other recoveries						
- undiscounted	(2,827)	4,911	2,084	(2,307)	(629)	(2,936)
Net claims incurred						
- undiscounted	26,143	13,572	39,715	19,248	(15,950)	3,298
Discount and discount movement						
- gross claims incurred	(11,386)	12,114	728	(6,602)	(4,605)	(11,207)
Discount and discount movement						
- reinsurance and other recoveries	1,292	(2,289)	(997)	823	1,721	2,544
Net discount movement	(10,094)	9,825	(269)	(5,779)	(2,884)	(8,663)
Net claims incurred	16,049	23,397	39,446	13,469	(18,834)	(5,365)

notes to and forming part of the financial statements

for the year ended 30 June 2001

Note 9 Net claims incurred (Continued)

Details of the net claims incurred by the various funds are:

	Claims Paid \$'000	Movement in Claims Liabilities \$'000	Net Claims Incurred	
			2001 \$'000	2000 \$'000
WorkCover Authority Fund				
- Uninsured Liability & Indemnity Scheme	7,546	(3,176)	4,370	6,578
Insurers' Guarantee Fund	8,168	19,125	27,293	(13,231)
Bush Fire Fighters Compensation Fund	2,330	422	2,752	231
Emergency & Rescue Workers Compensation Fund	1,997	3,034	5,031	2,098
Associated General Contractors Insurance Co Ltd Fund	-	-	-	(9)
Bishopsgate Insurance Australia Ltd Fund	-	-	-	(1,032)
	20,041	19,405	39,446	(5,365)

Note 10 Receivables

	2001 \$'000	2000 \$'000
Current		
Debtors		
Receivables	23,618	22,543
Prepaid Superannuation (Note 18)	15,419	26,192
Other	264	2,348
	39,301	51,083
Less Provision for Doubtful Debts	(2,723)	(1,863)
Prepayments	84	839
	36,662	50,059
Non-Current		
Receivables	15,963	13,119
	52,625	63,178

During the financial year the basis for estimating debts unlikely to be recovered (doubtful debts) was revised. Debt collection experience is better than the estimating process previously reflected. The previous estimating basis would have assessed doubtful debts at \$3.431m in 2001. The revised basis assesses doubtful debts at \$2.723m.

notes to and forming part of the financial statements

for the year ended 30 June 2001

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

Investment management contracts expired during the year and new contracts were awarded after a public tender process.

	(Market Value)	
	2001	2000
	\$'000	\$'000
NSW Treasury Corporation	18,228	24,861
BT Funds Management Limited	24,551	69,690
AMP Henderson Global Investors	32,068	33,420
UBS Asset Management (Australia) Ltd	42,946	58,941
Citigroup Asset Management Australia Ltd	20,006	38,645
Commonwealth Investment Services Limited	59,026	-
Merrill Lynch Investment Managers Limited	43,421	-
State Street Global Advisors Australia Limited	19,134	-
	259,380	225,557
Current	36,818	34,376
Non-current	222,562	191,181
	259,380	225,557

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

notes to and forming part of the financial statements

for the year ended 30 June 2001

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	20	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 5.9% during the year. (2000: 4.8 % - 6.1%)
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			
Interest bearing liabilities (Bank Overdraft)	15 & 20	Bank overdrafts are carried at the principal amount.	These are mainly unrepresented cheques.
Payables (Trade Creditors and Accruals)	16	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 2001

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:

	Market Value 2001 \$'000	Market Value 2000 \$'000
Financial Instruments		
Financial Assets		
Investments in Australian Shares	86,367	28,816
Investments in International Shares	19,134	-
Investments in Australian Listed Property Trusts	26,999	-
Total Financial Assets Exposed to Market Risk	132,500	28,816
Cash	13,598	21,582
Receivables	52,541	62,339
Other Investments	126,880	196,741
Total Financial Assets Not Exposed to Market Risk	193,019	280,662
Total Financial Assets	325,519	309,478
Financial Liabilities		
Bank Overdraft	-	2,059
Trade Creditors and Accruals	16,933	23,815
Total Financial Liabilities Not Exposed to Market Risk	16,933	25,874

notes to and forming part of the financial statements

for the year ended 30 June 2001

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 above. 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, are as follows:

Financial Instruments	Weighted Average Effective Interest Rate 2001 %	Floating Interest Rate 2001 \$'000	Non-Interest Bearing 2001 \$'000	Total 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 Australian Bonds	6.4	84,101	-	84,101
Other Investments	N/A	-	132,500	132,500
Total Financial Assets		140,478	185,041	325,519
Financial Liabilities				
Bank Overdraft	N/A	-	-	-
Trade Creditors and Accruals	N/A	-	16,933	16,933
Total Financial Liabilities		-	16,933	16,933

notes to and forming part of the financial statements

for the year ended 30 June 2001

Note 12 Financial Instrument

Terms, Conditions and Accounting Policies (Continued)

Interest Rate Risk Exposure - Previous Year

Financial Instruments	Weighted Average Effective Interest Rate 2000 %	Floating Interest Rate 2000 \$'000	Non-Interest Bearing 2000 \$'000	Total 2000 \$'000
Financial Assets				
Cash at Bank	5.2	10,900	-	10,900
Cash in Money Market Facility	5.3	10,682	-	10,682
Receivables	N/A	-	62,339	62,339
Investments in Cash Plus Facilities	5.4	12,668	-	12,668
Investments in Fixed Interest	5.2	184,073	-	184,073
Other Investments	N/A	-	28,816	28,816
Total Financial Assets		218,323	91,155	309,478
Financial Liabilities				
Bank Overdraft	19.5	2,059	-	2,059
Trade Creditors and Accruals	N/A	-	23,815	23,815
Total Financial Liabilities		2,059	23,815	25,874

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.

notes to and forming part of the financial statements

for the year ended 30 June 2001

Note 12 Financial Instruments

Terms, Conditions and Accounting Policies (Continued)

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.

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 2001 was \$1.1 million, which represents less than 0.5% of total investments (nil as at 30th June 2000). 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 2001

Note 13 Property, plant and equipment

Land and Buildings	Note	2001	2000
Freehold Land		\$'000	\$'000
- At independent valuation 1998	(a)	3,350	3,350
Total Freehold Land		3,350	3,350
Buildings			
- At cost		188	188
- At independent valuation 1998	(a)	5,258	5,258
- Accumulated depreciation		(522)	(359)
Total Buildings		4,924	5,087
Leasehold Improvements			
- At cost		3,804	3,829
- Accumulated amortisation		(2,498)	(2,096)
Total Leasehold Improvements		1,306	1,733
Total Land & Buildings		9,580	10,170
Office Machines and Equipment			
- At cost		2,741	2,485
- Accumulated depreciation		(2,046)	(1,874)
Total Office Machines and Equipment		695	611
Motor Vehicles			
- At cost		158	158
- Accumulated depreciation		(114)	(85)
Total Motor Vehicles		44	73
Furniture and Fittings			
- At cost		133	126
- Accumulated depreciation		(34)	(39)
Total Furniture and Fittings		99	87

notes to and forming part of the financial statements

for the year ended 30 June 2001

Note 13 Property, plant and equipment (Continued)

	Note	2001	2000
		\$'000	\$'000
Computer Hardware and Software			
- At cost		10,032	6,091
- At valuation 1999	(b)	722	722
- Accumulated depreciation		(5,623)	(5,268)
Total Computer Hardware and Software		5,131	1,545
Computer Software Development			
- At cost		3,301	2,351
- At valuation 1999	(b)	3,537	3,537
- Accumulated depreciation		(3,360)	(150)
Total Computer Software Development		3,478	5,738
Scientific and Technical Equipment			
- At cost		561	399
- At independent valuation 1998	(a)	4,960	4,960
- Accumulated depreciation		(3,952)	(3,284)
Total Scientific and Technical Equipment		1,569	2,075
Capital Works In Progress			
- At cost		2,625	909
Total Capital Works In Progress		2,625	909
Total Property, plant and equipment		23,221	21,208

- (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 1998. Freehold land was revalued on the basis of market value while buildings and scientific and technical equipment were revalued on the basis of written down replacement cost.

notes to and forming part of the financial statements

for the year ended 30 June 2001

The independent valuations as at 30 June 1998 were carried out by:

Land & Buildings

Mr. G. Hodgson AVLE (VAL) - State Valuation Office

Buildings Infrastructure

Mr. H. Parlane FAIQS - NSW Department of
Public Works and Services

Scientific and Technical Equipment

Mr S. McMahon AVLE (P&M) MAVA - Machinery Valuations Pty. Ltd.

- (b) Computer Software and Computer Software Development were revalued as at 30 June 1999. These directors' valuations were based on the assessment of written down replacement cost and resulted in net revaluation increments of \$0.6m for computer software and \$0.2m for computer software development.

(c) Details of Land Owned by WorkCover.

Description of Use	Location	Valuation 1998
38.529 Hectares Used as a centre for occupational health and safety research and testing.	919 Londonderry Road Londonderry NSW	\$3,350,000

notes to and forming part of the financial statements

for the year ended 30 June 2001

Note 13 Property, plant and equipment (Continued)

(d) Movements During Financial Year

Class of Asset	Balance as at 1.7.2000	Additions	Disposals	Depn W/Back on Disposal	Net Revaln Movements	Recoverable Amount W/Downs	Depn Expense	Balance as at 30.6.2001
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Freehold Land	3,350	-	-	-	-	-	-	3,350
Buildings	5,087	-	-	-	-	-	(163)	4,924
Leasehold Improvements	1,733	119	(144)	144	-	-	(546)	1,306
Office Machines & Equipment	611	404	(165)	141	-	-	(296)	695
Motor Vehicles	73	-	-	-	-	-	(29)	44
Furniture and Fittings	87	25	-	-	-	-	(13)	99
Computer Hardware and Software	1,545	5,971	(339)	117	-	-	(2,163)	5,131
Computer Development	5,738	1,962	(2,703)	276	-	-	(1,795)	3,478
Scientific & Technical Equipment	2,075	237	(74)	54	-	-	(723)	1569
Capital WIP	909	2,753	(1,037)	-	-	-	-	2625
Total Property, Plant & Equipment	21,208	11,471	(4,462)	732	-	-	(5,728)	23,221

notes to and forming part of the financial statements

for the year ended 30 June 2001

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) and (b).

	2001 \$'000	2000 \$'000
Opening Balance	7,673	7,673
Closing Balance	7,673	7,673

There was no movement for the year.

Note 15 Interest bearing liabilities

	2001 \$'000	2000 \$'000
Bank Overdraft	-	2,059
	-	2,059

Note 16 Payables

	2001 \$'000	2000 \$'000
Current		
Creditors	8,765	7,319
	8,765	7,319
Non-Current		
Creditors	8,168	16,496
	16,933	23,815

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.

Note 17 Outstanding claims

	2001 \$'000	2000 \$'000
Expected Future Claims Payments	351,305	309,644
Claims Handling Expenses	25,810	23,681
Discount to Present Value	(154,421)	(130,034)
Liability for Outstanding Claims	222,694	203,291
Current	24,806	23,953
Non-current	197,888	179,338
	222,694	203,291

(a) The weighted average expected term to settlement from the reporting date of the outstanding claims is estimated to be in the range of 4.5 years to 8.9 years (5.3 to 7.5 years - 2000).

notes to and forming part of the financial statements

for the year ended 30 June 2001

Note 17 Outstanding claims (Continued)

- (b) The following average inflation rates and discount rates were used in measuring the liability for outstanding claims:

	2001	2000
	%	%
Inflation Rate	3.5 - 6.5	4.0 - 9.0
Discount Rate	6.0	6.0

- (c) 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.

Note 18 Provisions

	2001	2000
	\$'000	\$'000
Current		
Employee Entitlements		
Accrued Annual Leave	5,420	5,218
Long Service Leave	2,766	2,704
	8,186	7,922
Non-Current		
Employee Entitlements		
Long Service Leave	10,137	8,295
	10,137	8,295
Total Provisions	18,323	16,217

notes to and forming part of the financial statements

for the year ended 30 June 2001

Note 18 Provisions (Continued)

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 2001 are as follows:

	Assessed Liability	Reserve Account	Net Asset / (Liability)	
	\$'000	\$'000	2001 \$'000	2000 \$'000
State Superannuation Scheme	69,515	84,621	15,106	23,735
State Authorities Superannuation Scheme	11,376	11,669	293	1,812
State Authorities Non-Contributory Superannuation Scheme	5,253	5,273	20	645
	86,144	101,563	15,419	26,192

The 30 June 2001 assessment of liability is based on the results of a review by the SAS Trustee Corporation actuary, William M Mercer, where the key assumptions adopted by the actuary were:

	30 June 2002 %	30 June 2003 %	30 June 2004 %
Rate of investment return	7.0	7.0	7.0
Rate of general salary increase	3.0	6.5	4.0
Rate of increase in CPI	2.5	2.5	2.5

Future Contributions

As of 30 June 2001 the liabilities in respect of the State Authorities Superannuation Scheme, the Non-Contributory Superannuation Scheme and the State Superannuation Scheme are fully provided and have been calculated according to NSW Superannuation Administration Corporation formulae which take into account amounts held by WorkCover in the reserve accounts.

For all of the superannuation schemes set out above, WorkCover's reserve accounts exceed the respective assessed liabilities. The surpluses of \$15.4m (\$26.2m - 2000) are included as a current asset - Prepaid Superannuation.

notes to and forming part of the financial statements

for the year ended 30 June 2001

Note 18 Provisions (Continued)

Funding contributions to all of the schemes have been suspended with approval of the Superannuation Administration Corporation of NSW because of the excess reserves held on behalf of WorkCover.

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 (7% - 2000). Payments for staff covered by the 8% contributions totalled \$1.649m (\$1.381m - 2000). For this scheme WorkCover has no outstanding employer liability as the contributions are fully funded and vested to individual officers.

Note 19 Reconciliation of net cash provided by operating activities to the Operating surplus from ordinary activities

	2001 \$'000	2000 \$'000
Operating surplus from ordinary activities	4,731	32,851
Depreciation/Asset Writeback	5,728	5,039
Loss or Gain on Sale of Assets	758	60
Unrealised Investment Income	(4,371)	(12,454)
Provisions		
Lease Incentive Costs	-	(2)
Long Service Leave	1,904	26
Annual Leave	202	76
Outstanding Claims	19,404	(26,193)
Doubtful Debts	860	84
Superannuation	10,773	(339)
Decrease (Increase) in Debtors & Prepayments	(5,306)	28,990
(Decrease) in Creditors	(4,949)	(6,740)
Net cash provided by operating activities	29,734	21,398

Note 20 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 year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position and its notes as follows:

	2001 \$'000	2000 \$'000
Cash Assets	13,598	21,582
Bank Overdraft	-	(2,059)
	13,598	19,523

notes to and forming part of the financial statements

for the year ended 30 June 2001

Note 21 Expenditure Commitments

(a) Capital Expenditure Commitments

	2001 \$'000	2000 \$'000
Equipment Purchases and Computer Software Development	431	-
Payable:		
- not later than one year	431	-

(b) Lease Commitments

	2001 \$'000	2000 \$'000
Payable:		
not later than one year;	4,747	7,533
later than one year but not later than five years	14,457	6,662
later than five years	19,215	-
Total (including GST)	38,419	14,195

During the reporting period, WorkCover entered into a lease with the Department of Public Works and Services to occupy premises in Gosford. The lease is for ten years with two five year options and is for office accommodation for WorkCover's head office. Occupancy is planned for September 2002 and commitments for the initial ten year lease period have been reflected above.

Contingent Asset

Expenditure Commitments include input tax credits of \$3.425m (\$1.174m - 2000) which are expected to be recoverable from the Australian Taxation Office.

Note 22 Self-Insurers and Specialised Insurers Security Deposits and Bank Guarantees

Under sections 195-199 of the Workplace Injury Management and Workers Compensation Act 1998, WorkCover administers security deposits and bank

guarantees lodged by self-insurers and specialised insurers.

As of 30 June 2001, WorkCover held deposits and bank guarantees to the value of \$660m (\$603m - 2000). 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 2001 was \$0.07m (\$0.07m - 2000).

notes to and forming part of the financial statements

for the year ended 30 June 2001

Note 23 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 24 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 Compensation Court of NSW being the court responsible for the determination of disputes as to the payment of employment injury compensation;
- to the Workers' Compensation Resolution Service responsible for the initial determination of workers' compensation disputes, and
- under the Uninsured Liability and Indemnity Scheme to meet the cost of claims not initially paid by uninsured employers.

Funds are also received from the 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 Greatlands General Insurance Co Ltd, Bishopsgate Insurance Australia Ltd and Associated General Contractors Insurance Co Ltd.

During the year, five former licensed insurers which were members of the HIH Insurance Group were declared insolvent and their outstanding workers compensation claims liabilities became liabilities of the Insurers' Guarantee Fund. The liabilities assumed by the Insurers' Guarantee Fund totalled \$28.9m and relate to pre WorkCover Scheme 1926 Act liabilities.

(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 2001

(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 workers, 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 25 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 \$2.0 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.

The Australian Competition and Consumer Commission is enquiring into whether WorkCover's premium discount scheme contravenes the Trade Practices Act. WorkCover's legal advice is that no contravention of the Act has occurred and accordingly, there is little likelihood of fines and damages being imposed.

A claim for completion of contract has been made by ABT Pty Ltd against WorkCover. The claim relates to WorkCover's non-payment of the balance of remuneration under a contract with ABT for the supply of computer hardware and software. Advice from WorkCover's solicitors is that the claim is defensible. The contingent liability is estimated at \$785,000.

notes to and forming part of the financial statements

for the year ended 30 June 2001

Note 26 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.

statement of financial performance

for the year ended 30 June 2001

Note 26 WorkCover Scheme Statutory Funds (continued)

	Note	2001 \$'000	2000 \$'000
Revenues			
Net earned premiums	2	1,958,099	1,906,246
Investment income	3	451,220	528,057
Other income		15,936	12,494
Total revenues from ordinary activities		2,425,255	2,446,797
Expenses	4		
Net claims incurred	5	3,317,434	2,296,616
Insurers' management fees		160,903	134,654
Audit fees paid to auditors of insurers		619	559
Bad debts written-off		22,342	15,922
Doubtful debts provision		15,016	9,783
Wage audit fees		5,431	4,395
Debt collection fees		8,887	7,060
Bank charges		4,275	3,745
Other operating expenses		8,105	2,470
Insurers' guarantee fund provision		(651)	(25,667)
Total expenses from ordinary activities		3,542,361	2,449,537
Operating deficit from ordinary activities		(1,117,106)	(2,740)
Total changes in equity other than those resulting from transactions with owners as owners		(1,117,106)	(2,740)

The accompanying notes form part of these financial statements.

statement of financial position

as at 30 June 2001

Note 26 WorkCover Scheme Statutory Funds (continued)

	Note	2001 \$'000	2000 \$'000
Current Assets			
Cash assets		5,145	543
Receivables	6	340,480	269,688
Other financial assets - investments	7	1,355,214	1,329,796
Total Current Assets		1,700,839	1,600,027
Non-Current Assets			
Receivables	6	233,000	248,000
Other financial assets - investments	7	4,509,464	4,469,292
Total Non-Current Assets		4,742,464	4,717,292
Total Assets		6,443,303	6,317,319
Current Liabilities			
Payables	9	190,104	203,424
Unearned premiums provision		378,102	320,041
Insurers' guarantee fund provision		-	354
Outstanding claims	1d & 10	2,339,000	1,794,011
Total Current Liabilities		2,907,206	2,317,830
Non-Current Liabilities			
Insurers' guarantee fund provision		-	297
Outstanding claims	1d & 10	6,292,000	5,637,989
Total Non-Current Liabilities		6,292,000	5,638,286
Total Liabilities		9,199,206	7,956,116
Net Liabilities		(2,755,903)	(1,638,797)
Equity			
Accumulated deficit	1a	(2,755,903)	(1,638,797)

The accompanying notes form part of these financial statements.

statement of cash flows

for the year ended 30 June 2001

Note 26 WorkCover Scheme Statutory Funds (continued)

	Note	2001 \$'000 Inflows (Outflows)	2000 \$'000 Inflows (Outflows)
Cash flows from operating activities			
Premiums received		2,244,459	2,064,734
Statutory levies paid		(160,827)	(151,242)
Claims paid		(2,191,847)	(2,016,000)
Recoveries received		78,240	82,484
Interest received		240,087	230,425
Dividends received		75,836	82,730
Other receipts		71,979	12,308
Insurers' management fees		(177,868)	(134,630)
Other payments		(255,824)	(17,833)
Net cash (used in)/provided by operating activities	13	(75,765)	152,976
Cash flows from investing activities			
Payments for investments		(11,749,826)	(9,840,269)
Proceeds from investments		11,833,499	9,987,038
Net cash provided by investing activities		83,673	146,769
Net increase in cash held		7,908	299,745
Cash at the beginning of the financial year		1,213,696	913,951
Cash at the end of the financial year	14	1,221,604	1,213,696

The accompanying notes form part of these financial statements.

notes to and forming part of the financial statements

for the year ended 30 June 2001

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 \$1,117m (2000 : deficit of \$2.7m) for the year. To address the accumulated deficit the Workers Compensation Legislation Amendment Act 2001 was assented to on 17 July 2001. The broad objective of the Act is to achieve improved outcomes for injured workers and reduce scheme costs by preventing and more efficiently resolving disputes about workers compensation claims.

The government has deferred the commencement of private underwriting to a date to be determined by the Government. The Workplace Injury Management and Workers Compensation legislation provides for the funding of any overall deficit that may arise 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 2001 is given in Note 12.

- (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 income and expenditure 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.

- (d) The outstanding claims (Note 10) and recoveries receivable (Note 6) are based on estimates provided by WorkCover's consulting actuary, Tillinghast-Towers Perrin.

The outstanding claims is the amount which the consulting actuary has estimated as at 30 June

notes to and forming part of the financial statements

for the year ended 30 June 2001

2001 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. \$278m (2000 : \$201m) for the impact of the goods and services tax under A New Tax System;
- ii. \$290m (2000 : \$216m) for claims handling expenses and
- iii. \$53m (2000 : \$12m) for unexpired risks.

The liability for the above 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 26. Details of inflation and discount rates applied are included in Note 10.

- (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.
- (j) Comparative figures have been adjusted to conform with changes in the presentation in the current year.

notes to and forming part of the financial statements

for the year ended 30 June 2001

2. Operating deficit from ordinary activities

	2001 \$'000	2000 \$'000
Premiums written	2,165,323	2,068,923
Less: Statutory levies		
WorkCover Authority fund	99,606	100,369
Dust diseases contributions	49,557	54,420
Increase in unearned premiums provision	58,061	7,888
Net earned premiums	1,958,099	1,906,246
Claims expense	3,386,953	2,375,000
Recoveries revenue	69,519	78,384
Net claims incurred	3,317,434	2,296,616
Underwriting result	(1,359,335)	(390,370)
Investment income	451,220	528,057
Other income	15,936	12,494
Other operating expenses	224,927	152,921
Operating deficit from ordinary activities	(1,117,106)	(2,740)

3. Investment income

Dividends	72,929	84,813
Interest	241,516	229,783
Realised gain on sale of investments	135,782	279,974
Unrealised gain/(loss)	993	(66,513)
Investment income	451,220	528,057

notes to and forming part of the financial statements

for the year ended 30 June 2001

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 \$34,300 (2000 : \$31,000) are paid by WorkCover directly and are not included in the statement of financial performance of the WorkCover Scheme Statutory Funds.

The insurers' guarantee fund provision has been made to meet the claims cost and administrative expenses of the Insurers' Guarantee Fund. The Insurers' Guarantee Fund came into force as a consequence of National Employers' Mutual General Insurance Association Ltd being placed into provisional liquidation on 1 May 1990. The fund also meets the costs of the run-off of remaining claim liabilities of The Greatlands General Insurance Co Ltd and certain companies in the HIH Insurance group (former insurers under the pre WorkCover arrangements) which were included in the Fund on 28 March 2001.

5. Net claims incurred

	2001			2000		
	Current Year \$m	Prior Years \$m	Total \$m	Current Year \$m	Prior Years \$m	Total \$m
Direct Business						
Gross claims incurred & related expenses - undiscounted	3,002	470	3,472	2,549	(372)	2,177
Reinsurance & other recoveries - undiscounted	(98)	25	(73)	(123)	57	(66)
Net claims incurred - undiscounted	2,904	495	3,399	2,426	(315)	2,111
Discount & discount movement - gross claims incurred	(511)	426	(85)	(492)	692	200
Discount & discount movement - reinsurance & other recoveries	20	(17)	3	24	(38)	(14)
Net discount movement	(491)	409	(82)	(468)	654	186
Net claims incurred	2,413	904	3,317	1,958	339	2,297

notes to and forming part of the financial statements

for the year ended 30 June 2001

Explanation of material variances

The net claims incurred from prior years of \$904m is due to:

- a reduction in the average term of the liabilities which has led to an increase in the discounted liabilities and

- an increase in estimated claim costs, due to changes in assumptions based on emerging claims experience.

6. Receivables

	2001 \$'000	2000 \$'000
(a) Current		
Premiums receivable	263,608	208,389
Recoveries receivable	61,000	61,000
Interest and dividends receivable	11,097	12,575
Trade debtors	48,126	16,059
	383,831	298,023
Less : Provision for doubtful debts	43,351	28,335
	340,480	269,688
(b) Non-Current		
Recoveries receivable	233,000	248,000

notes to and forming part of the financial statements

for the year ended 30 June 2001

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.

	2001 \$'000	2000 \$'000
(a) Current		
Money market deposits	177,818	210,102
Bank and non-bank bills	1,086,890	1,058,348
Fixed interest securities	90,506	61,346
	1,355,214	1,329,796
(b) Non-Current		
Fixed interest securities	1,804,349	1,830,138
CPI indexed bonds	865,326	814,169
Convertible notes	1,754	4,557
Australian equities	1,094,584	1,131,364
International equities	231,465	235,099
Australian property trusts	517,670	463,543
Exchange traded options	32	(601)
Exchange traded futures	(202)	(1,338)
	4,514,978	4,476,931
Less : Estimated costs of realisation	5,514	7,639
	4,509,464	4,469,292
Total other financial assets - investments	5,864,678	5,799,088

notes to and forming part of the financial statements

for the year ended 30 June 2001

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	Balance Sheet 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 3 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.	Base service fees are paid to insurers monthly whilst performance fees and statutory levies are payable on dates specified.

notes to and forming part of the financial statements

for the year ended 30 June 2001

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:

2001						
Note	Floating Interest Rate \$'000	Fixed Interest Rate Maturing In			Non-Interest Bearing \$'000	Total \$'000
		1 Year or Less \$'000	1 - 5 Years \$'000	Over 5 Years \$'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	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. In the comparative period all interest bearing investments were classified as having a floating rate as the assets are repriced on a daily basis.

notes to and forming part of the financial statements

for the year ended 30 June 2001

	2000				
	Note	Floating Interest Rate \$'000	1 Year or Less \$'000	Non-Interest Bearing \$'000	Total \$'000
Financial Assets					
Cash assets		543			543
Receivables	6		24,922	183,766	208,688
Investments	7	3,973,682		1,825,406	5,799,088
Weighted average effective interest rate (%)		6.49%	15.39%		
Financial Liabilities					
Bank overdraft	9	1,156		54,141	55,297
Other creditors	9			148,127	148,127

Investments

Cogent Investment Operations Pty Limited (formerly AMP Investment Administration 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 the 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 Poors Australian Ratings Survey".

Net Fair Values

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

notes to and forming part of the financial statements

for the year ended 30 June 2001

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 option on:

- (a) Bond Futures contracts.
- (b) Bill Futures contracts.
- (c) Australian Stock Exchange 200 Share Price Index (SPI) Futures contracts.
- (d) Any security issued or guaranteed by the Commonwealth or State or Territory of Australia which has an unsecured credit rating of A+ or better status in the S&P Australian Rating survey.
- (e) Any securities issued by a public company which is listed on the Australian Stock Exchange 200.

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.

	2001 \$'000	2000 \$'000
Australian fixed interest futures	(218)	7
Australian interest rate futures	15	(32)
Australian share price index futures	1	(1,313)
Australian options on futures	-	(590)
Australian equity pair swaps	12	-
Australian exchange traded options	20	(11)
	(170)	(1,939)

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 2001

9. Payables

	2001 \$'000	2000 \$'000
Bank overdraft	48,249	55,297
Management fees payable	61,215	60,389
Statutory levies payable	11,858	24,007
Other creditors	68,782	63,731
	190,104	203,424

10. Outstanding Claims

	2001 \$'000	2000 \$'000
(a) Expected future gross claims payments (undiscounted)	10,507,000	9,238,337
Discount to present value	(1,876,000)	(1,806,337)
Liability for outstanding claims	8,631,000	7,432,000
Current	2,339,000	1,794,011
Non-Current	6,292,000	5,637,989
	8,631,000	7,432,000
(b) Expected future recoveries (undiscounted)	391,000	403,607
Discount to present value	(97,000)	(94,607)
	294,000	309,000
(c) Net outstanding claims	8,337,000	7,123,000

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. Due to the continuing volatile nature of claims experience, significant actuarial judgement has been employed in choosing the approaches used for the calculation of assumptions for the various models. As such, the consulting actuaries state in their report that there is considerable uncertainty involved in estimating the liabilities for outstanding claims. They also state that, while they have prepared estimates based on what they believe to be the likely future experience, variation from their estimates is normal and to be expected.

notes to and forming part of the financial statements

for the year ended 30 June 2001

10. Outstanding Claims (Continued)

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

	2001 % pa	2000 % pa
For the first succeeding year		
Inflation rate	3.2	4.5
Discount rate	6.0	6.0
For the second succeeding year		
Inflation rate	3.2	4.0
Discount rate	6.0	6.0
For subsequent years		
Inflation rate	3.2	3.5
Discount rate	6.0	6.0

(e) The weighted average discounted expected term from the balance date to settlement of the outstanding claims is estimated to be 3.1 years (2000 : 3.4 years).

11. Segment Information

The WorkCover Scheme Statutory Funds are established and maintained by licensed insurers in accordance with Division 4 of Part 7 of the Workers Compensation Act 1987. The WorkCover Scheme Statutory Funds operate in one industry segment (workers compensation insurance) and one geographical segment (New South Wales).

12. Licensed Insurers

The insurers licensed to operate under the WorkCover Scheme Statutory Funds system during the year ended 30 June 2001 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

Mercantile Mutual Insurance
(N.S.W. Workers Compensation) Limited
(licensed to 31 March 2001)

NRMA Workers' Compensation (NSW) Pty Limited
(licensed from 11 December 2000)

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

NRMA Workers' Compensation (NSW) (No. 3)
Limited (licensed to 30 June 2001)

notes to and forming part of the financial statements

for the year ended 30 June 2001

QBE Workers Compensation (NSW) Limited

Royal & Sun Alliance Workers Compensation (NSW) Limited

Zurich Australian Workers Compensation Limited

During the year Commercial Union Workers' Compensation NSW Limited changed its name to CGU Workers Compensation (NSW) Limited, FAI

Workers Compensation (NSW) Limited changed its name to NRMA Workers' Compensation (NSW) (No. 3) Limited and HIH Workers Compensation (NSW) Pty. Limited changed its name to NRMA Workers' Compensation (NSW) (No. 2) Pty Limited.

A.M.P. Workers' Compensation Services (N.S.W.) Limited ceased to be a licensed insurer during the comparative reporting period.

13. Reconciliation of Net Cash (Used in)/Provided by Operating Activities to Operating Deficit from Ordinary Activities

	2001 \$'000	2000 \$'000
Operating deficit from ordinary activities	(1,117,106)	(2,740)
Decrease/(Increase) in operating assets		
Premiums receivable	(55,219)	(21,189)
Recoveries receivable	15,000	4,100
Interest and dividends receivable	1,478	(1,441)
Trade debtors and prepayments	(7,062)	(186)
(Decrease)/Increase in operating liabilities		
Provision for doubtful debts	15,016	9,783
Management fees payable	826	24
Statutory levies payable	(12,149)	3,547
Other creditors and accruals	(36,184)	33,318
Provision for outstanding claims	1,199,000	359,000
Unearned premiums provision	58,061	7,888
Insurers' guarantee fund provision	(651)	(25,667)
Realised gain on sale of investments	(135,782)	(279,974)
Unrealised (gain)/loss on investments	(993)	66,513
Net cash (used in)/provided by operating activities	(75,765)	152,976

notes to and forming part of the financial statements

for the year ended 30 June 2001

14. 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:

	2001 \$'000	2000 \$'000
Cash asset	5,145	543
Money market deposits	177,818	210,102
Bank and non-bank bills	1,086,890	1,058,348
Bank overdraft	(48,249)	(55,297)
	1,221,604	1,213,696

15. Contingent Liabilities

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

16. 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 2001

	MAJOR FUNDS								MINOR* FUNDS		TOTAL **	
	WorkCover Authority Fund		Insurers' Guarantee fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Comp Fund					
	2001 \$'m	2000 \$'m	2001 \$'m	2000 \$'m	2001 \$'m	2000 \$'m	2001 \$'m	2000 \$'m	2001 \$'m	2000 \$'m	2001 \$'m	2000 \$'m
REVENUES												
Contributions	133.0	132.8	7.2	(40.1)	2.9	0.4	5.2	2.2	-	(1.9)	148.3	93.5
Investment Income	12.1	9.3	9.0	5.4	-	-	-	-	-	0.9	21.1	15.5
Other Revenues	14.0	16.1	12.7	23.4	-	-	-	-	-	-	26.3	38.9
Total revenues from ordinary activities	159.1	158.2	28.9	(11.3)	2.9	0.4	5.2	2.2	-	(1.0)	195.7	147.9
EXPENSES												
Workcover Operations	118.6	88.4	1.6	1.9	0.1	0.2	0.1	0.1	-	0.3	120.1	90.3
Compensation Court	22.6	20.1	-	-	-	-	-	-	-	-	22.6	20.1
Cost of Claims	4.4	6.6	27.3	(13.2)	2.8	0.2	5.1	2.1	-	(1.0)	39.4	(5.3)
Other Expenses	8.8	10.0	-	-	-	-	-	-	-	-	8.9	10.0
Total expenses from ordinary activities	154.4	125.1	28.9	(11.3)	2.9	0.4	5.2	2.2	-	(0.7)	191.0	115.1
Operating Surplus (Deficit)												
from ordinary activities	4.7	33.1	-	-	-	-	-	-	-	(0.3)	4.7	32.8

*Minor Funds comprise:

- Associated General Contractors Insurance Co Fund
- Bishopsgate Insurance Australia Ltd Fund

The minor funds were closed during 2000.

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

annexure b

comparative statement of financial position

as at 30 June 2001

	MAJOR FUNDS								MINOR* FUNDS		TOTAL**	
	WorkCover Authority Fund		Insurers' Guarantee fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Comp Fund					
	2001 \$'m	2000 \$'m	2001 \$'m	2000 \$'m	2001 \$'m	2000 \$'m	2001 \$'m	2000 \$'m	2001 \$'m	2000 \$'m	2001 \$'m	2000 \$'m
ASSETS												
Receivables	34.8	45.0	0.1	0.7	10.0	9.6	7.7	5.6	-	-	52.6	63.2
Other financial assets (Investments)	141.7	128.6	117.6	96.9	-	-	-	-	-	-	259.4	225.5
Other Assets	33.7	33.9	0.5	9.5	0.7	0.6	2.0	1.1	-	-	36.8	42.8
Total Assets	210.2	207.5	118.2	107.1	10.7	10.2	9.7	6.7	-	-	348.8	331.5
LIABILITIES												
Outstanding claims	92.6	95.8	109.7	90.6	10.7	10.2	9.7	6.7	-	-	222.7	203.3
Other liabilities	26.7	25.6	8.5	16.5	-	-	-	-	-	-	35.2	42.1
Total Liabilities	119.3	121.4	118.2	107.1	10.7	10.2	9.7	6.7	-	-	257.9	245.4
Equity	90.9	86.1	-	-	-	-	-	-	-	-	90.9	86.1

*Minor Funds comprise:

- Associated General Contractors Insurance Co Fund
- Bishopsgate Insurance Australia Ltd Fund

The minor funds were closed during 2000.

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

annexure c

comparative statement of cash flows

for the year ended 30 June 2001

	MAJOR FUNDS								MINOR* FUNDS		TOTAL**	
	WorkCover Authority Fund		Insurers' Guarantee fund		Bush Fire Fighters Compensation Fund		Emergency & Rescue Workers Comp Fund					
	2001 \$'m	2000 \$'m	2001 \$'m	2000 \$'m	2001 \$'m	2000 \$'m	2001 \$'m	2000 \$'m	2001 \$'m	2000 \$'m	2001 \$'m	2000 \$'m
OPERATING ACTIVITIES INFLOWS												
Contributions	124.3	127.9	-	-	2.6	2.6	3.0	2.7	-	-	129.9	133.2
Investment Income	10.0	1.8	6.7	0.5	-	-	-	-	-	0.9	16.7	3.1
Other	23.4	7.7	13.1	22.5	0.1	0.1	-	-	-	1.7	36.2	46.5
(OUTFLOWS)												
Workcover Operations	(67.0)	(54.8)	(0.1)	(2.0)	(0.2)	(0.2)	(0.2)	(0.1)	-	(0.3)	(67.4)	(70.1)
Compensation Court	(22.4)	(19.2)	-	-	-	-	-	-	-	-	(22.4)	(19.2)
Claims	(8.6)	(8.3)	(8.3)	(8.6)	(2.4)	(2.4)	(2.0)	(1.6)	-	(1.1)	(21.4)	(22.0)
Other	(41.2)	(39.0)	(1.0)	8.1	-	-	-	-	-	(17.5)	(41.9)	(50.1)
Net Cash	18.5	16.1	10.4	20.5	0.1	0.1	0.8	1.0	-	(16.3)	29.7	21.4
INVESTING ACTIVITIES												
Net Cash	(17.3)	(9.2)	(18.4)	(12.0)	-	-	-	-	-	15.6	(35.6)	(5.6)
NET INCREASE (DECREASE) CASH	1.2	6.9	(8.0)	8.5	0.1	0.1	0.8	1.0	-	(0.7)	(5.9)	15.8

*Minor Funds comprise:

- Associated General contractors Insurance Co Fund
- Bishopsgate Insurance Australia Ltd Fund

The minor funds were closed during 2000.

**Certain revenues of cash receipts and payments have been adjusted to eliminate minor transactions between the funds.

budget statement

workcover authority and associated funds

	Budget 2000/01 \$m	Actual 2000/01 \$m	Budget 2001/02 \$m
Revenues			
Contributions	142.7	148.2	149.4
Investment income	8.4	21.1	6.3
Other revenues	16.1	26.3	16.9
Total income	167.2	195.6	172.6
Expenses			
WorkCover Authority Operations	132.4	120.1	131.1
Compensation Court	23.0	22.6	24.0
Net claims incurred	16.6	39.4	21.3
Workers Compensation Resolution Service	8.5	7.9	9.3
Other Expenses	3.2	1.2	3.3
Total Expenses	183.7	109.9	189.0
Operating Surplus (Deficit)	(16.5)	4.7	(16.4)

2000/2001

The 2000/01 budget targeted a deficiency of \$16.5m to reduce excess reserves. The actual result is a surplus of \$4.7m.

Revenue from investments was \$12.7m higher than budget mainly as a result of very favourable market conditions to June 2001. Other revenue included a distribution of \$12.7m from the liquidators of the National Employers' Mutual General Insurance Association Limited.

Some major projects were deferred into 2001/02, reducing budgeted expenditure in 2000/01 by \$12.2m. The projects include WorkCover Scheme and OHS legislative reform initiatives.

Net claims incurred was impacted by the HIH Insurance Co failure through the recognition of claims liabilities estimated at \$28.9m

2001/02

A deficit of \$16.4m is planned for 2001/02. The level of net assets held at June 2001 is more than required especially given 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.

Investment income is anticipated to be lower mainly due to lower future earnings.

appendices

for Annual Report 2000/2001

appendices

Appendix 1

CODE OF CONDUCT

WorkCover is part of the NSW Public Service, and public employment carries with it an obligation to the community to conduct our business diligently, efficiently, impartially and with integrity. This obligation is particularly important in organisations such as WorkCover where we not only deliver services but also have regulatory responsibilities.

WorkCover must act in a manner which will maintain public confidence and trust. The Code of Conduct explains the values and principles that are expected from everyone employed at WorkCover, including the General Manager, Senior Executive Service officers, consultants, contractors and temporary employees.

The Code of Conduct has been developed in accordance with the principles of ethical (or responsible) decision making and it embodies the following values:

- Respect for the law
- Respect for the system of government
- Respect for the community and persons
- Integrity
- Diligence
- Economy and efficiency
- Accountability

The Code of Conduct also deals with situations where an officer may be unsure of the appropriate course of action. Such matters dealt with under the Code of Conduct are:

- Attendance at external functions
- Bribes
- Conflicts of interest
- Copyright and licenses
- Gifts, favours and hospitality
- Impartiality
- Information on our clients and ourselves
- Other employment (having a second job)
- Political participation
- Public comment
- Relations with ex-employees of WorkCover
- Reporting breaches of the Code and corrupt conduct
- Using WorkCover's resources

Appendix 2

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' need, 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 those listed below.

- Service is delivered efficiently, and in a courteous manner.
- Information and advice is authoritative and up-to-date.
- Wherever possible, telephone enquirers are answered immediately. If this is not possible your enquiry is recorded and a WorkCover officer contacts you within two working days.
- Written request for information, including publications, are responded to within ten working days of receipt by WorkCover.
- Investigations of occupational health and safety problems at places of work are conducted according to need, with situations of greatest risk of injury given highest priority.
- All disputes resolution and appeal matters are conducted impartially according to defined policies and relevant legislation.

Appendix 3

CONSUMER RESPONSE

WorkCover merged its Information Centre and OHS licensing Unit to form the Client Contact Centre. The Centre's business increased significantly in the reporting period compared to the previous year. The number of calls handled this year is higher than last

year as is the number of counter enquiries, with 113,781 calls and 5745 counter enquiries. An increase in the number of Internet queries is attributed to WorkCover's successful media campaigns and regulatory reform program.

The Client Contact Centre joined 14 other NSW government agencies in a benchmarking project and was ranked third on client satisfaction.

A review was also conducted on the OHS Licensing Unit with the aim of improving delivery. This review involved interviews with stakeholder focus groups and included a preliminary investigation of online OHS licensing as part of the NSW Government's Connecting Business program.

As reported last year, the Insurance Division and the OHS Division implemented a combined complaints management system management (WSMS) to track and record complaints. This meant that complaints can be taken at any office in the state, directed to the appropriate person and recorded for analysis.

Appendix 4

LEGISLATION

Legislation Administered by WorkCover in this period

1. List of Acts, Regulations and Codes of Practice administered by WorkCover as at 30 June 2001

Acts

Scheme Administration

- Workplace Injury Management and Workers Compensation Act 1998 No. 86 (Chapter 2 and Schedules 2-5)

Occupational Health and Safety

- *Occupational Health and Safety Act 1983 No. 20*
- *Construction Safety Act 1912 No. 38*
- *Dangerous Goods Act 1975 No. 68*
- *Factories, 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 1983 NO. 20

- *Occupational Health and Safety (Administration) Regulation 1992*
- *Occupational Health and Safety (Asbestos Removal Work) Regulation 1996*
- *Occupational Health and Safety (Certificates of Competency) Regulation 1996*
- *Occupational Health and Safety (Committees in Workplaces) Regulation 1999*
- *Occupational Health and Safety (Confined Spaces) Regulation 1990*
- *Occupational Health and Safety (Demolition Licensing) Regulation 1996*
- *Occupational Health and Safety (First-Aid) Regulation 1989*
- *Occupational Health and Safety (Floors, Passageways and Stairs) Regulation 1990*
- *Occupational Health and Safety (Hazardous Substances) Regulation 1996*
- *Occupational Health and Safety (Manual Handling) Regulation 1991*
- *Occupational Health and Safety (Noise) Regulation 1996*
- *Occupational Health and Safety (Notification of Accidents) Regulation 1990*

- *Occupational Health and Safety (Penalty Notices) Regulation 1996*
- *Occupational Health and Safety (Pest Control) Regulation 1988*
- *Occupational Health and Safety (Synthetic Mineral Fibres) Regulation 1993*
- *Occupational Health and Safety (Short Description of Offences) Regulation 1996.*

**Factories, Shops and Industries Act 1962
NO. 43**

- *Abrasive Blasting Regulations*
- *Boiler and Pressure Vessel Regulations*
- *Chaff-cutting Machines (Safety) Regulation 1980*
- *Engine Drivers and Boiler Attendants Certification Regulations*
- *Explosive-powered Tool Regulations*
- *Factories (Health and Safety - Asbestos Processes) Regulation 1984*
- *Factories (Health and Safety - Circular Saws) Regulations 1943*
- *Factories (Health and Safety - Dipping in Flammable Solutions) Regulation 1976*
- *Factories (Health and Safety) Electroplating Regulation 1988*
- *Factories (Health and Safety - Furnaces) Regulation 1983*
- *Factories (Health and Safety) General Regulations 1913*

- *Factories (Health and Safety - Spray Painting) Regulation 1977*
- *Foundry Regulations*
- *Lead Regulations*
- *Local Government Industries (Machine Safety) Regulation*
- *Locomotive Regulations*
- *Rural Industries (Machine Safety) Regulations*
- *Timber Industry (Health and Safety) Regulation 1982*
- *Welding Regulations*

Construction Safety Act 1912 NO. 38

- *Construction Safety Regulations 1950*

Dangerous Goods Act 1975 NO. 68

- *Dangerous Goods (General) Regulation 1999*
- *Dangerous Goods (Gas Installations) Regulation 1998*

Justices Act 1902 NO. 27

- *Occupational Health and Safety Legislation (Short Descriptions of Offences) Regulation 1996*

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 (Workplace Injury Management) Regulation 1995*

- *Workers Compensation Transitional Regulation 1997*

- *Workplace Injury Management and Workers Compensation Regulation 1999*

- *Insurance Premiums Order 2000-2001*

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

- *Workers Compensation (Bush Fire, Emergency and Rescue Services) Regulation 1995*

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 s.44A of the Occupational Health and Safety Act 1983.

Building Industry

- *Code of Practice: Electrical Practices for Construction Work. Commenced 1 February 1992. Government Gazette No. 183 of 27 December 1991*

- *Code of Practice for Facade Retention. Commenced 1 May 1992. Government Gazette No. 42 of 3 April 1992*

- *Code of Practice: Mono-Strand Post-Tensioning of Concrete Buildings. Commenced 1 August 1993. Government Gazette No. 49 of 21 May 1993*

- *Code of Practice: Construction and Testing of Concrete Pumps. Commenced 1 March 1994. Government Gazette No. 130 of 26 November 1993*

- *Code of Practice: Pumping Concrete. Commenced 1 March 1994. Government Gazette No. 134 of 3 December 1993*

- *Code of Practice: Overhead Protective Structures. Commenced 20 March 1995. Government Gazette No. 170 of 16 December 1994*

- *Code of Practice: Safety Line Systems. Commenced 19 June 1995. Government Gazette No. 32 of 17 March 1995*

- *Code of Practice: Safe Work on Roofs, Part 1, Commercial and Industrial Buildings. Commenced 1 November 1993. Government Gazette No. 89 of 13 August 1993*

- *Code of Practice: Safe Work on Roofs, Part 2, Residential Buildings. Commenced 1 March 1997. Government Gazette No. 143 of 6 December 1996*

- *Code of Practice: Cutting and Drilling Concrete and other Masonry Products. Commenced 1 March 1997. Government Gazette No. 137 of 29 November 1996*

- *Code of Practice: Amenities for Construction Work. Commenced 1 March 1997. Government Gazette No. 143 of 6 December 1996*

- Code of Practice for Tunnels Under Construction. Commenced 7 June 1991. Government Gazette No. 88 of 7 June 1991
- Code of Practice: Formwork. Commenced 22 June 1998. Government Gazette No. 62 of 27 March 1998
- Code of Practice: Occupational Health and Safety Induction Training for Construction Work. Commenced 1 April 1999. Government Gazette No. 165 of 27 November 1998
- Code of Practice: Excavation. Commenced 31 March 2000. Government Gazette No. 15 of 4 February 2000

Hazardous Substances

- Code of Practice for the Control of Workplace Hazardous Substances. Commenced 12 July 1996. Government Gazette No. 61 of 17 May 1996
- Code of Practice for the Preparation of Material Safety Data Sheets. Commenced 12 July 1996. Government Gazette No. 61 of 17 May 1996
- Code of Practice for the Labelling of Workplace Substances. Commenced 12 July 1996. Government Gazette No. 61 of 17 May 1996
- Code of Practice: Safe Handling and Storage of Enzymatic Detergent Powders and Liquids. Commenced 4 April 1994. Government Gazette No. 37 of 18 February 1994
- Code of Practice for the Safe Use of Vinyl Chloride 1991. Commenced 1 November 1991. Government Gazette No. 132 of 20 September 1991
- Code of Practice for the Safe Use of Synthetic Mineral Fibres. Commenced 1 June 1993. Government Gazette No. 39 of 23 April 1993
- Code of Practice for the Safe Use and Storage of Chemicals (including Pesticides and Herbicides) in Agriculture. Commenced 1 September 1998. Government Gazette No. 126 of 28 August 1998
- Code of Practice for the Safe Use of Pesticides including Herbicides in Non-Agricultural Workplaces. Commenced 1 September 1998. Government Gazette No. 126 of 28 August 1998

Workplaces

- Code of Practice for Manual Handling. Commenced 1 September 1991. Government Gazette No. 108 of 19 July 1991
- Code of Practice for the Prevention of Occupational Overuse Syndrome. Commenced 2 March 1996. Government Gazette No. 102 of 25 August 1995
- Code of Practice for Workplace Injury and Disease Recording. Commenced 1 November 1991. Government Gazette No. 132 of 20 September 1991
- Code of Practice for Noise Management and Protection of Hearing at Work. Commenced 31 May 1997. Government Gazette No. 65 of 31 May 1996
- Code of Practice for 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. Government Gazette No. 122 of 6 October 1995

- Code of Practice for Compactors. Commenced 15 February 1991. Government Gazette No. 31 of 15 February 1991

Timber Industry

- Code of Practice for the Safe Handling of Timber Preservatives and Treated Timber. Commenced 1 November 1991. Government Gazette No. 132 of 20 September 1991
- Code of Practice: Snigging Logs. Commenced 1 February 1994. Government Gazette No. 119 of 29 October 1993
- Code of Practice. Safe Loading and Unloading of Logs. Commenced 16 January 1995. Government Gazette No. 139 of 14 October 1994
- Code of Practice for the Sawmilling Industry. Commenced 1 July 1997. Government Gazette No. 43 of 24 April 1997
- Code of Practice: Amenity Tree Industry. Commenced 8 August 1998. Government Gazette No. 115 of 31 July 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. Government Gazette No. 112 of 2 August 1991

Code published by WorkCover in conjunction with the Wine Industry (not as 44A Approved Code of Practice).

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

2. ASSOCIATED ORGANISATIONS

Two organisations associated with WorkCover are also responsible for legislation.

Workers Compensation (Dust Diseases) Board

- *Workers Compensation (Dust Diseases) Act 1942 No. 14*
- *Workers Compensation (Dust Diseases) Regulation 1998*
- *Workmen's Compensation (Lead Poisoning – Broken Hill) Act 1922 No. 31*

Sporting Injuries Committee

- *Sporting Injuries Insurance Act 1978 No. 141*
- *Sporting Injuries Insurance Regulation 1999*
- *Sporting Injuries Insurance Rule 1997*

Appendix 5

SUMMARY OF LEGISLATIVE CHANGES

CHANGES TO ACTS

Amendments to the Workers Compensation Act 1987 No.70 and the Workplace Injury Management and Workers Compensation Act 1998 No. 86.

(1) Workers Compensation Legislation Amendment Act 2000

This Act:

- Amends the *Workers Compensation Act 1987*, the *Workers Compensation (Dust Diseases) Act 1942*, the *Workplace Injury Management and Workers Compensation Act 1998* and the *Search Warrants Act 1985*

- Combines the Workers Compensation Advisory Council and the Occupational Health and Safety Council in a new Workers Compensation and Workplace Occupational Health and Safety Council with the function of providing advice to the Minister on occupational health and safety, workers compensation and injury management matters
- Provides for injury management pilot schemes and the introduction of market incentives, including the Premium Discount Scheme
- Allows for subsequent claims for compensation to be made directly to the workers compensation insurer
- Introduced changes to the election provisions so that the injured worker will have made an election by accepting statutory lump sum compensation or common law damages, or by starting proceedings for damages or for statutory compensation
- To provide that damages for breach of contract can be reduced for the contributory negligence of the worker
- Provided that the Regulations can make it an offence for an insurer to fail to give the required notice of a dispute as to liability and to require additional matters to be included in the notice
- Provide for the Regulations or the rules of the Compensation Court to limit the number of medical reports obtained in disputed workers compensation matters
- Require that parties to a dispute about liability for compensation to exchange information about and provide copies of the documentary evidence on which they propose to rely for the purposes of conciliation of the dispute
- Enable multiple insurers involved in the same proceedings to be represented by a single insurer
- Provides that directors of a corporation may be personally liable for amounts held to be payable for the failure to take out workers compensation insurance or evasion of premium and other amendments in relation to recovery provisions
- Enable the recovery of compliance costs for cases involving understatement of wages
- Require that payment of interest and late payment fees on premium debts accrue from the date of issue of the policy
- Provides for the issue by insurers of certificates of currency to employers
- Creates a new offence of fraud against the workers compensation scheme and modifies existing fraud offences.
- Government Gazette No. 162 of 15 December 2000 at p.13165.
- Commenced as follows;
 - Schedules 1,2,10-12 and 14-19 commenced 1 January 2001.
 - Schedule 8 commenced 16 February 2001.
 - Schedules 3,6,7,13 and 20-23 (except 23.2 [1]-[3]): commenced 4 March 2001.
 - Schedules 4 and 23.2[1]-[3]: commenced 2 April 2001
 - Schedules 5 and 9 not yet commenced

(2) Law Reform (Miscellaneous Provisions)

Amendment Act 2000 No 111.

This Act:

- Amends the *Law Reform (Miscellaneous Provisions) Act 1965* to make provision for the application of the common law doctrine of contributory negligence to contractual liability in certain circumstances, and for other purposes including a consequential amendment to the *Workers Compensation Act 1987* by omitting section 10(4) from s 151N(5) and inserting, section 13.
- Government Gazette No. 170 of 29 December 2000 at p.13949.
- Commenced 22 January 2001.

(3) Courts Legislation Amendment Act 2000 No 31.

This Act:

- Amended the *Workers Compensation Act 1987* and the *Workplace Injury Management and Workers Compensation Act 1998*
- Enables the Compensation Court to authorise payments of compensation to a beneficiary (or to another person on behalf of the beneficiary) rather than to the Public Trustee for the benefit of the beneficiary
- Government Gazette No. 125 of 22 September 2000 at p. 10678
- Commenced 25 September 2000

CHANGES TO REGULATIONS

(1) Regulations made under the Workers Compensation Act 1987 No.70.

1. Insurance Premiums Order 2001-2002.

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 2001
- Introduced a new business classification system based on National ANZSIC system known as the NSW WorkCover Industry Classification System (WIC)
- Provides an adjustment mechanism to allow for individual employers who experience inordinately high premiums under certain circumstances.
- The Premium Discount Scheme is accommodated within the calculation of the insurance premium formula by the letter "Y" with several new definitions included
- Provides that 'experience' is included irrespective of any break in insurance within the immediately preceding two years
- Contains updated references to the Federal Corporations legislation which is due to commence on 1 July 2001
- Required supporting amendments to the *Workers Compensation (General) Regulation 1995* and the *Workers Compensation (Insurance Premiums) Regulation 1995*

- Government Gazette No.99 of 22 June 2001

- Commenced 30 June 2001

2. *Workers Compensation (General) Amendment (Index Number) Regulation 2000.*

This Regulation:

- Amends the *Workers Compensation (General) Regulation 1995*
- Provides for the specification of the indexation number that is used in the indexation of benefits payable under the *Workers Compensation Act 1987* in line with ABS award rates of pay
- Government Gazette No. 127 of 29 September 2000
- Commenced 29 September 2000

3. *Workers Compensation (General) Amendment (Index Number) Regulation 2001.*

This Regulation:

- Amends the *Workers Compensation (General) Regulation 1995*
- Provides for the specification of the index number that is used in the indexation of benefits payable under the *Workers Compensation Act 1987* on 1 April 2001 in line with ABS award rates of pay
- Government Gazette No. 57 of 23 March 2001
- Commenced 23 March 2001

2. Regulations made under the *Workers Compensation Act 1987* No.70 and the *Workplace Injury Management and Workers Compensation Act 1998* No. 86.

1. *Workers Compensation (Insurance Premiums) Amendment (Premium Discount Scheme) Regulation 2001.*

This Regulation:

- Amends the *Workers Compensation (Insurance Premiums) Regulation 1995*
- The Premium Discount Scheme provides for a discount on workers compensation insurance premiums for employers who implement programs to improve occupational health and safety and workplace injury management
- The Scheme has two strands, the Premium Discount Scheme (General) and the Small Business Strategy. An employer may voluntarily participate in either strand subject to eligibility requirements
- Verification of benchmark improvements is carried out by Premium Discount Advisers and Sponsors
- The Small Business Strategy is restricted to employers who have 20 or fewer full time equivalent workers
- Government Gazette No 103 of 29 June 2001 at p. 4994
- Commenced 29 June 2001

2. *Workers Compensation (General) Amendment (Conciliation) Regulation 2001.*

This Regulation:

- Amended the *Workers Compensation (General) Regulation 1995*
- Provides an exception to allow a conciliator or the Compensation Court to admit a document into evidence where the worker was not represented by a legal practitioner or an agent at the time of the failure to provide the document
- Government Gazette No. 37 of 9 February 2001 p. 579
- Commenced 16 February 2001

3. *Workers Compensation (General) Amendment (Miscellaneous) Regulation 2001.*

This Regulation:

- Amended the *Workers Compensation (General) Regulation 1995*
- Limits the number of medical reports that can be obtained in a disputed workers compensation matter
- Creates an offence for an insurer of failing to issue a dispute notice that does not comply with the Act and provides for an on the spot fine
- Creates a range of new penalty notice offences and expands the class of persons who are authorised to issue penalty notices

- Amends the form of notice for a hearing loss injury so that the form will operate to better identify pre-existing injuries
- Made a consequential amendment to the form of insurance policy to reflect changed procedures concerning premium disputes
- Provided for other consequential miscellaneous amendments
- Government Gazette No. 41 of 23 February 2001
- Commenced 4 March 2001 – The Regulation excluding Sch 1[13]
- Commenced 2 April 2001 – Sch 1[13]

4. *Workers Compensation (Insurance Premiums) Amendment (Miscellaneous) Regulation 2001.*

This Regulation:

- Amended the *Workers Compensation (Insurance Premiums) Regulation 1995*
- Removed offences concerning the provision of false information and false declarations by insurers (those offences having been transferred to the *Workers Compensation Act 1987* and the *Workplace Injury Management and Workers Compensation Act 1998*)
- Made consequential amendments to standard procedures for the determination of disputes in relation to the calculation of insurance premiums
- Government Gazette No. 41 of 23 February 2001, p. 884
- Commenced 4 March 2001

5. *Workers Compensation (General) Amendment (Advertising) Regulation 2001.*

This Regulation:

- Amended the *Workers Compensation (General) Regulation 1995*
- Provides a ban on advertising of workers compensation services by a lawyer or agent, except for statements on area of practice, specialty or expertise in limited media such as printed publications. Radio and television advertising is prohibited
- The Regulation also allows for penalty notice enforcement
- Government Gazette No. 73 of 27 April 2001 at p. 2052
- Commenced 26 May 2001

6. *Workers Compensation (General) Amendment (Penalty Notices) Regulation 2000.*

This Regulation:

- Amended the *Workers Compensation (General) Regulation 1995*
- Provisions allowing penalty notices (on the spot fines) to be issued for non-insurance, failure to commence weekly payments of compensation and referring a matter that is not an genuine dispute for the purposes of delaying such payments of compensation
- Officers appointed as inspectors under the OHS Act are given the power to issue such notices with immediate effect

- Government Gazette No. 139 of 20 October 2000 at p. 11191

- Commenced 1 November 2000

7. *Workers Compensation (General) Amendment (Form of Summary) Regulation 2000.*

This Regulation:

- Amended the *Workers Compensation (General) Regulation 1995*
- Creates a new Form of workers compensation summary of claims and notice of injury requirements for display at workplaces. Changes from the previous Form include new information on injury prevention and management and plainer English. WorkCover has printed a glossy colour version of the Form available free
- Enables the WorkCover Authority to approve alternatives to the prescribed Form
- Government Gazette No. 137 of 13 October 2000 at p. 11018
- Commenced 1 November 2000

8. *Workers Compensation (Workplace Injury Management) Amendment (Offences) Regulation 2000.*

This Regulation:

- Amended the *Workers Compensation (Workplace Injury Management) Regulation 1995*
- Makes it an offence for an employer to fail to comply with requirements in the *Workplace Injury Management and Workers Compensation Act 1998* relating to the notification of significant workplace injuries, and to enable on-the-spot fines to be imposed for such an offence

- Government Gazette No. 139 of 20 October 2000 at p. 11195

- Commenced 1 November 2000

9. *Workers Compensation (General) Amendment (Conciliation Conference Fees) Regulation 2001.*

This Regulation:

- Amends the *Workers Compensation (General) Regulation 1995*
- Increases the amounts specified in that Regulation that are payable to a legal practitioner or agent as costs for legal or agent services associated with conciliation conferences
- Government Gazette No. 103 of 29 June 2001 at p. 4990
- Commenced 29 June 2001

(3) Regulations made under the *Occupational Health and Safety Act 1983*.

1. *Occupational Health and Safety (Savings and Transitional) Regulation 2001.*

This Regulation:

- Continued, for a further period of 3 months ending immediately before 1 July 2001, the effect of regulations made under the *Occupational Health and Safety Act 1983* that were repealed on 1 April 2001 by the *Subordinate Legislation Act 1989*
- Government Gazette No. 60 of 30 March 2001 at p. 1598
- Commenced 30 March 2001

2. *Occupational Health and Safety (Savings and Transitional) Regulation 2001.*

This Regulation:

- The *Occupational Health and Safety (Savings and Transitional) Regulation 2001*, continued, for a further period of 3 months ending immediately before 1 July 2001, the effect of regulations made under the *Occupational Health and Safety Act 1983* that were repealed on 1 April 2001 by the *Subordinate Legislation Act 1989*
- This Regulation extends that period by a further 2 months ending immediately before 1 September 2001
- This Regulation will be repealed by the *Occupational Health and Safety Act 2000* when that Act commences

- Government Gazette No. 103 of 29 June 2001 at p. 4690

- Commenced 29 June 2001

3. *Regulation made under the Construction Safety Act 1912.*

1. *Construction Safety Amendment (Fees) Regulation 2001*

This Regulation:

- Amends the *Construction Safety Regulations 1950*
- Increases the fees specified in those Regulations that are payable to the WorkCover Authority for services provided in relation to re-inspecting and re-testing of lifts, escalators and moving walks and other related matters

- Government Gazette No. 103 of 29 June 2001 at p. 4463
- Commenced 29 June 2001

Appendix 6

LICENSED INSURERS, SELF INSURERS

LICENSED INSURERS AS AT 30 JUNE 2001

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 2001

Bankstown City Council

BOC Gases Australia Limited

Bonds Industries Limited

Campbelltown City Council

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

EnergyAustralia

Eraring Energy

Fairfield City Council

Finemores Pty Limited

Fletcher International Exports Pty Limited

Forestry Commission of New South Wales

Freight Rail Corporation

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

McDonald's Australia Limited

Mobil Oil Australia Pty Limited

National Australia Bank Limited

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

State Transit Authority of New South Wales

Sutherland Shire Council

3M Australia 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 2001

Australia and New Zealand Banking Group Limited

Brambles Industries Limited

BHP Limited

Commonwealth Bank of Australia

CSR Limited

Goodman Fielder Limited

Mayne Nickless Limited

NSW Treasury Managed Fund

OneSteel Limited

Sydney Water Corporation

Transfield Holdings Pty Limited

Woolworths Limited

SPECIALISED INSURERS AS AT 30 JUNE 2001

Catholic Church Insurances Limited

Guild Insurance Limited

Joint Coal Board

New South Wales Thoroughbred Racing Board

North Insurances Pty Ltd

StateCover Mutual Limited

SPECIALISED DOMESTIC WORKERS

COMPENSATION INSURERS AS AT 30 JUNE 2001

Allianz Australia Insurance Limited

AMP General Insurance Limited

Ansvar Australia Insurance Limited

CGU Insurance Limited

Chubb Insurance Company of Australia Limited

Commonwealth Insurance Limited

GIO General Limited

Lumley General Insurance Limited

Mercantile Mutual Insurance (Australia) Limited

NRMA Insurance Limited

NZI Insurance Australia Limited

QBE Insurance Limited

Royal & Sun Alliance Insurance Australia Limited

Western QBE Insurance Limited

Westpac General Insurance Limited

Zurich Australian Insurance Limited

Appendix 7

WORKCOVER COMMITTEES

Workers Compensation and Workplace Occupational Health and Safety Council of NSW

On 1 January 2001 the government introduced new corporate governance and consultative arrangements for the WorkCover scheme, merging the Occupational Health and Safety Council and the Workers Compensation Advisory Council.

The new Workers Compensation and Workplace Occupational Health & 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, providing for a greater emphasis on a systemic approach to the prevention of workplace injury, injury management/return to work and workers compensation issues with a broader range of representatives with an interest in these matters.

Members of the Workers Compensation and Workplace Occupational Health and Safety Council of NSW as at 30 June 2001 were:

Chairperson

Greg McCarthy (Executive Director, Workplace Injury Management Services)

Employer representatives

Garry Brack (Chief Executive Officer, Employers First)

Greg Pattison (General Manager Special Projects, Australian Business Ltd)

Bill Healey (Executive Director, Australian Retailers Association - NSW)

Ken Young (Executive Officer, Self Insurers Association)

Lucy Moore (NSW Workers Compensation & OHS Policy Manager, Australian Industry Group)

Employee representatives

Sandra Moait (General Secretary, NSW Nurses Association)

Andrew Ferguson (NSW Secretary, CFMEU Construction & General Division)

Tony Sheldon (NSW Secretary, Transport Workers Union)

Russ Collison (NSW Secretary, Australian Workers Union)

Mary Yaager (Workers Compensation and OHS Officer, Labor Council of NSW)

Legal Practitioners representative

Charles Vandervord (Law Society of NSW)

Medical Practitioners representative

Dr Ian Gardner (Occupational Physician,
Australasian Faculty of Occupational Medicine)

Other Health Care Professionals representative

Ev Innes (Lecturer in Occupational Therapy,
University of Sydney)

Insurers representative

Dallas Booth (General Manager Insurance Council
of Australia)

Injury Management & Rehabilitation expert

Anne Engleman (Workers compensation
management consultant)

Occupational Health and Safety expert

Sylvia Kidziak, AM (OHS Consultant, former
Chairperson, OHS Council of NSW)

Workers Compensation Advisory Council

The Workers Compensation Advisory Council provided
advice to the Minister with respect to workers
compensation and OHS policy and legislation during
the period 1 July to 31 December 2000.

Members of the Council were:

Kate McKenzie (General Manager, WorkCover NSW –
Chairperson)

Garry Brack (Employers Federation of NSW)

Mark Goodsell (Australian Industry Group)

Bill Healey (Australian Retailers Association)

Greg Pattison (Australian Business Ltd)

Ken Young (NSW Self Insurers Association)

Andrew Ferguson (Construction, Forestry,
Mining & Energy Union)

Sam Moait (NSW Nurses Association)

Tony Sheldon (Transport Workers Union)

Ian West (Australian Liquor, Hospitality, &
Miscellaneous Workers Union)

Mary Yaager (Labor Council of NSW)

Dallas Booth (Insurance Council of Australia)

George Katsogiannis (QBE Workers Compensation
NSW Ltd)

Occupational Health and Safety Council of NSW

The Occupational Health and Safety Council of NSW
to provided advice on specific occupational health
and safety matters to the Minister, WorkCover and the
Workers Compensation Advisory Council, during the
period 1 July to 31 December 2000. The Council's
major activity during this period was the provision of
input to the development of the draft Occupational
Health and Safety Regulation 2001.

Members of the Occupational Health and Safety
Council of NSW were:

Sylvia Kidziak, AM (Chairperson)

Suzanne Jamieson (Ministerial appointee)

Craig Turner (Minister for Health appointee)

Mary Yaager (Labor Council of NSW)

Terry Hannan (NSW Public Service Association)

Trish Butrej (NSW Nurses Association)

Alan Garner (Master Builders Association of NSW)

Alistair Tomlinson (NSW Farmers Association)

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 involved in applied research and education and promotion 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.

Sporting Injuries Committee Members

General Manager
WorkCover NSW

Dr John Orchard
South Sydney Sports Medicine Centre

Mr Robert Lawson
Macquarie University Sports Association

Ms Rhonda Williams
Deputy Principal of Mackellar Girls High School
NSW Department of Education

Ms Jeanette Webb
Manager, Women's Sport Unit
NSW Department of Sport and Recreation

Mr Peter Moscat
Sports Organiser
Media Entertainment and Arts Alliance

Mr Gerry Hewson
Australian Paralympic Basketball team

Workers Compensation (Dust Diseases) Board

The *Workers Compensation (Dust Diseases) Act 1942* provides a system of no fault compensation for workers and their dependents 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.

Medical Advisory Committee

This committee meets to advise WorkCover on matters affecting the medical profession such as medical certificates, training for doctors in the management of work-related injuries and the information need of doctors in relation to workers compensation.

Committee members:

General Manager, WorkCover NSW

Manager, Workplace Injury management branch,
WorkCover NSW

Mary Yaager

Workers Compensation Advisory Council of NSW
- Labor Council Representative

Garry Brack

Workers Compensation Advisory Council of NSW
- NSW Employers Federation Representative

Ken Young

Workers Compensation Advisory Council of NSW
- Self-Insurers Association Representative

David Crocker

Australian Faculty of occupational Medicine

Michael Ellis

Royal Australian College of General Practitioners

Michael Reid

Royal Australian College of General Practitioners

Brett Courtenay

NSW State Chairman,

Australian Orthopaedic Association

Appendix8

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:

- Rollover Protection Structures
- A Guide for Young Workers in the Hospitality Industry
- Fairer Premiums
- Passive Smoking

- Premium discount advisors: completing the expression of interest form
- Premium Discount Scheme: premium discount adviser code of conduct
- Premium Discount Scheme: becoming a Premium Discount Adviser
- Premium Discount Scheme: Premium Discount Adviser entry requirements
- Premium Discount Scheme: general guide
- Benefit Guide – October 2000 and April 2001
- Outline of the Workers Compensation Premium Scheme for NSW 2000/2001
- Regulatory Impact Statement - OHS Draft Regulation
- Draft Occupational Health and Safety Regulation
- WorkCover News (4 editions)

Further information on WorkCovers publications can be obtained from the Client Contact Centre on 13 10 50 or our website www.workcover.nsw.gov.au

Appendix9

OVERSEAS TRAVEL

WorkCover Officer	Travel information		
	Destination	When	Focus / Purpose
Rod McInnes <i>Assistant General Manager, Insurance Division</i>	United States	July 2000	24th National Symposium on Workers Compensation involving US and Canadian experts on workers compensation planning
Phil Butt <i>Chief Inspector of Dangerous Goods OHS Division</i>	Switzerland	July 2000	18th Session of the United Nations Sub-Committee of Experts on the Transport of Dangerous Goods
Jim Munro <i>Director, TestSafe Australia, OHS Division</i>	Germany	August & September 2000	Chair meetings of Committee TC31 of the International Electrotechnical Commission and attend associated meetings <i>Note: Mr Munro has been appointed Chairperson of TC31 which is concerned with the development of standards for electrical equipment in hazardous areas</i>
Dr Robert Kenyon <i>Medical Specialist, Occupational Medicine Unit, OHS Division</i>	Singapore	August & September 2000	International Congress on Occupational Health (and pre-conference symposium)
Rod McInnes <i>Assistant General Manager, Insurance Division</i>	England	October 2000	A committee meeting concerning the liquidation of National Employers Mutual General Insurance Association Limited (NEMGIA).
Dr Kevin Wooller, <i>Occupational Physician, Services Coordination Team</i>	USA	April 2001	American College of Occupational and Environment Medicine sponsored courses on Occupational Medicine.
Michele Patterson <i>Assistant General Manager Occupational Health and Safety Division</i>	Germany	May 2001	International Symposium on Labour Inspection and Occupational Safety and Management Systems/Standards.
Jim Munro <i>Director, TestSafe Australia, OHS Division</i>	Korea/Japan	May/June 2001	International Electrotechnical Commission (IEC) TC31 Committee (an international committee responsible for the development of standards in the field of electrical equipment for hazardous areas).

Appendix 10

CONSULTANTS

CONSULTANT	REASON	COST \$
Towers Perrin	Advice on WorkCover Scheme Investment Strategy and policy	143,783
Bryan Bottomley & Associates	OHS Guidance Products	111,579
Ergo Fit	Design & delivery of OHS Regulation trainer's package	74,155
Cristina Cifuentes	WorkCover Scheme deficit management	48,675
Robin Lipman & Assoc	Investment Advice	48,596
The Law Foundation of NSW	Legal Costs Project	44,176
Stephen Lynch	Development of the professional criteria required for Premium Discount Advisors in the Premium Discount Scheme	39,000
Arthur Andersen	Indirect Taxation Services – GST	38,230
Edtex Australia Pty Ltd	Premium Discount Scheme Advisory Guidance Material & Audit Tools	37,920
Helen Bauer	Sheahan Inquiry	35,000
Business Essence	Review of WorkCover OHS Licensing	27,500
University of Queensland	Risk Assessment program for Rework	24,820
Birks Engineering Service	Review of Electrical Files	24,626
Riley Research Pty Ltd	Changes to Dispute Resolution – Market Research	22,900
AAP Information Services	Investment Information	17,790
C & A-Clifton	Recruitment of IMB Director	17,540
Phillips Fox	Legal opinion on WorkCover Scheme matters	15,952
McInnes Partners P/L	Corporate Governance divisional plan	14,250
Scott Taylor Communication	Media/Communication Services for the proposed changes to WorkCover Legislation	14,080
Plus 30 other Consultants less than \$10,000		77,400
Total Consultants July 2000 to June 2001		\$878,000

Appendix 11

PERFORMANCE STATEMENTS

Name:	Kate McKenzie
Position and Level:	General Manager, SES Level 7
Total Remuneration Package:	\$306,134
Performance Pay:	Nil
Period in position:	1 August 2000 – 30 June 2001

Ms McKenzie has provided outstanding support to me in the development of new strategic directions for the WorkCover Scheme following my announcement to Parliament in June 2000 of reform principles. Ms McKenzie is now leading the implementation of the strategic directions for the reform of the Scheme to ensure that it is fair and affordable for the State's workers and employers.

Ms McKenzie has provided prompt, incisive advice to the Board, the Workers Compensation and Workplace Occupational Health & Safety Council of NSW as well as to me as Minister.

Particular achievements in 2000/2001 were:

- development of the Premium Discount Scheme aimed at encouraging employers to improve OHS and Injury Management
- development of OHS Consultation Code of Practice
- implementation of 'data mining' software to analyse under-insurance and allow more effective targeting of compliance initiatives

- adoption of industry initiatives such as CouncilSafe and Rollover Protective Structures
- development of a dispute resolution process aimed at reducing disputation in the workers compensation system
- introduction of four injury management pilots aimed at identifying and achieving best practice claims and injury management
- Agreement signed for construction of new WorkCover headquarters at Gosford
- successful implementation of recruitment, placement and training strategies for Head Office relocation to Gosford
- implementation of NSW Government learning and development priorities in Disability Awareness

WorkCover NSW continues to face challenges in meeting the needs and expectations of its stakeholders and the community. Ms McKenzie's leadership is a critical element in the organisations ongoing achievement of its mission and corporate objectives.

John Della Bosca

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

PERFORMANCE STATEMENT

Name:	Rod McInnes
Position and Level:	Assistant General Manager, Insurance Division, SES Level 5
Total Remuneration Package:	\$169,259
Performance Pay:	Nil
Period in position:	1 July 2000 – 30 June 2001

Throughout 2000/2001, Mr McInnes has concentrated on implementing the Government's strategic reform agenda for workers compensation in NSW, announced by the Minister in June 2000. Mr McInnes led the Strategic Directions Taskforce that provided a cohesive and integrated approach to the key projects undertaken to progress the reforms, including the development and implementation of innovative programs such as the injury management pilots and Premium Discount Scheme as well as major reforms to the premium system.

Mr McInnes has provided prompt, high quality advice to the Minister, WorkCover Board, the Workers Compensation and Workplace Occupational Health & Safety Council of NSW as well as to me as General Manager.

Mr McInnes continues to enjoy a productive relationship with all key WorkCover stakeholders and ensured appropriate consultation with them on the workers compensation reforms.

Mr McInnes ensured that the organisational restructure of the Insurance Division was fully implemented in the reporting year. This was crucial

to the effectiveness of the Insurance Division in being able to successfully manage the high volume workload placed upon it to effect the Government's reform agenda.

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

Performance Statement

Name:	Michele Patterson
Position and Level:	Assistant General Manager, Occupational Health and Safety Division SES, Level 5
Total Remuneration Package:	\$158,840
Performance Pay:	Nil
Period in position:	1 July 2000 – 30 June 2001

During 2000/2001 Ms Patterson has been at the forefront of work associated with finalising negotiations with key stakeholders and preparing for the implementation of the *Occupational Health and Safety Act 2000* and the *Occupational Health and Safety Regulation 2001* the most significant change in occupational health legislation in New South Wales since 1983.

This included preparation of a range of publications to provide guidance to the new legislative framework, and a comprehensive review and overhaul of the licensing system to support the new legislation and provide improved service delivery.

At a time when this work dominated the activities of much of the Occupational Health and Safety Division, Ms Patterson continued to provide the leadership and strategic direction necessary to ensure the Division maintained its focus. This has resulted in continued improvements in the delivery of occupational health and safety information, advice and assistance to workers and industry in this State. Foremost among these is the increasing number of proactive intervention projects being carried out at any one time by the Division's Industry and Country Teams in industry recognised priority areas.

Ms Patterson has provided timely, high quality advice to the Minister, WorkCover Board, the Workers Compensation and Workplace Occupational Health and Safety Council of NSW.

Ms Patterson has maintained her commitment to staff in the Division. The Division structure implemented in February 2000 has been reviewed and strategies put in place to address problem areas.

As a member of the WorkCover Executive, Ms Patterson 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

SALARY DETAILS OF SES OFFICERS AT OR ABOVE LEVEL 5

Kate McKenzie, General Manager	\$306,134
Rod McInnes, Assistant General Manager Insurance Division	\$169,259
Michele Patterson, Assistant General Manager Occupational Health & Safety Division	\$158,840

SENIOR EXECUTIVE POSITIONS IN WORKCOVER

Number of CES/SES positions:

LEVEL	30 June 2001	30 June 2000	30 June 1999
8	0	0	0
7	1	1	1
6	0	0	0
5	2	3	3
4	1	0	0
3	1	1	1
2	5	2	2
1	1	3	3
TOTAL:	11	10	10

LEVEL	30 June 1998
8	0
7	0
6	1
5	2
4	0
3	2
2	0
1	4
TOTAL:	9

Number of Positions filled by Women

1997/98:	5
1998/99:	4
1999/00:	4
2000/01:	3

Appendix 12

EQUAL EMPLOYMENT OPPORTUNITY

EEO

WorkCover is committed to achieving a diverse and skilled workforce with equality of access, participation and representation, by ensuring its workplace policies, practices and behaviours are fair, based on merit, and discrimination free for all staff.

It implements these through its EEO Management Plan (which is underpinned by its Workforce Profile), and includes its Spokeswomen's program, the Aboriginal and Torres Strait Islander Employment and Development Strategy, and also through the Disability Action Plan (see Appendix 23).

Key focus of EEO outcomes for 2000/2001 were:

New Social Justice Appointment

WorkCover established a position of Project Officer, Social Justice, in April 2001, with responsibility for managing and reporting on its key social justice plans and activities, and to develop strategies to better streamline and integrate its social justice initiatives within WorkCover's corporate and business plans.

Olympics 2000:

To assist staff and address the extraordinary circumstances of the Olympic Games in September-October, 2000, WorkCover introduced a Flexible Work Practices package and Communication Strategy. The package included more flexible working hours (including combining flex periods, and the opportunity to commence and finish work outside the peak travel times), part-time work arrangements, working from another location, and working from home, as well as access to leave arrangements and staff reassignment.

Relocation of Head Office to Gosford:

Enhancement of existing flexible workplace arrangements through:

- Endorsement and promotion of the Gosford Telecentre from October 2000, with increased take up rate over the period of operation
- New Employee Assistance Program launched in December 2000, included services such as financial and legal consultations, Eldercare and Managerlink

Inspector Recruitment 2000:

WorkCover undertook recruitment strategies to increase representation of EEO groups within the inspectorate, to ensure WorkCover's services are more culturally reflective and responsive to community needs. The proportion of applications received from women was 10.8% during 2000/2001, and increased female representation will be further sought for the 2001/2002 program..

Key focus of EEO strategies for 2001/2002 will include:

Relocation of Head Office to Gosford:

- Recruitment and redeployment strategies for existing and future staff, including EEO groups
- Access and participation for staff with disabilities

Workplace conditions and practices:

- Further enhancement of existing flexible workplace arrangements, encompassing carers' responsibilities
- Establishing Child Protection policy and systems
- Strategies for reducing violence and bullying in the workplace

- Improved representation and participation of Aboriginal and Torres Strait Islander staff.
- Promotion and endorsement of Spokeswomen's Program.
- Ongoing communication strategies to improve equitable access.
- Inspector recruitment.

The total number of full-time and part-time permanent and temporary staff at 30 June 2001 was 856, or 811.5 full-time equivalent (FTE) positions. This compares with a total staff of 718 FTE positions in the previous year and 775 in 1999. A detailed staff profile is below.

Overall, the total number of staff increased by 12.5% during the reporting year, reflecting a proportional increase in inspectors (3.4%), senior management (0.3%), and administration and clerical graded staff (8.8%). WorkCover is undergoing a period of change including the relocation of its Head Office to Gosford,

and further variations in the numbers and composition of its staff are expected over the next year.

The proportion of women employed remained static at 45% (381), with the highest proportion 34% (131) employed at the salary level \$49,800 - \$64,400, the same as last year. The number of female legal staff increased from 50% to 67%. The proportion of Aboriginal and Torres Strait Islander staff was 0.6% (5) down from 1.2% (6) the previous year. The proportion of staff from racial, ethnic or ethno-religious minority groups fell to 18% compared with 29% the previous year. Although the number of people in this category (152) remained constant, the 12.5% increase in total staff meant they represented a smaller proportion. Of these 152, 124 (82%) were people whose first language, spoken as a child, was not English.

The proportion of staff with a disability was 6% (54) down from 9% (50) the previous year. Of those with a disability, 1.9% (16) were staff requiring workplace adjustment at work.

Staff profile – by classification

Summary	Males		Females		Total	
	No.	%	No.	%	No.	%
Senior Management (SES & Senior Officers)	11	61	7	39	18	100
Scientific/Technical Officers	17	94	1	6	18	100
Departmental Professional Officers	19	95	1	5	20	100
Engineers	12	86	2	14	14	100
Medical Staff	2	67	1	33	3	100
Legal Staff	5	33	10	67	15	100
WorkCover Inspectors	217	81	50	19	267	100
Lift Specialists	11	100	0	0	11	100
Admin & Clerical Graded Staff	177	37	306	63	483	100
Librarians	1	33	2	67	3	100
Trades Based Staff	1	100	0	0	1	100
Stores Officer/General Assistant	2	67	1	33	3	100
Total	475	55.5	381	44.5	856	100

Percent of total staff by level

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 adjustments
< \$26,802	0	0%	0%	0%	0%	0%	0%	0%	0%
\$26,802 - \$35,202	8	100%	50%	50%	0%	38%	38%	0%	0%
\$35,203 - \$39,354	104	99%	12%	88%	1.9%	25%	23%	7%	1.0%
\$39,355 - \$49,799	108	100%	26%	74%	0.9%	18%	12%	4%	1.9%
\$49,800 - \$64,400	419	100%	69%	31%	0.2%	15%	12%	6%	1.7%
\$64,401 - \$80,499	164	100%	65%	35%	0.6%	23%	18%	9%	3.0%
> \$80,499 (non-SES)	42	100%	67%	33%	0%	7%	7%	10%	2.4%
> \$80,499 (SES)	11	100%	73%	27%	0%	9%	0%	9%	0%
Total estimated Sub-Groups Total	856	100% 855	55% 475	45% 381	0.6% 5	18% 152	15% 124	6% 54	1.9% 16

Percent 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 adjustments
Permanent	734	100%	59%	41%	0.7%	19%	15%	6%	2.0%
Full-Time	43	100%	9%	91%	0%	12%	9%	12%	2.3%
Part-Time									
Temporary	54	98%	46%	54%	0%	15%	19%	2%	0%
Full-Time	14	100%	14%	86%	0%	0%	0%	0%	0%
Part-Time									
Contact	11	100%	73%	27%	0%	9%	0%	9%	0%
SES	0	0%	0%	0%	0%	0%	0%	0%	0%
Non-SES									
Casual	0	0%	0%	0 %	0%	0%	0%	0%	0%
Total estimated Sub-Groups Total	856	100% 855	55% 475	45% 381	0.6% 5	18% 152	15% 124	6% 54	1.9% 16

Appendix 13

FREEDOM OF INFORMATION

Section A Number of new requests

FOI Requests	Personal		Other		Total	
	1999/ 2000	2000/ 2001	1999/ 2000	2000/ 2001	1999/ 2000	2000/ 2001
A1 New (including transferred in)	666	947	171	114	837	1061
A2 Brought forward	65	117	9	43	74	160
A3 Total to be processed	731	1064	180	157	911	1221
A4 Completed	602	913	134	132	736	1045
A5 Transferred out	2	0	0	0	2	0
A6 Withdrawn	10	14	3	7	13	21
A7 Total processed	614	927	137	139	751	1066
A8 Unfinished	117	137	43	18	160	155

Section B What happened to completed requests

Result of FOI Request	Personal	Other
B1 Granted in full	278	35
B2 Granted in part	379	68
B3 Refused	255	30
B4 Deferred	0	0
B5 Completed	912	133

Section C Ministerial Certificates – number issued during the period

No Ministerial Certificates were issued during the period

Section D Formal consultations

	Issued	Total
Number of requests requiring formal consultations	6	17

Section E Amendment of personal records

WorkCover received no requests of this nature

Section F Notation of personal records

WorkCover received no requests of this nature.

Section G FOI requests granted in part or refused

Basis of disallowing or restricting access	Personal	Other
G1 Section 19 – application incomplete/wrongly directed	0	0
G2 Section 22 – deposit not paid	0	0
G3 Section 25(1)(a1) - diversion of resources	0	3
G4 Section 25(1)(a) - exempt	379	69
G5 Section 25(1)(b),(c),(d) - otherwise available	3	0
G6 Section 28(1)(b) - documents not held	255	23
G7 Section 24(2) - deemed refused – over 21 days	0	0
G8 Section 31(4) - released to medical practitioner	0	0
G9 Totals	637	95

Section H Costs and fees of requests processed during period

	Assessed costs	FOI fees received
All completed requests	\$31 195	\$31 195

Section I Discount allowed

Type of discount allowed	Personal	Other
I1 Public interest	1	0
I2 Financial hardship – Pensioner/child	19	0
I3 Financial hardship – non profit organisation	0	1
I4 Totals	20	1
I5 Significant correction of personal records	0	0

Section J Days to process

Elapsed time	Personal	Other
J1 0-21 days	303	25
J2 22-35 days	202	30
J3 Over 35 days	407	78
J4 Totals	912	133

Section K Processing time

Processing hours	Personal	Other
K1 0-10 hours	897	132
K2 11-20 hours	15	1
K3 21-40 hours	0	0
K4 Over 40 hours	0	0
K5 Totals	912	133

Section L Reviews and appeals

L1 Number of internal reviews finalised	11
L2 Number of ombudsman reviews finalised	Nil
L3 Number of District Court appeals finalised	Nil

Basis of internal review	Personal		Other	
	Upheld	Varied	Upheld	Varied
L4 Access refused		2	1	
L5 Access deferred				
L6 Exempt matter	4	3	1	
L7 Unreasonable charges				
L8 Charge unreasonably incurred				
L9 Amendment refused				
L10 Totals	4	5	2	0

Appendix 14

LIST OF CONTRACTED PROJECTS

Research Grant Topic
(a) Delivering Physical Treatment to Injured Workers – Using Evidence Based Practice and Treatment Outcomes (Topic 7)
(b) Review of Incentives to Adopt a Risk Management approach to OHS. (Topic 9)
(c) Safety Management Plan for NSW Commercial Fishermen (NGO project)
(d) Analysis of Common Law Claims (Topic 6)
(e) The Impact of Industry Sector Downsizing on NSW WorkCover Scheme and Outcomes for Injured Workers - (Topic 3)
(f) Evaluation of the impact of implementation of the Scheme initiatives – commutations. (Topic 2)

Appendix 15

FUNDS GRANTED TO NON-GOVERNMENT ORGANISATIONS

See Appendix 14

Appendix 16

RESEARCH AND DEVELOPMENT PROJECTS

See Appendix 14

Appendix 17

BUSINESS RISK MANAGEMENT

During the year, a risk assessment exercise was undertaken. It involved executive and senior management and was carried out independently by the Internal Audit Bureau.

A risk based activity survey was used to identify high inherent risk activities relating to:

- legislative compliance;
- customer service issues;
- fraud/corruption opportunities;
- political sensitivity;
- potential for financial loss;
- operational significance; and
- performance.

For each of their activities, managers rated the controls in place to mitigate risks and gave an assessment of the significance of the activity in terms of operational importance, financial significance, computer exposure, implications of control breakdown and risk sensitivity.

The results of the survey provided an activity risk profile that assisted with the development of a three year internal audit plan aimed at enhancing the control environment over business and financial risks. The first year of the plan involves review of the following risk activities:

- WorkCover Scheme (Compliance Functions)
- WorkCover Scheme (Investment Performance)
- Premium Discounting
- Injury Management
- Insurers – Licensing/Regulating
- Accreditation – WorkCover Agents
- Legal Services – Prosecutions
- Information Centre
- Publicity Campaigns
- Treasury Finance Functions
- Property Management
- Corporate Planning and Performance Reporting
- Business Risk Management

Internal audits conducted during 2000/01 were:

- Dangerous Goods Licensing Unit
- Asbestos Removal and Demolition Licensing Unit
- Pest Control Licensing Unit
- Lifts Services and Licensing Units
- Investigations Management
- Health and Community Services Team
- Construction Industry Team
- Licensing of Self-Insurers
- Claims Branch
- Premium Appeals
- Payroll

A major risk of additional lease commitments arising from WorkCover's relocation to Gosford in 2002 was identified during the year and mitigated by alternative lease arrangements negotiated by the NSW Department of Public Works and Services.

Also, a major review of the Authority's investment portfolio and contracted fund managers was undertaken and resulted in revised arrangements operating from March 2001. Improvements were achieved in:

- risk/return trade off
- portfolio diversification, and
- the matching of investments and liabilities.

Part of the mitigation of business and financial risks is achieved through insurance coverage of the following risks:

- Public Liability
- Property
- Motor Vehicles
- Workers' Compensation
- Group/Personal/Accidental/Travel
- Crime and Computer Crime
- Errors and Omissions
- Industrial Special Risks.

Appendix 18

DISCLOSURE OF CONTROLLED ENTITIES/SUBSIDIARIES

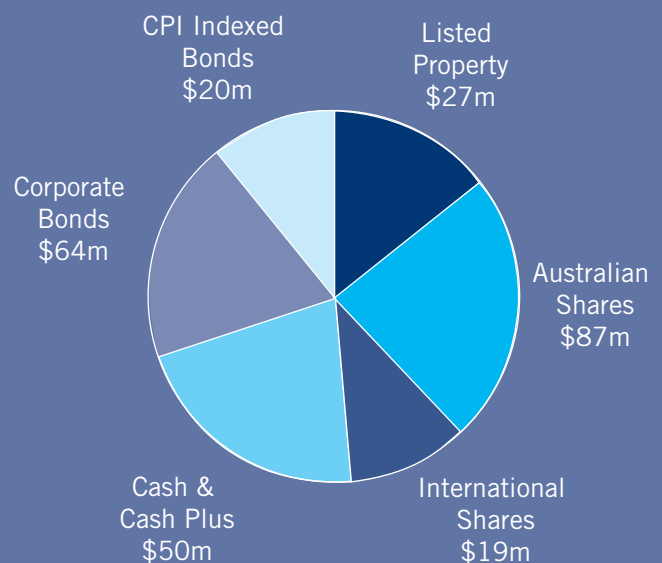
WorkCover NSW has no controlled entities or subsidiaries.

Appendix 19

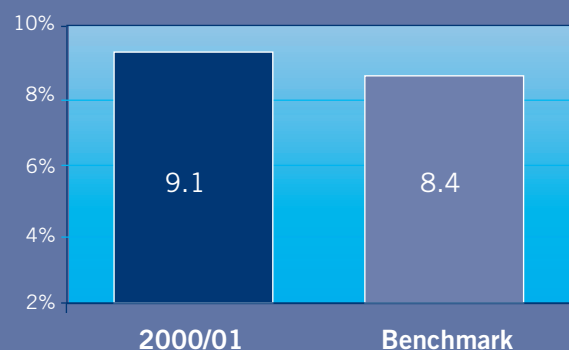
INVESTMENT MANAGEMENT PERFORMANCE

Investments of the WorkCover Authority as at 30 June 2001 totalled \$267m (\$238m - 2000).

As at 30 June 2001, funds were invested in the following investment categories.



The total actual return of 9.10% exceeded the benchmark return of 8.44%. The better than benchmark return was primarily due to the Australian share portfolio.



Appendix 20

LAND DISPOSAL

WorkCover NSW did not dispose of any land during the reporting period.

Appendix 21

EXTENSION OF TIME OF THE ANNUAL REPORT

The preparation of the Annual Report and Financial Statements depends on the lodgement of audited returns by licensed insurers. Extensions of time have been granted by the Treasurer to synchronise the reporting of the WorkCover NSW Scheme's financial results with the release of the Annual Report.

The Treasurer granted to WorkCover NSW an extension of time:

- to September 2001 for the submission of the Authority's 2000 statements to enable the preparation and inclusion of the WorkCover Scheme Statutory Funds, in terms of section 42(3) of the *Public Finance and Audit Act 1983*, and
- to 30 November 2001 for the submission of the Authority's Annual Report, in terms of section 13(3) of the *Annual Reports (Statutory Bodies) Act 1984*

Appendix 22

PROTECTED DISCLOSURES

The *Protected Disclosures Act 1994* afford protection to public officials who disclose information relating to corruption, maladministration and serious or substantial waste of public money.

No cases were reported to WorkCover during the reporting period.

Appendix 23

DISABILITY ACTION PLAN

In line with NSW Government's Disability Policy Framework, WorkCover has established a three-year Disability Action Plan (2000-02), which aims to improve:

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

Actions that have been implemented and outcomes for this reporting year are as follows:

Physical Access

WorkCover implemented a number of strategies to remove specific barriers to physical access for people with disabilities:

- It has negotiated, with support from Department of Public Works and Services, for the new Head Office being built at Gosford to comply with standard AS1428.1 and to have an additional clause included in the lease requiring the building to be upgraded in line with future amendments or enhancements to the current standards. The WorkCover Head Office fitout will comply with both AS1428.1 and AS1428.2 in this respect, it is envisaged that the building will serve as a good model for future public service buildings

- A needs analysis, comprising over 55 staff focus groups, was conducted by the Project Coordinator – Gosford Head Office Relocation, and began in June. It included provision for special requirements, particularly for staff with disabilities
- Development of a staff survey began in June and will be issued in August 2001 to assist workforce planning and identify the needs of staff, including staff with a disability, in the relocation to Gosford. The survey will encompass specific questions on special requirements to ascertain additional needs in relation to both relocation and redeployment
- A review of organisation-wide procedures and access, including access for people with disabilities, was included in emergency control audits organised by the Emergency Control Working Party and OHS Committee. The audits were conducted by Trimvac Consultants in Sydney, Parramatta, Wollongong and Newcastle offices in March 2001. Issues highlighted in the resulting report will be addressed in 2001-02 by WorkCover's OHS Manager and committees as part of the organisation's OHS Plan. Emergency and evacuation training, including Olympic preparedness training, which was conducted throughout 2000-01, also encompassed procedures and support mechanisms to assist staff with special needs
- Complementary audits of general access were conducted on all 26 WorkCover regional offices during April-June 2001 to ensure access within the existing building and facilities for people with disabilities
- As part of its Return to Work Program for staff with work-related and non-work related injuries and illness, WorkCover has encouraged increased

access and participation through its flexible work practices. In 2000-01, 12% of staff on the Return to Work Program were assisted to work from home

Promoting Positive Community Attitudes

WorkCover undertook a community campaign to raise the awareness of people with disabilities to WorkCover's services and programs and to access them, and also to deliver positive workplace safety messages in appropriate workplace forums. One of these campaigns was a sponsorship agreement entered into by WorkCover with the Australian Paralympic Committee. The committee nominated three Paralympic athletes, who had been injured in the workplace, to make public appearances on behalf of WorkCover to deliver work safety messages on injury management and rehabilitation. There were 36 speaking engagements conducted throughout NSW during 2000-01, and the program will be extended in 2001-02 to seven Paralympic athletes and 70 appearances.

Training of Staff

Moxon, Green and Associates conducted a Disability Awareness Training Program in April-May, 2001 for managers to help them provide ongoing training for their staff by equipping them with the skills and awareness to manage and provide services for people with disabilities and to work effectively with staff and/or service providers who may be people with disabilities.

Training in Staff Selection Techniques targeting all staff was conducted throughout 2000-01. It included reference to policies, procedures and external legislative requirements in merit recruitment, raised awareness of EEO and cultural diversity (especially disability) issues, and strategies to ensure fair and

equitable employment access, participation and adjustments. This training will continue throughout 2001-02.

WorkCover's training is conducted in accordance with the NSW Charter for Equity in Education and Training to ensure equitable access for all staff, including staff with disabilities.

Information about Services

WorkCover is currently examining its electronic services to improve access for people with disabilities to its information and programs. See Appendix 24, Ethnic Affairs Priority Statement, Strategy Two. In 2000-01, WorkCover arranged for information on the second round of public comment on the new OHS legislation, which had been provided by the Parliamentary Counsel, to be available in text format for people with visual impairments, and will look to progressing this service in 2001-02.

WorkCover has also commenced rebranding its key publications to achieve a more consistent, simpler look and format. This includes the use of picture icons with text for easier reading and understanding. A new campaign will be launched from September 2001 to promote awareness and access.

Employment in the Public Sector

In the period under review, the proportion of WorkCover staff with a disability was 6% (54), and of this number 1.9% (16) were staff with a disability requiring adjustment at work. The proportion of WorkCover staff with a disability is 3% lower than the previous year.

Recruitment and redeployment strategies for the relocation process, including consideration of existing and potential staff with a disability, will be

developed using information and needs identified in the Staff Survey to be carried out in August 2001. A presentation by WorkCover to the Equity Employment Specialist Association meeting in August 2001 will invite support for staff recruitment and redeployment throughout the public sector, and request special consideration/priority for staff with a disability.

Strategies for employment of EEO groups, including people with a disability, will also be addressed as part of WorkCover's Recruitment and Redeployment Policy by advertising through peak organisations and recruitment specialists throughout 2001-02.

Complaints Procedures

A Grievance Handling and Dispute Resolution Training Program targeted at all staff was conducted in Sydney in June 2001. It equipped staff with the skills and awareness to effectively deal with complaints.

Guidelines for WorkCover staff handling Bullying and Aggression Complaints handling guidelines will be launched in September 2001, and will include provision for handling complaints from people with disabilities.

Appendix 24

ETHNIC AFFAIRS PRIORITY STATEMENT

Strategy One:

Increase our knowledge about injured workers in NSW who are from a culturally diverse background.

1.1 The Industry Reference Groups (IRGs), and the Industry Teams within OHS Division continue to identify priority industry specific issues, trends and concerns, and to target strategies to the cultural and

literacy profile and needs of their respective industries, based on identified target groups most at risk. Examples of these in 2000-01 include:

- the Fall Prevention Information Days provided to the Construction Industry, which has a high ethnic profile and low literacy levels; and
- the Market Gardening project, in partnership with Community Relations Commission and Department of Agriculture, designed to educate the agricultural industry, which has a high proportion of migrant workers, in chemical management

The IRGs and OHS Division Industry Teams also encourage industry to take greater ownership of OHS improvement initiatives and actively promote the implementation of such initiatives by industry. For example, the NSW Fair Clothing Industry Strategy is being developed in 2001-02 as a joint initiative between WorkCover's Industry Teams and the Department of Fair Trading. It will involve the Department of Industry Relations and the Textile Footwear Clothing Union looking at the working conditions, workers compensation, award provisions and superannuation for employees in that industry, many of whom are Chinese or Vietnamese born.

1.2 WorkCover, in consultation with stakeholders, carried out a six-month review of the role of the IRGs, and communication and consultative mechanisms. It was completed in December 2000 and a final report and approved recommendations produced. As a result, the IRGs will have a broader role as consultative bodies on OHS, injury management and workers compensation matters, and have access to appropriate funding to support approved work plan activities and disseminate and promote IRG initiatives to industry. Implementation of the IRG

improvement plan began in June 2001 and the IRG operational guidelines are being updated to reflect these improvements and to better target the right issues in terms of delivering workplace messages more effectively.

Strategy Two:

Improve the knowledge of people from a culturally diverse background about workplace health, safety, rehabilitation and the services WorkCover provides.

2.1 An Electronic Information Service Working Group has been established to facilitate a whole-of-WorkCover approach to delivery of electronic services. A user-needs analysis will be undertaken in 2001-02 to consider WorkCover's client needs and enhancement of existing of services. Feedback from people with disabilities and people from non-English speaking backgrounds will be also be incorporated in WorkCover's website development in 2000-2. An Equity Focus Sub-Group has also been formed to address the issue of equitable access.

2.2 An Access Management Plan will be established in 2001-02 to improve client access to data and information, by integrating legislative and statutory requirements about access to government data, information, records and publications.

2.3 A research project aimed at targeting and improving OHS information dissemination to ethnic groups in NSW is being carried out by the University of Sydney and Workers Health Centre, Granville as part of WorkCover's 1999-2001 Grants Program. It is due to be completed in 2001-02.

2.4 Under its Injury Prevention and Education Research Grants Scheme WorkCover funded the sex workers project, to be conducted by Sex Workers Outreach Project (SWOP). The project aims to

minimise sexually transmittable diseases and HIV in the NSW sex industry and to improve OHS systems and practice generally. A guidebook in several languages, *Getting on Top of Health and Safety for the NSW Sex Industry*, is to be produced with accompanying video and training and other education material. The product is currently being modified in line with the new OHS Regulation before distribution in 2001-01.

2.5 WorkCover continues to distribute information through the ethnic media as part of its mainstream campaign and promotional activities, in line with government benchmarks such as employer compliance. Advertisements were translated into other languages and placed in ethnic newspapers throughout 2000-01 to increase OHS awareness and response of ethnic communities. WorkCover also conducted specific OHS sessions to ethnic groups in other languages.

Strategy Three:

Improving our resources and management of those to reflect an appropriate allocation to the implementation of the Ethnic Affairs Priorities Statement.

3.1 WorkCover filled the position of Project Officer, Social Justice, in April 2001. The position has responsibility for managing and reporting on WorkCover's key social justice plans and activities, and to develop strategies to better streamline and integrate social justice initiatives within WorkCover's corporate and business plans.

3.2 WorkCover conducted international cross-communication initiatives in 2000-01 in assisting overseas visits from OHS representatives of less developed countries to share OHS information and resources.

3.3 Inclusion of provisions for representation or assistance (eg, interpreter assistance) before the Workers Compensation Commission, have been incorporated into the new changes to the workers compensation legislation.

3.4 WorkCover's Information Centre has promoted the use of interpreters in publicity material and readily makes interpreters available to callers who require such assistance.

3.5 Community Language Allowance Scheme (CLAS) recipients are listed on WorkCover's internal telephone directory as being readily available for interpreter work.

3.6 All positions advertised include reference to common selection criteria as standardised procedure within the Public Sector Notices.

3.7 New inspectors undertaking the Diploma of Injury and Illness Prevention and Management participate in sessions on the skills required to meet the needs of people from culturally diverse backgrounds. The issues of client service for culturally diverse groups are also addressed in all training packages for existing inspectors.

3.8 A Skillsmax Program was conducted in the period under review, in conjunction with the Adult Migrant English Service, to further develop the skills of WorkCover staff from culturally diverse backgrounds.

Appendix 25

NSW GOVERNMENT ACTION PLAN FOR WOMEN

NSW Government Action Plan for Women 2000-02

WorkCover is pleased to support the Action Plan for Women, by participating in whole-of-government partnerships, and developing and funding a number of effective strategies for improving women's employment and increased workplace participation.

NSW Fair Clothing Industry Strategy

The strategy, which is a joint initiative between WorkCover and Department of Fair Trading, has four parts: the introduction of new clothing industry-specific legislation; a consumer education campaign; continuing enforcement activity by the Department of Industrial Relations and WorkCover to encourage and monitor compliance; and an outworker information campaign to involve workers as partners in industry reform. Allocated funds have been approved and staff resources are currently being engaged, with the project to be progressed in 2001-02.

Nail Technicians Industry Initiative

WorkCover, in partnership with the Department of Women and NSW Health, produced and funded a Nail Technicians Industry – Safety Information Kit and Guidelines, which provided information to nail technicians on health issues including infection, respiratory illness and chemical exposure. Distribution and ongoing monitoring of the kit and guidelines was administered through the Department of Women's web site during 2000.

Aged Care Industry Initiative

WorkCover funded, under its Injury Prevention and Education Research Grants Scheme, the guide *Managing Loss and Grief in the Aged Care Industry* to address the issue of loss and grief, and minimise the associated emotional distress, experienced by people – predominantly female nurses – working in aged care. The product is currently being modified in line with the new OHS Regulation before distribution in 2001-02.

Sex Workers Initiative

Under WorkCover's Injury Prevention and Education Research Grants Scheme, the organisation funded the sex workers project, conducted by Sex Workers Outreach Project (SWOP). The project aims to minimise sexually transmittable diseases and HIV in the NSW sex industry and, in general, improve occupational health and safety systems and practice. A guidebook in several languages, *Getting on Top of Health and Safety for the NSW Sex Industry*, is to be produced with accompanying video and training and other education material. The product is currently being modified in line with the new OHS Regulation before distribution in 2001-02.

Draft Code of Practice and Guidelines on Pregnancy and Work

WorkCover, in partnership with the Department of Industrial Relations, the Anti-Discrimination Board and the Department of Women, and in consultation with the NSW Labor Council and Australian Business Limited, developed the *Draft Code of Practice and Guidelines on Pregnancy and Work*. The Code aims to provide guidance and address occupational health and safety, discrimination and industrial relations issues that

can arise in employment during pregnancy. The draft is currently being considered for approval as a Code of Practice under the *OHS Act 2000*.

Appendix 26

OCCUPATIONAL HEALTH AND SAFETY

Implementation of WorkCover's OHS Strategic Management Plan continued during the reporting year. The plan facilitates the effective and efficient operation of OHS and workplace injury management and workers compensation to ensure safe workplaces, effective return to work and security for injured workers.

Managing Health and Safety

In November 2000, a 2 _ day conference was held for all WorkCover OHS Committee members and representatives. The focus of the conference was "Unity in Approach". Presentations included a progress report on WorkCover's OHS Strategic Management Plan, proposed changes to legislation, including proposed consultation arrangements.

Two highlights of the conference included

- a presentation by the General Manager, Ms Kate McKenzie on the importance of OHS in WorkCover and the integral role that OHS Committees and Representatives play in ensuring the safety of our workers.
- Presentations by three Paralympians, Terry Giddy, Heath Francis and Kaki Puri on their achievements following serious workplace accidents. Their presentations highlighted the need for all workers not to become complacent about workplace safety

Achievements

- Finalised development of a Workers Compensation and Injury Management Kit
- Increased reporting capabilities with the introduction of a risk management database
- Introduction of electronic hazard reporting and incident reporting system
- Introduction of quarterly Workers Compensation Claims Reviews
- Introduction of health and well being initiatives:
 - Flu vaccination program in which 43 staff participated and which had a significant effect on sick leave for flu related illnesses. The number of sick leave days reduced from 748 days in 1999 to 629 in 2000
 - Lunchtime presentations on health management issues eg. Kidney awareness campaign and Pedestrian Safety Awareness Program
- Formation of Working Parties:
 - Occupational Overuse Syndrome
 - Critical Incident Support
 - Emergency Control
- Introduction of Quarterly OHS Chairperson meetings to ensure the OHS Strategic Management Plan retains a priority focus
- Introduction of monthly injury management reports for injured workers on return to work plans, which is distributed to relevant line managers/supervisors
- Refinement of First Aid Officer program including the introduction of First Aid Officer educational briefings

Employee Assistance Program (EAP)

WorkCover introduced a new and improved EAP which was officially launched in October 2000. A number of staff presentations on the revised EAP were held. The program has been well received by employees utilizing the program in the first 6 month period. Feedback on the program has been positive.

Workers Compensation Claims

46 claims were lodged during the 2000/2001 reporting year.

Breakdown of the four (4) main injury types are as follows:

■ Mental disorders	5 claims
■ Other	16 claims
■ Body Stressing	17 claims
■ Fall/Trip/Slip	8 claims

Appendix 27

LIABILITY MANAGEMENT PERFORMANCE

The WorkCover Authority's main liabilities are outstanding workers compensation claims liabilities. It does not have any borrowings and accordingly, the reporting of liability management performance is not applicable.

Appendix 28

CREDIT CARD USE

Credit card use in WorkCover NSW has been in accordance with Premier's Memoranda and Treasurer's Directions.

Appendix 29

PRIVACY AND PERSONAL PROTECTION ACT

In accordance with Section 33 of the Act, WorkCover NSW launched its Privacy Management Plan on 1 July 2000. The Plan details the policies and practices which ensure compliance with the requirements of the Act. The Plan can be accessed on WorkCover's Internet site.

During the period July 2000 to June 2001, no reviews were conducted by or on behalf of WorkCover under Part 5 of the Act.

Appendix 30

ENERGY POLICY AND MANAGEMENT

WorkCover NSW is cognizant of the Government's Energy Management Policy and the Premier's energy reduction targets for government agencies and is working towards developing strategies to reduce its energy consumption. In this regard WorkCover's new head office at Gosford, presently being constructed under the management of the Department of Public Works and Services, will include the most energy efficient, state-of-the-art lighting and air-conditioning facilities which will deliver major savings in line with government energy policies. The purchase of new energy efficient office equipment such as computers, printers, photocopiers, etc which power down when not in use for extended periods of time, will further contribute towards financial savings and reduction in greenhouse gas emissions.

Appendix 31

RECYCLING & ENVIRONMENTAL INITIATIVES

During 2000/2001 WorkCover actively participated in the Government's Waste Reduction and Purchasing Policy (WRAPP) process. In May 2001 in accordance with the Government's Policy, WorkCover compiled and submitted a report to the Environmental Protection Authority (EPA), which outlined WorkCover's performance in the implementation and ongoing maintenance of its WRAPP.

During the period WorkCover put 25.8 tonnes of waste paper in to the recycling stream. Wherever possible WorkCover uses products that either comprise recycled content or in the case of printers and photocopiers can utilise consumables which include recycled content.

Subsequent to the submission of the report to the EPA WorkCover has identified a number of initiatives to increase the use of recycled products such as: purchasing a wider range of paper-based products with recycled content;

Appendix 32

PAYMENT OF ACCOUNTS

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

2000/2001	September Quarter	December Quarter	March Quarter	June Quarter
Current	\$81,899	\$938,825	\$554,401	\$1,067,208
<30 days overdue	\$206,587	\$74,780	\$81,913	\$7,619
>30 days & <60 days overdue	\$17,972	\$5,985	\$18,221	\$7,274
>60 days & <90 days	\$16,658	\$741	\$9,684	-\$102
90 days & over	\$442	\$400	\$2,173	\$911
% paid on time	85.30%	77.46%	87.47%	91.85%
Total value of accounts paid on time	\$10,066,775	\$7,568,139	\$9,245,690	\$10,558,056

During the year, WorkCover paid \$42.5 million in accounts of which \$37.4 million or 88 percent were paid on time.

The performance target is 90 percent. Extra GST related requirements contributed to slower account processing in the first three-quarters of the 2000/01 year.

Appendix 33

FUNDING

Funds for WorkCover's activities are principally from a levy on workers compensation premiums. This levy also funds:

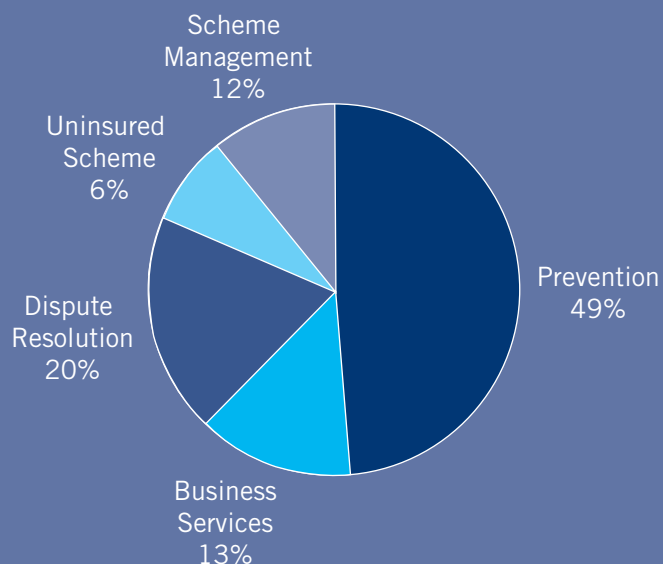
- payments under the Uninsured Liability and Indemnity Scheme (ULIS) which initially meets the cost of workers compensation claims not paid by uninsured employers, and
- payments for the operation of the Compensation Court of NSW and the Workers Compensation Resolution Service.

The rate of contribution by licensed insurers and self-insurers was set at 4.1 percent of premiums for 2000/2001 and was 4.7 per cent in 1999/2000.

Features of WorkCover's operating activities and funding responsibilities are set out in the accompanying diagrams.

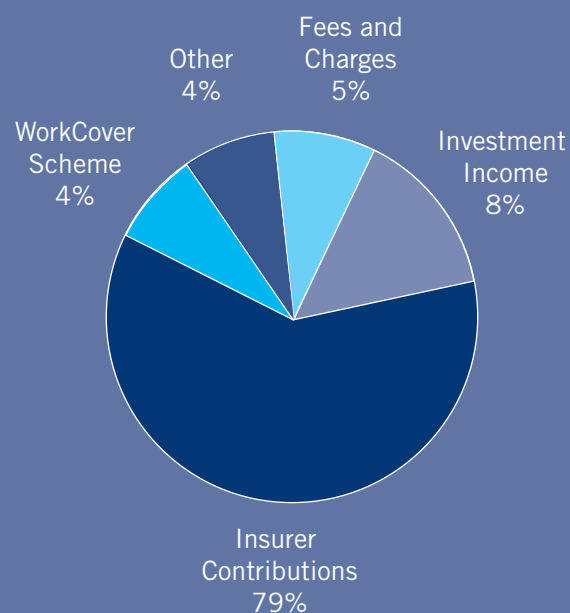
Operating Activities 2000/2001

Total \$154.4 million in expenditure



Funding 2000/01

Total \$159.1 million in revenue.



Financial Position

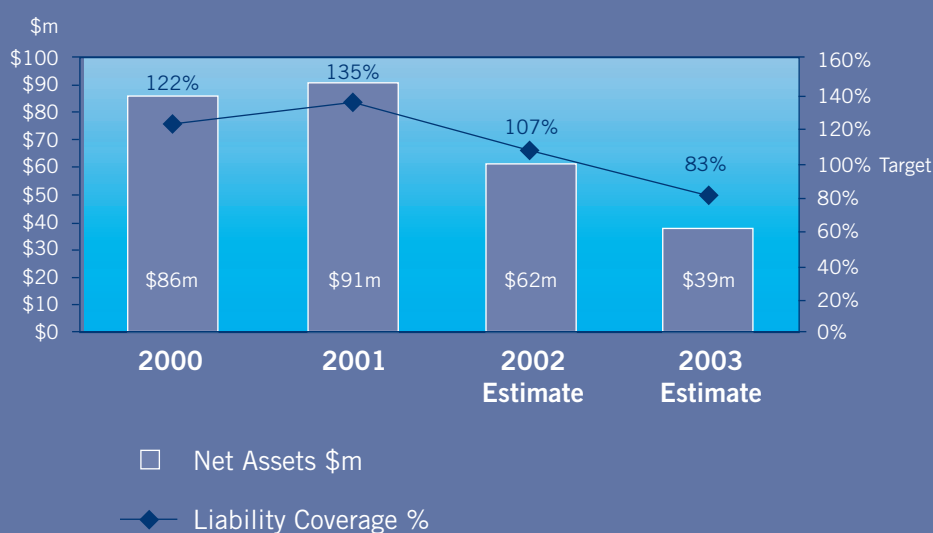
WorkCover NSW

WorkCover's liability coverage and level of net assets are the main measures of its financial position. The liability coverage is the ratio of redeemable investments to outstanding claims liabilities and employee entitlements. Net assets represent the excess of total assets over total liabilities.

The liability coverage at June 2001 is 135%, exceeding the target of 100%. The 2001/2002 budget provides for a levy rate of 4.1% and reductions in excess accumulated funds.

The reduction in accumulated funds will reduce the liability coverage to 83% by June 2003. Net assets will amount to \$39m in 2003 which as a supplementary measure of financial position, is considered to be at a satisfactory level for WorkCover. At \$39.0m, net assets will also represent 26% of contribution income which is satisfactory given WorkCover's statutory levying powers and the nature of its major liability, the Uninsured Scheme's outstanding claims.

The trends in both are:



workcover offices

HEAD OFFICE

Office Hours 8:30am-5:00pm
Monday to Friday
400 Kent Street
SYDNEY NSW 2000
Phone: (02) 9370 5000
Fax: (02) 9370 5999
Postal Address
WorkCover NSW
GPO Box 5364
SYDNEY NSW 2001

Client Contact Centre

Office Hours 8:30am-4:30pm
Monday to Friday
Ground Floor, 400 Kent Street
SYDNEY NSW 2000
Phone: 13 10 50
Fax: 9370 6150

REGIONAL and LOCAL OFFICES

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

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

Parramatta
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PARRAMATTA 2150
Phone: (02) 9841 8550
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BATEMANS BAY 2536
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Fax: (02) 4472 5060

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BLACKTOWN 2148
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Fax: (02) 9831 8246

Dubbo
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DUBBO 2830
Phone: (02) 6884 2799
Fax: (02) 6884 2808

Central Coast
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TUGGERAH 2259
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Fax: (02) 6641 5100

Griffith

NSW Government Offices
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Fax: (02) 6964 1738

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