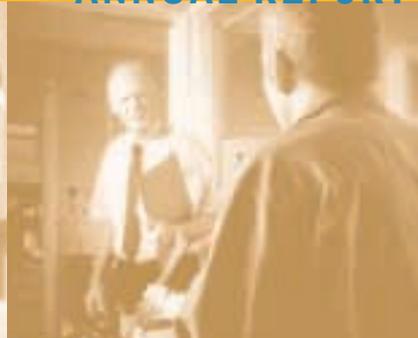




WORKCOVER
NEW SOUTH WALES

ANNUAL REPORT 1999/2000



When everyone
works together
everyone benefits

Letter to Minister



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



Level 30
Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

28 November 2000

Dear Minister,

In accordance with the Annual Reports (Statutory Bodies) Act 1984, I am pleased to submit the Annual Report of WorkCover NSW detailing operational activities for the financial year ended June 2000 for presentation to Parliament.

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

Yours faithfully,

A handwritten signature in white ink, appearing to read 'Kate McKenzie', written over a blue background.

Kate McKenzie
General Manager

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Legislation

WorkCover's main statutory functions are to administer the *Workplace Injury Management and Workers Compensation Act 1998*, the *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 and Rescue Services) Act 1987* and the Regulations and Codes of Practice under those Acts.

Vision

The WorkCover Authority of NSW is committed to:

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

Role and Objectives

WorkCover manages New South Wales' workplace safety, injury management and workers compensation systems.

It is responsible for ensuring compliance with workers compensation and occupational health and safety legislation.

WorkCover:

- 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 people injured 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 and the occupational health and safety legislation relate.

WorkCover's major activities are information, advice, compliance and enforcement which are provided by way of:

- services to industry to assist it to improve occupational health and safety (OHS);
- enforcement of the OHS and workers compensation legislation through inspections, investigation of incidents and complaints, mediation of disputes and where necessary, penalties and prosecutions; and
- licensing and certification of defined premises, activities and operation of hazardous equipment.

WorkCover also:

- provides testing facilities and services to assist NSW industry and to support the work of the inspectorate;
- undertakes statistical and other research to identify and assess potential workplace hazards;
- conducts training and education activities including the accreditation of occupational health and safety trainers and the development of training packages; and
- assists in resolving occupational health and safety disputes.

WorkCover is structured into three divisions:

- Occupational Health and Safety
- Insurance
- Corporate Governance

Offices are located in the Sydney CBD, suburbs and in regional centres throughout NSW.

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 its network of offices located throughout NSW.

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

About Us

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 prevention of work related injuries;
- 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;
- require contributions by employers which are commensurate with the risks faced, taking into account strategies and performance in injury prevention, injury management and return to work;
- 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; 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 Advisory Council, Industry Reference Groups, OHS Council, and the two operational divisions.

It advises on the development, implementation and review of policy and legislation; and provides a range of services including corporate and business planning; financial management; information technology, management and records; communications and marketing, including media liaison; human resource management; corporate governance and executive/secretariat services; and property, purchasing and fleet management.

Board of Directors and Senior Management

Board of Directors and Senior Management Staff as at 30 June 2000

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

Under the Act:

- The Board of Directors is responsible for determining the administrative policies of WorkCover and ensuring that the activities are 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 then Minister for Industrial Relations. The three-year term of office of the WorkCover Board commenced on 14 October 1998. The members of the Board as at 30 June 2000 were:

Members

Chairperson and part-time Director

The 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.

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 1995/1996, he was Chairman of the National Occupational Health and Safety Commission (Worksafe Australia).

Part-time Directors

Sandra Berghofer, General Manager, Public Policy and Compliance, HIH Insurance Group and a Director of HIH (Workers' Compensation) Pty Ltd. Ms Berghofer is a member of the Insurance Council of Australia's National Workers Compensation Standing Committee. She has been a Director of the Board of WorkCover since October 1998. She has held responsibility for the development of occupational health and safety, workers compensation, rehabilitation policy and legislation and compliance functions.

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.

Board of Directors and Senior Management

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

John Grayson, held the position of General Manager of WorkCover from 11 August 1997 to 29 March 2000.

Warwick McDonald was Acting General Manager of WorkCover NSW from 30 March to 31 July 2000. He was also the Director-General of the NSW Department of Industrial Relations.

Board attendance during 1999/2000

Name	Number of meetings attended	Date/s absent
Mr J Riordan	15	
Ms S Berghofer	11	17 April 2000 2 May 2000 12 May 2000 22 May 2000
Mr M Costa	12	8 November 1999 22 November 1999 26 June 2000
Mr G Keating	15	
Dr E Price	13	25 October 1999 12 May 2000
Mr D Wright	13	8 November 1999 22 November 1999
Mr J Grayson	10	
Mr W McDonald	4	
Ms M Patterson	1	

Meetings of Committees of the Board of Directors 1999/2000

Audit Committee

Membership: All Board members

Meetings held on: 26 July 1999
27 September 1999
8 November 1999
28 February 2000
22 May 2000

Grants Committee

Membership: Sandra Berghofer
Michael Costa
Greg Keating
John Grayson
Warwick McDonald

Meetings held on: 25 October 1999
13 December 1999
24 January 2000
27 March 2000
17 April 2000
26 June 2000

Board of Directors and Senior Management

Senior Management Staff as at 30 June 2000

Warwick McDonald

A/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, Services Delivery Group, Occupational Health and Safety Division

Jim Munro

Director, TestSafe Australia, Occupational Health and Safety Division

Rod McInnes

Assistant General Manager, Insurance Division

Siew Kiang

Director, Insurance Service Delivery Group, Insurance Division

Helen L'Orange

Director, Insurance Change Management Group, Insurance Division

Stephanie Garland

Assistant General Manager, Corporate Governance Division

Peter Burrows

Manager, Finance Branch, Corporate Governance Division

Judy Holmes

Director, Information Management, Corporate Governance Division

John Garbutt

Director, Office of the General Manager, Corporate Governance Division

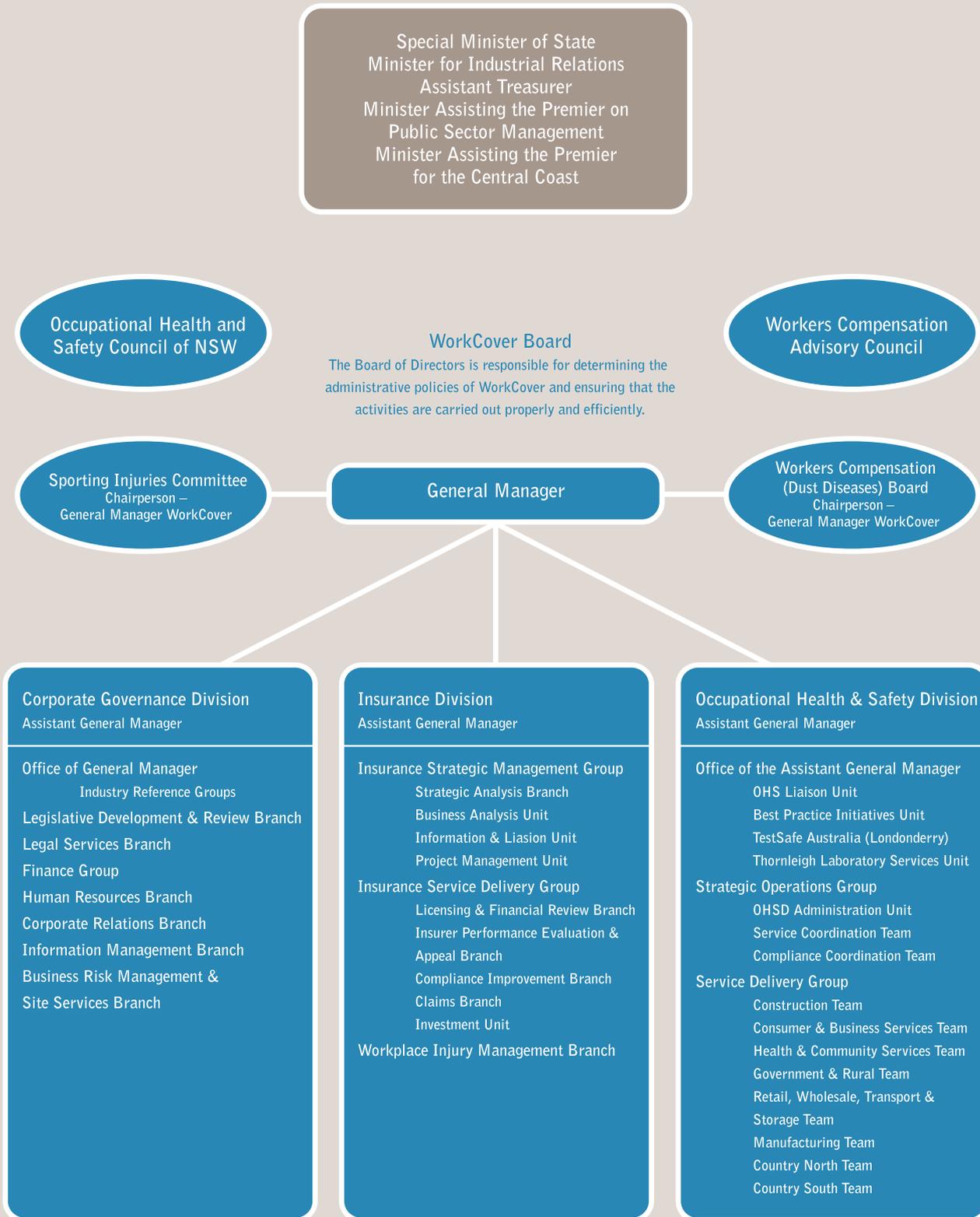
Glen Morgan

Manager, Information Services Unit, Corporate Governance Division

Wayne Parker

Manager, Applications Delivery Unit, Corporate Governance Division

WorkCover NSW Organisational Structure



General Manager's Report

I was appointed as General Manager of WorkCover on 1 August 2000. I am pleased to present the Annual Report on WorkCover NSW for 1999/2000.

WorkCover's operating environment has continued to change, with developments in occupational health and safety, injury management and workers compensation reform.

The year was marked by changes in ministerial responsibility for the organisation, with the transfer of responsibilities for workers compensation to the Special Minister of State, the Hon John Della Bosca MLC. This was followed by his assumption of full responsibility for the organisation on his appointment as the Minister for Industrial Relations following the resignation of the Hon JW Shaw QC MLC.

Changes also occurred in the senior management of WorkCover NSW. Mr John Grayson was General Manager until 29 March 2000, then accepted a position as Deputy President of the Industrial Relations Commission. Mr Warwick McDonald, Director-General of the Department of Industrial Relations, was Acting General Manager of the Authority from 30 March 2000.

During the year our legislative reform program has provided the tools to improve compliance through reform of core statutes and their regulations. Awareness and information programs provided information to encourage and ensure that employers and employees meet their occupational health and safety, injury management and workers compensation obligations. Key strategies have been designed to improve injury prevention and injury management and workers compensation provision. Finally, specific strategies have aimed at achieving compliance in targeted sectors, areas or groups.

The *Occupational Health and Safety Act 2000* was passed by Parliament in June 2000. The Act reforms and modernises the law on workplace safety. Many of the recommendations for change to meet the challenges of the technological era made by the Legislative Council Standing Committee on Law and Justice have been incorporated in the new Act.

The Act refocusses the approach to ensuring safe and healthy work environments on risk management and consultation and cooperation between employers and employees. The duty to consult has been added as a separate obligation on employers. Compliance with the legislation is facilitated by its plain English format and by the extended range of enforcement options that have been added, including publicity and special project orders. Application of the Act to the full range of government employment situations has been clarified. It is anticipated that the Act will commence in 2001.

A six-month public comment period was held on the draft Occupational Health and Safety Regulation. The proposed regulation will replace over 30 regulations and various outdated statutes. It will elaborate on the responsibilities of those having obligations under the OHS Act with a coordinated risk management approach.

Changes were made to address the policy and procedural effects for the WorkCover Scheme arising from the Federal Government's New Tax System, including the Goods and Services Tax. These included:

- legislative amendments to support implementation of appropriate procedural arrangements by insurers and employers, including a transitional mechanism for notification of employers' input tax credit entitlements to insurers;

General Manager's Report

- revision of premium rates and premium formula to incorporate an allowance for the impact of the New Tax System;
- review and amendment of requirements for reporting on the New Tax System and the Goods and Services Tax information to WorkCover;
- amendments to insurance policy documentation and associated material; and
- clarification of the status of the WorkCover Scheme statutory funds and transactions between insurers and these funds.

During the period under review, the Government legislated to further defer the private underwriting of risk in the WorkCover Scheme.

Throughout the year, WorkCover's partnerships with industry have continued to consolidate and strengthen occupational health and safety outcomes. These partnerships have included local government, and the development of industry-specific products resulting from the Memorandum of Understanding with the construction and hospitality industries.

WorkCover has also enhanced its consultation with industry by supporting and working closely with the thirteen Industry Reference Groups established to develop industry-specific strategies on injury prevention and injury management.

WorkCover's information and awareness campaigns during the year have built on the "OK New South Wales, let's get serious about work safety" campaign of the previous year. The injury prevention campaign focussed on high risk industries and work practices that have a significant effect on injuries and illness. The campaign sought to be more specific on how employers and employees can be more serious about work safety, with the theme "Work safety starts before you start the job".

The injury management campaign had as its theme 'When everyone works together, everyone benefits'. It was developed to reinforce the awareness of employers and workers of their responsibilities to achieve timely, safe and durable return to work. The advertising campaign was supported by injury management seminars for employers across the State to detail how suitable duties for the return to work of injured workers can be successfully implemented.

WorkCover's organisational reform program has been designed to ensure the organisation is correctly aligned to perform its obligations. The Occupational Health and Safety Division has been operating on an industry teams basis since February 2000 with the objective of providing improved service delivery to its clients. The Insurance Division has been restructured to provide an enhanced quality of service to employers and injured workers. The Corporate Governance Division now operates to provide targeted services to the two operational divisions and to ensure the provision of timely advice to the Minister and WorkCover's management and consultative bodies.

The Hon John Della Bosca made an important ministerial statement to the NSW Parliament regarding workers compensation on 8 June 2000. This statement presents the organisation with a framework for further changes to workers compensation in NSW to ensure that it is a fair and affordable scheme for the workers and employers of the State. The ten principles of the statement were:

1. The identification of further measures to increase the focus on injury management and early return to work
2. A review of dispute resolution processes and structures and the development of better dispute prevention measures

3. The development and implementation of medical treatment protocols
4. The development of market incentives to reduce the incidence of workplace injury, and encourage insurers and employers to actively participate in injury management and early return to work programs
5. Strategies to provide accurate and timely information to Scheme participants to meet their needs and enable them to fulfil their obligation will be developed
6. Additional measures to control professional fees and ensure that the workers compensation scheme and its participants get best value for money will be considered
7. Mechanisms for the gradual removal of existing cross-subsidies will be developed
8. The development of strategies to retire Scheme deficit will be implemented
9. The Government assessment of the use of industry-based schemes and self-insurance as a means of achieving better outcomes
10. The development of strategies to target employer compliance

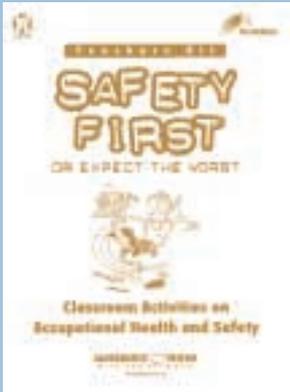
I look forward to the challenges of the year ahead in the development of a fully integrated approach by WorkCover NSW to improved occupational health and safety, injury management and workers compensation outcomes for the people of New South Wales.

Finally, I would like to thank the management and staff for their commitment to WorkCover during the past year, and for their contribution to delivering its outcomes.

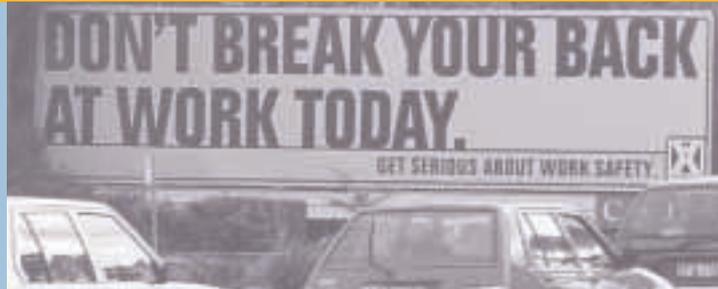


Kate McKenzie
General Manager

Highlights 1999/2000



Launch of YouthSafe project, April 2000.



Launch of Injury Prevention advertising campaign, January 2000.



Launch of Roll Over Protection rebate scheme, May 2000.



Paralympian sponsorship, January 2000.



Participants in the Merlin Conference at Orange, February 2000.

Minister's strategic directions statement, June 2000.



Launch of Injury Management campaign, April 2000.

“ Work safety starts
before you start
the job”

Legislative Reform

The main reforms to WorkCover legislation during 1999/2000 were the introduction of the *Occupational Health and Safety Act 2000* as well as changes to the *Occupational Health and Safety Act 1983*. Other reforms related to sentencing guidelines and police, amendments to defer the start of the privately underwritten workers compensation insurance scheme, and changes to workers compensation legislation required as a result of the introduction of the Commonwealth GST.

On 1 September 1999, the *Workers Compensation Legislation Amendment Act 1999* was commenced by proclamation. The effect of that Act was to amend the *Workplace Injury Management and Workers Compensation Act 1998* and the *Workers Compensation Act 1987* to defer the start of the privately underwritten workers compensation insurance scheme from 1 October 1999 to 1 October 2000 or such earlier date as may be proclaimed.

The start of private underwriting of workers compensation insurance was further deferred by the *Workplace Injury Management and Workers Compensation Amendment (Private Insurance) Act 2000*, with the intention of allowing for consideration and adoption of additional reforms to control premium levels. The amendments made by that Act, which commenced on 27 June 2000, provide for deferral of the commencement of that scheme until such date as may be appointed by order by the Governor.

Several important reforms were introduced to occupational health and safety legislation during the Budget Session of Parliament in 2000. On 14 April 2000, Parliament passed the *Occupational Health and Safety Amendment (Sentencing Guidelines) Bill 2000*, which provides for introduction into the *Occupational Health and Safety Act 1983* of provisions for sentencing guidelines for breaches of the Act.

In May 2000, the *Occupational Health and Safety Act 1983* was further amended to clarify that the Act applies to officers of the NSW Police Service.

The most significant occupational health and safety reform was the passage through Parliament on 21 June 2000 of a Bill for an *Occupational Health and Safety Act 2000*. That Act, which is planned to be commenced in 2001 when a detailed supporting regulation is finalised, represents a major modernisation of NSW workplace safety law, incorporating recommendations made by the Legislative Council Standing Committee on Law and Justice. New features include extension of requirements for safety consultation between employers and employees, updating of enforcement provisions and clarification of the position of government agencies.

Amendments effective 30 June 2000 were also enacted to the *Dangerous Goods Act 1975* by the *Administrative Decisions Tribunal Legislation Amendment Act 2000*, to clarify the range of persons entitled to apply for review of a decision under that Act in relation to a dangerous goods licence or permit. In an earlier development involving the regulations under the *Dangerous Goods Act 1975*, the *Dangerous Goods (General) Regulation 1999* – which replaced most previous regulations under that Act and included a number of substantive (mainly minor) changes – commenced operation on 1 September 1999.

Important amendments were also enacted during the Budget Session 2000 to take account of the effects of the GST on claim and other payments in the context of workers compensation insurance.

Further details of changes to legislation and regulations during 1999-2000 are listed in Appendix 5.

“The law requires employers to provide suitable jobs for injured workers”

Education and Awareness Programs

The return to work by injured workers and, in particular, the successful development and implementation of suitable duties for them is an extremely important issue facing employers. It also has a direct positive financial impact on the Workers Compensation Scheme.

In 1999 it became evident that despite a previous mailout to all employers in NSW explaining their new responsibilities under the *Workplace Injury Management and Workers Compensation Act 1998*, many were still unaware of the requirement to put into place an injury management plan for injured workers. This lack of awareness was particularly acute in small- and medium-sized businesses.

A major two-phase advertising campaign was subsequently developed. The objective of the campaign was to reinforce awareness of employers' responsibilities to injured workers in assisting them to make a timely, safe and durable return to work.

Safety Awareness (injury prevention) Advertising Campaign

January 2000 saw the launch of the first phase of the 2000 campaign. This followed on from the previous year's campaign "OK NSW, let's get serious about work safety" which sought to raise community awareness of work safety as a major issue on the public agenda.

This new campaign focussed on the specifics of workers and employers becoming serious about work safety. New themes were developed into a \$4.5 million campaign which was aired from January to May 2000 using TV, radio, press and billboards. The themes focussed on high-risk industries or work practices which impacted the most heavily on the cost of injuries and illness.

They included hazardous chemicals, electrocution, industrial deafness, sprain and strain. They also focussed on other aspects of improving workplace safety such as worker/employer consultation, the issue of contractors and casuals, as well as the financial impact of workplace accidents on employers.

The overall theme line was adapted slightly from the previous year's to "Let's get serious about work safety." The theme "Work safety starts before you start the job" was also introduced, foreshadowing the legislative changes currently in development, where a systematic approach to risk management is paramount to improving work safety.

The previous year's awareness campaign was undoubtedly a contributing factor to the significant reduction in the cost of accidents in the year 1998/1999. Similarly, indicators as to the success of the 2000 campaign were also extremely positive. Tracking research showed that awareness levels of work safety advertising, already at a high level since the 1999 campaign, reached a new level of 82% among employers and 65% among all adults.

A "call to action" in the form of an easily memorable 1800 phone number was put in place, whereby callers could request free information packages or talk to a WorkCover information officer. Telephone and Internet enquiries directed to WorkCover's information centre increased by 30% over the period of the advertising, and the most frequently asked of WorkCover's information centre was "How do I report an unsafe workplace?"

Injury Management Advertising Campaign

The second phase of the awareness campaign built on the success of the first phase. A \$2.5 million campaign using TV and press was aired in April and June 2000, alternating with the injury prevention advertising. The theme of this campaign was "When everyone works together, everyone benefits". The advertisements depicted two scenarios where injured workers, by working with their respective employers, doctors and workers compensation insurers, are able to return to work performing alternative suitable duties before getting back to their own job.

At the end of the campaign, tracking research showed a measurable positive shift in knowledge and awareness of responsibilities by target audiences compared to a benchmark measure before the campaign commenced.

The second awareness phase was supported by a series of State-wide WorkCover injury management seminars during May and July 2000. These seminars were targeted at employers and outlined how suitable duties could be put in place for injured workers. Over 1,000 employers attended these seminars, indicating high interest and an extremely positive response to the campaign.

In addition, a number of the Industry Reference Groups developed a poster outlining the four key steps to get injured workers back to work. The resulting poster was distributed to over 55,000 workplaces.

Sponsorship of the Australian Paralympic Committee

Another important advertising initiative to promote safety in the workplace was WorkCover's sponsorship agreement with the Australian Paralympic Committee. The sponsorship gave WorkCover access to three paralympic athletes injured in the workplace who would give a total of 36 speaking appearances at workplace forums. Heath Francis, Terry Giddy and Kahi Puru, all world-class Paralympic athletes, became "ambassadors" for the cause of workplace safety. Their messages about work safety and overcoming adversity from their own experiences and perspectives are truly inspirational. The program, which continues throughout 2000, has met with a positive response from workplace forums.

Other Initiatives

Other initiatives that were supported by WorkCover during the past year were:

Lily for Life Day

WorkCover NSW and the NSW Government supported the International Confederation of Trade Unions' International Day of Mourning on 28 April 2000 to commemorate dead and injured workers.

This year's ceremony was the fifth commemoration of the event which began in 1996 during the United Nations Commission on Sustainable Development in New York. A ceremony at Cook and Phillip Park in Sydney provided an opportunity to remember those who lost their lives, were injured or became ill in the workplace.

Education and Awareness Programs

Fruitlink

WorkCover NSW has joined its counterparts in South Australia and Victoria to support Fruitlink, an industry-run initiative to provide training for both long-term and itinerant workers in the fruit picking industry. Representatives of agricultural industries in the Riverina district have formed Fruitlink with a view to reducing accident rates and workers compensation claims, increasing productivity and promoting a more professional image for the industry.

Once the training and accreditation scheme becomes operational, the benefits will be applicable to the entire industry in all three States.

As part of the initiative, workers will be provided with instruction and accreditation in the safe use of elevated work platforms, tractors, all terrain vehicles and ladders.

YouthSafe

The Teachers' OHS Resource Kit, designed to ensure that young workers are aware of their right to a safe workplace, was launched in June 2000. The kit was developed as part of a three-stage project funded by a WorkCover grant to the NSW Labor Council. The first stage of the project involved research to determine what products young people would need to improve their OHS knowledge; the second stage involved developing and piloting the products (including the kit); and the third stage involved placing all the resources on the Labor Council's YouthSafe Internet site. Several schools that participated in the pilot have indicated their keenness to begin using the resource kit.

VETAB Accreditation

Vocational Education & Training Accreditation Board (VETAB) auditors have recommended that WorkCover be recognised as a National Registered Training Organisation under the Australian Recognition Framework. In the course of the assessment, VETAB auditors considered evidence supplied by WorkCover's OHS Education and OHS Learning and Development Units.

In addition to recommending that WorkCover be registered for a period of three years, the auditors commended the quality of WorkCover's training systems, learning materials, information, presenters and resources as impressive "best practice".

The accreditation will enable WorkCover to offer national accreditation for any of its courses.

“ There are severe penalties for failing to provide a safe workplace”

Key Compliance Strategies

A number of key compliance strategies focussing on injury prevention and management in workers compensation were introduced during the year under review. These were:

Systematic Management Tool Trial

WorkCover is developing a model to assist employers in approaching OHS management in a more systematic and effective way. During the year, the model was trialled in 13 organisations, both public and private sector, of varying sizes and complexity across a range of industry groups. As a result, the most effective elements of the package have been identified and will form the basis of a resource kit for industry. It is anticipated this package will be made available to industry in early 2001.

Tractor Rollover Protective Structures (ROPS) Rebate Scheme

A \$2.4 million rebate scheme to subsidise the cost of fitting tractors with ROPS was announced as part of the \$4.1 million farm safety plan included in the 1999/2000 NSW budget. The scheme aims to address the high incidence of tractor-related injuries and deaths arising from tractor roll-overs, runovers or entanglements.

OHS in the Community Sector

The first major partnership between WorkCover NSW and the social services sector was formed during the past year. This encompassed a project to improve the capacity of the non-government community services sector to develop and implement workplace health and safety systems aimed at reducing risks, and to better manage workers compensation claims. The project was conducted by the Council of Social Services of New South Wales (NCOSS) with funding provided by WorkCover NSW. An experienced WorkCover officer also acted as adviser to the project. The grant enabled NCOSS to develop OHS management tools and to produce promotional material to raise awareness of OHS obligations in the sector. It also assisted employers to better manage workers compensation and return to work issues.

Inspector Recruitment

WorkCover received an outstanding response to its June 2000 recruitment drive for a new intake of occupational health and safety inspectors. At the time of recruitment there were some 60 vacancies, 25 of which were newly established positions, with six of these being dedicated to rural areas.

Some 1,000 applications were received for both entry level and promotional positions. A highlight of the recruitment campaign was the information sessions held in both metropolitan and regional locations at which current inspectors provided first-hand accounts of their work experiences, while other WorkCover staff explained training opportunities and conditions of employment. The first intake of inspectors will join WorkCover in October 2000 and, when all positions are filled, the organisation will have a total of 301 inspectors – the largest inspectorate in Australia.

Case Management

WorkCover NSW has developed a case management program to enable it to target identified poor OHS performers. A pilot program is to be run involving five organisations at locations across the State. The aim of the trial is:

- to develop and test criteria for assessing effectiveness of intervention;
- to develop consistent and agreed intervention processes;
- to develop a small group of trained field staff who can train and mentor team members in case management; and
- workers compensation compliance.

In March 2000, the Insurance Division established a new Compliance Improvement Branch with ten staff to enhance WorkCover's capacity to secure compliance within the workers compensation system. WorkCover is developing a strategic approach designed to target systemic non-compliance in respect of non-insurance, under-insurance and fraud. Underpinning our approach is the promotion of compliance through deterrence and education. However, prosecution action still remains an appropriate response where compliance is not achieved.

Development of Data Systems

During the past financial year, WorkCover engaged the services of Health Insurance Commission data consultants to review available internal and external data relevant to compliance with workers compensation legislation. The consultants will also provide a report advising WorkCover on how existing data can best be used to target non-compliance.

WorkCover will base the design of its future compliance improvement programs on the strategic use of data to identify and target non-compliance within the workers compensation system. This approach will include data-matching of the workers compensation database with external data sources.

Communication Projects

Enhancing employers' knowledge and understanding of their workers compensation obligations represents a key compliance strategy for WorkCover. In December 1999, WorkCover launched the new workers compensation section on its Internet site. This new section contains comprehensive information for workers and employers on a range of workers compensation topics arranged in the user-friendly formats of fact sheets and frequently asked questions.

In May 2000, an information package was mailed to 3,500 accountants in NSW to assist them in preparing accurate wage estimates and declarations for their clients.

Audit Projects

WorkCover commenced an audit project in May 2000 targeting employers suspected of under-insurance. Approximately 300 employers with automatically renewed policies were targeted for wage audits, and information packages were mailed out to 1,300 employers to advise them of their obligations.

Investigations

WorkCover receives notifications from licensed insurers, members of the public and trade unions concerning employers who are suspected of non-insurance or under-insurance. Since July 1 1999, 82 notifications were received and investigated by our organisation.

In the same period, 147 notifications of suspected workers compensation fraud received from licensed insurers and the public were investigated.

Prosecutions

The making of a false claim has always been an offence under workers compensation legislation and the *Crimes Act 1900*. In the 1999/2000 financial year, five individuals/companies were prosecuted. Penalties ranged from a fine of \$2,400 against a worker in relation to four counts of failing to inform the insurer of his return to work, to a sentence of 200 hours community service and 12 months' suspended sentence for obtaining benefits by deception.

In addition, there were 87 convictions of employers for avoiding the payment of workers compensation insurance. Fines for non-insurance totalled \$104,634 and the courts awarded further penalties of \$347,369, which amounted to double the unpaid premiums.

Key Compliance Strategies

Occupational Health & Safety Prosecutions

In the 1999/2000 year, a total of 586 corporations/individuals were brought before the courts for breaches of occupational health and safety legislation. These actions resulted in convictions/allegations proven against 496 (85%) corporations/individuals, with 79 prosecutions being withdrawn (13%) and 11 (2%) dismissed. Total fines awarded by the courts in this period amounted to a record \$6.2 million. Some examples of prosecutions brought before the courts were:

- The Hunter Area Health Service was fined \$15,000 as a result of several nurses becoming ill after being exposed to the disinfectant, gluteraldehyde. The case highlighted the need for employers to consider their workers' health sensitivities when establishing a risk-free workplace.
- Adequate supervision and instruction could have avoided an accident in which a 21-year old apprentice electrician received burns to 80% of his body in the matter of Duff Bros Pty Limited trading as Ric Electrics. The \$50,000 penalty was mitigated by the company's continuing employment and rehabilitation of the injured apprentice.
- 4 in 1 Fitness Pty Limited was fined \$12,500 when a student was seriously injured after she fell about six metres while climbing a wall at a gym with fellow students. The court found the defendant guilty of failing to train and instruct students of the high school adequately. The Chief Industrial Magistrate commented on the growth in popularity of the sport and ordered the defendant to install adequate safety measures within three months.
- Drake Personnel Ltd, as employer, had hired out a process worker to a factory where she had suffered a crush injury to her right hand. Drake was convicted before the Chief Industrial Magistrate but appealed to the Industrial Relations Commission. The full bench dismissed the appeal, finding that the unusual relationship between a hire company and its employees did not change the "obligation of the employer to ensure the health, safety and welfare at work of all the employer's employees".
- The obligations in the construction industry on employers hiring independent contractors who assume control of a site was highlighted in the prosecution of Genner Constructions Pty Ltd. Although the court accepted that there was a safe system relating to vehicle entrance and exit, it considered that appropriate training and instruction had never been given to the worker killed by a vehicle leaving the site. The court imposed a fine of \$65,000 on the company.

“Exposure to hazardous substances can kill you. Slowly.”

Specific Interventions in Targeted Sectors

WorkCover has put in place a number of specific interventions aimed at achieving compliance in targeted sectors. These interventions are outlined below.

Construction Industry Memorandum of Understanding

An interdependent set of tools to assist in the management of OHS was developed during the year as part of the ongoing work arising from the construction industry Memorandum of Understanding (MOU). These tools are at the leading edge of OHS reform in the Australian construction industry, and a noteworthy aspect in their development has been the level of industry sponsorship.

The chief executive officers of 17 major construction companies signed the MOU with the NSW Government in 1998, giving an undertaking to work in partnership to identify and implement OHS best practice. The MOU was described by visiting Professor of Industrial Relations, John Lund of the University of Wisconsin (USA), as being at the leading edge of OHS reform partnerships between industry and government internationally.

The MOU established a framework and timetable for change for the major contractors and, through the contracting system, for the thousands of sub-contractors they engage.

Safe Design

Systematic consideration of safety at the point of design is considered to be a critical prevention strategy. Arising from the MOU between the NSW Government and the construction industry, new guidelines entitled "Construction Hazard Assessment Implication Review" (CHAIR) have been developed to assist clients, constructors and designers to address OHS at the point of design systematically.

CHAIR provides a rigorous framework, enabling key stakeholders to work together to identify construction, maintenance, repair and demolition risks associated with a design and reduce them as much as reasonably practicable. The development of CHAIR was sponsored by industry through BHP Engineering, Bovis Lend Lease, Transfield Pty Ltd and CH2M Hill. These companies met the costs of a senior risk management engineer being seconded to WorkCover during part of 1999.

Preliminary pilot results strongly suggest that the guidelines are a valuable tool in helping to identify OHS issues at the design and planning stage, and that CHAIR workshops have resulted in participants learning more about both safety in design issues and the construction process itself. In late 1999 the Construction Policy Steering Committee introduced Safe Design as an element of its OHS Management System (CPSC) Guidelines for all accredited government contractors.

Hospitality Industry Memorandum of Understanding

The hospitality industry MOU, also initiated in October 1998, has resulted in a number of the products which were developed for the construction industry being adapted and made available to the hospitality industry.

Team Merlin

Team Merlin, which started in August 1998, was one of WorkCover's first projects designed to foster partnerships between our organisation and industry. In this case the partnership was between WorkCover and local government. The project also aimed to facilitate the integration and ownership of occupational health and safety systems into the business and operational culture of the councils.

Managers from nine local councils within WorkCover's Country South area signed an agreement to participate in an 18-month project with the goal of integrating occupational health and safety management systems (OHSMS) into their business and operational culture.

The nine participating councils included: Dubbo City Council, Gilgandra Shire Council, Goulburn City Council, Mudgee Shire Council, Mulwaree Shire Council, Orange City Council, Parkes Shire Council, Shellharbour City Council and Wagga Wagga City Council.

The multi-disciplinary Team Merlin worked closely with the councils to assist them in achieving the project goal. The strategies and initiatives employed included a series of OHSMS audits, formalised training, provision of WorkCover's professional and technical services, as well as network and development workshops.

The Team Merlin project ended in February 2000. Our Government Industry Team's Council Safe 2000 project, to be launched in August 2000, will build upon many of the strategies and recommendations from Team Merlin and will incorporate other management system initiatives being developed by WorkCover.

Olympics Construction Sites

The construction of the main Olympic facilities at Homebush Bay was one of the largest and most complex projects ever undertaken in this country. It entailed a number of innovative designs and presented engineers and builders with many challenges. At the peak of activity the workforce at the site exceeded 3,000.

In conjunction with the Olympic Co-ordination Authority (OCA), special efforts were made by WorkCover to ensure that building companies contracted for Olympic-related work observed the industry guidelines set in place by the Government's Construction Policy Steering Committee (CPSC). Amongst others, these guidelines required every construction contractor engaged to implement a competent OHS management system and to ensure that their sub-contractors did likewise.

After extensive consultation and negotiation, WorkCover succeeded in obtaining the OCA's commitment to ensuring observance of the CPSC Guidelines. Subsequently, an action plan was developed, agreed and successfully executed.

This world-class construction project has provided an opportunity for special initiatives to be undertaken in collaboration with major contractors. For example, in a best-practice initiative, WorkCover negotiated an agreement with the John Holland company to trial new steel erection procedures in the construction of the showground, with promising results.

WorkCover also maintained a surveillance of the several work-sites comprising the Homebush site during the life of the project, and responded to complaints and incidents encountered there. Our organisation intervened and demanded remedial action where necessary, and also conducted site inspections and accident and incident investigations.

Fireworks Permits

In January 2000, the NSW Government introduced changes to the fireworks regime to ensure safer use for the community and to limit public nuisance. Under the new regime an applicant for a One-Day Fireworks Display Permit must meet additional safety criteria, including separation distances and permission of the local council, the property owner and neighbours. Most permits are issued for organised public displays or community events.

Since these changes were introduced, the number of one-day display permits issued has dropped to less than 20 per month compared to several hundred per month in previous years.

Specific Interventions in Targeted Sectors

National OHS Framework

The National OHS Improvement Framework was released in December 1999. The Framework was developed by the National Occupational Health and Safety Commission (NOHSC) in cooperation with the State, Territory and Commonwealth OHS regulatory authorities as well as with the peak bodies representing employers and employees. It aims to improve performance at all levels by all OHS participants and to guide the Commission's collective efforts for the next ten years. The necessary changes will be based on a coordinated national effort focussed on clear goals and objectives, as set out in the Framework.

NOHSC will compile a national report which will be provided to the Workplace Relations Ministers Council in December 2000. The Framework is a significant development in the coordination of occupational health and safety strategies across Australia.

“ Every employer
must have a
Workers
Compensation
Policy, it’s the law”

Performance of the Workers Compensation Scheme

The WorkCover Scheme has reported a small deficit of \$3 million to give an almost break even result for the year.

Fewer claims in 1999/2000 and a significant improvement in the returns generated from investments led to this result.

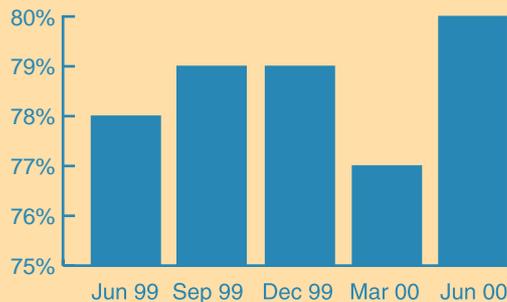
The 1998 reforms to strengthen the scheme's focus on injury management and return to work have reduced scheme costs. However, they may have reached their full potential and may not achieve further significant savings, nor extend the fundamental objectives of the scheme.

To deliver a scheme which provides appropriate long and short-term social and economic objectives, the Government has deferred commencement of private underwriting and announced an intention to develop a robust and comprehensive reform package based on ten key principles.

These principles include increased focus on preventing workplace injuries, best practice injury management and early return to work, targeting employers' compliance, control of professional fees, removal of cross-subsidies, use of industry-based schemes and self-insurance, development of medical treatment protocols, and better dispute prevention measures.

WorkCover Scheme Assets as a proportion of Scheme Liabilities

The WorkCover Scheme assets as a proportion of scheme liabilities stood at 80% at 30 June 2000. This is an increase from 78% on the previous year due mainly to an improvement in claim costs and an increase in investments.



Premium Rates

Each employer pays a workers compensation premium which reflects the employer's risk. This risk is calculated according to a formula which takes the following into account:

- the industry in which the employer operates;
- the size of the employer's risk, reflected in their aggregate payroll; and
- for medium and larger employers, an adjustment to reflect the employer's claims record relative to their industry average. This adjustment provides an incentive for employers to achieve and maintain good workplace safety performance, and to mitigate the cost of claims by facilitating effective rehabilitation.

For 1999/2000, base premium rates were maintained at an average target level of 2.8% of wages. In June 2000, the Board resolved to approve an increase in the average target to 3.15% to allow for the impact of the new Federal tax system, including the GST. This increase will apply to the 2000/2001 premium year.

Workers Compensation Claims Payments

The rate of payment growth increased significantly in the past year. Total payments for 1998/1999 amounted to \$2.5 billion, a 19.3% increase of around \$400 million on the previous year. When adjusted for average weekly earnings, the increase was around 15%. The payments that contributed significantly to this rise in 1998/1999 were commutations (redemptions) (254%), damages and common law (73.9%), and legal costs (14.8%).

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

The proportion of compensation payments was 71.3%, and non-compensation was 28.7% of total payments. Workplace injuries accounted for 79.7% of total payments while occupational diseases accounted for 12.5%. The remaining 7.8% was due to non-workplace injuries.

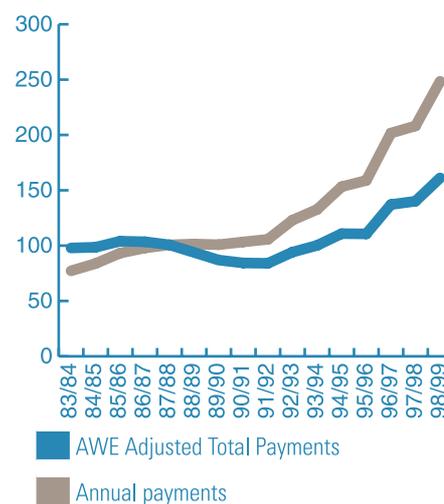
The largest components of both workplace injury payment and occupational disease payment were commutations (redemptions) (19.4% and 17.5% respectively), followed by total incapacity (17.7% and 16.7%). The third-highest cost for workplace injuries was damages and common law (13.7%), while the third-highest cost for occupational diseases was legal costs (14.6%).

Breakdown of Payments in 1998/1999

Type of payment	%
Medical treatment	8.0
Hospital treatment	2.4
Rehabilitation treatment	2.3
Physiotherapy, chiropractic treatment, and damaged artificial limbs and clothing	2.4
Death payments	0.9
Permanent injury	7.3
Pain and suffering	2.7
Commutations (redemptions)	18.6
Partial incapacity (S38 and S40) (Weekly benefit)	8.6
Total incapacity (weekly benefit)	17.7
Damages and common law	12.5
Investigation expenses, and transport and maintenance	4.9
Legal costs	11.2
Other	0.5
Total	100

Overall, the long-term trends show a gradual rise since 1983/1984, with a steep rise occurring around the late 1990s.

Total Payments 1983/84 – 1998/99



Statutory Fund Account

Statutory funds invested totalled \$5,808 million at 30 June 2000. The proportions of liquids/fixed interest and equities/property trusts in the portfolio stood at 68.4% and 31.6% respectively at 30 June 2000.

Licensed insurers manage the investment of workers compensation funds as part of their insurance role. These individual funds collectively form the statutory funds' investments.

Insurers are required to manage the fund in accordance with WorkCover's set of investment objective and authorised securities which provide detailed asset allocation and security selection criteria. These investment criteria are developed by WorkCover using asset/liability modelling techniques and are reviewed annually.

WorkCover monitors the investment performance of insurers in two key areas – compliance with their investment mandate and their return on investments compared to agreed benchmarks.

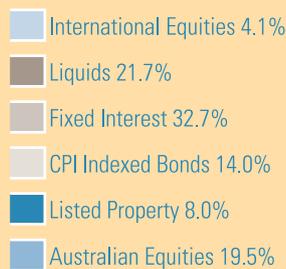
Performance of the Workers Compensation Scheme

WorkCover's external master custodian arrangement with AMP Investment Administration Pty Limited has improved and enhanced WorkCover's capacity to measure and monitor insurer investment performance. The custodian relationship allows more effective monitoring of insurer investment performance and compliance with the investment mandate, improved quality and timeliness of reporting and information, and improved risk management of scheme investments.

Licensed insurers' investment managers continue to be responsible for investment decisions relating to the statutory fund investments.

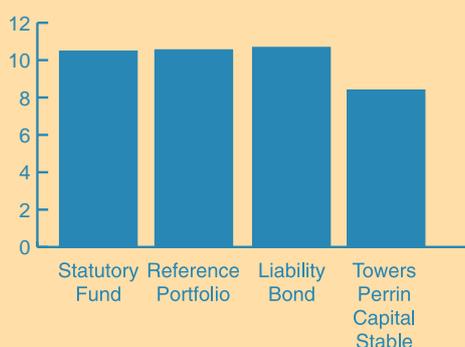
Statutory Fund Asset

Allocation as at 30 June 2000



Return on scheme investments

for five years (1/7/95 – 30/6/00)



The WorkCover Reference Portfolio is the model for comparing insurers' risk/return performance, and reflects WorkCover's preferred level of risk for scheme investment funds over a complete market cycle.

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 Liability Bond has replaced the previous actuary's assumption and is a new benchmark that was introduced in February 2000. The Bond is a hypothetical security (structured bond) which has payments exactly matching the expected liability payments. It provides a measure of the financial progress of the fund in meeting its liabilities.

The Consolidated Statutory Fund returned 10.48% annually for five years as compared to the Reference Portfolio of 10.55% and the Liability Bond of 10.68%. The Consolidated Fund significantly outperformed "Towers Perrin Pooled Funds Survey for Capital Stable Funds" return of 8.40% (a relevant peer group comparison for the scheme investment fund).

Overall, the Consolidated Statutory Fund investment performance is considered satisfactory with the investment return comparable to the Reference Portfolio benchmark and the Liability Bond.

Licensing of Insurers

NSW employers can choose to either renew their insurance policy or take out a policy with a different licensed insurer when their policy is due for renewal. WorkCover encourages insurers to compete for business based on the quality of customers' services offered to employers. Using this approach, insurers have developed niche markets in which they choose to operate. WorkCover also monitors all licensed insurers to ensure a satisfactory level of service as part of the licensing requirements.

Self Insurance

WorkCover is reviewing self insurance guidelines in consultation with stakeholders and expects to issue revised guidelines in the year 2000/2001.

Insurer	Insurer's % of 99/00 policies	Insurer's % of 99/00 premiums
AMP	7.20	4.14
CGU	12.62	6.15
EMI	3.65	4.40
FAI	4.08	4.58
GIO	24.40	18.00
HIH	2.69	8.20
Mercantile Mutual	7.49	4.85
MMI	18.20	29.02
QBE	13.56	11.79
Sun Alliance & Royal Insurance	1.54	4.27
Zurich	4.57	4.59

Insurance Securities

WorkCover requires self-insurers and specialised insurers to lodge security deposits and bank guarantees (based on actuarial assessment of their outstanding workers compensation claims) which are held by our organisation. WorkCover reviews these deposits and annually guarantees that they are sufficient to cover outstanding claims. At 30 June 2000, WorkCover held \$61.34 million in security deposits and \$541.7 million in bank guarantees. This system safeguards self-insurers and specialised insurers' ability to meet the costs of current and future workers compensation claims.

Review of Insurers' operations

WorkCover conducts field reviews of insurers' injury and claims management, underwriting and premium administration and debt collection procedures to monitor insurers' performances in these areas. The reviews continue to focus on good injury and claims management, correct rating of employer's business and effective debt collection.

Following the 1998 legislative reform to promote regular management of injury, injury management reviews are conducted to monitor progress in implementing these reforms.

Total outstanding debt as a proportion of premiums has shown continuing improvement and is well within the 2.8% benchmark for 1998/1999. Monitoring of performance in debt collection and credit control is one aspect of WorkCover's field reviews.

WorkCover has introduced an insurer remuneration package to promote the successful implementation of new injury management provisions and other scheme reforms.

Volunteer Emergency Services Compensation Schemes

WorkCover administers the bush fire fighters compensation scheme which provides workers compensation insurance for volunteer bush fire fighters. During the year, 228 claims were received.

The emergency and rescue workers compensation scheme covers volunteers from Surf Life Saving NSW, the Volunteer Rescue Association, and the State Emergency Services. During the year, 278 claims were received.

At least 90% of claims were determined within 21 days of receipt.

Year	Claims Received	Payments (\$'000)
95/96	181	1,554
96/97	218	1,789
97/98	299	1,497
98/99	366	2,662
99/00	278	1,508

Bush Fire Fighters Compensation Fund

Year	Claims Received	Payments (\$'000)
95/96	203	1,091
96/97	231	845
97/98	349	2,650
98/99	306	2,245
99/00	228	2,116

Performance of the Workers Compensation Scheme

Uninsured Liability and Indemnity Scheme Claims

Injured employees who are not covered by a workers compensation policy may claim against the Uninsured Liability and Indemnity Scheme (ULIS), administered by WorkCover. Undisputed claims made under the scheme are determined within 65 days of receipt. Where the claim is disputed, a court determination may be required. WorkCover received 403 claims under the ULIS Scheme in 1999/2000, an increase of 3.3% over 1998/1999.

The total liability for all claims under the scheme was \$95.8 million at 30 June 2000. Approximately \$1.1 million was recovered during the year from uninsured employers, a decrease of 37% over the previous financial year.

WorkCover makes every effort to recover ULIS claims from employers. However, recoveries are often difficult to achieve due to the often lengthy time gap between injury and claim lodgement in many circumstances, and also due to the fact that employers may have ceased trading or be in liquidation.

Uninsured Liability and Indemnity Scheme

Year	Claims Received	Payments (\$'000)
95/96	769	7.9
96/97	669	7.5
97/98	471	8.6
98/99	390	9.7
99/00	403	8.1

Workplace Injury Management

The Workplace Injury Management Branch continued its work with stakeholders this year to assist them in better meeting the needs of injured workers.

The 1999/2000 year saw continued reinforcement of the injury management provisions of the *Workplace Injury Management and Workers Compensation Act 1998*.

Given the significant nature of the changes, the information and education program commenced in September 1998 was further enhanced by a range of initiatives focussed on communicating strategically to those groups directly affected.

Provider Return to Work Rates

There are currently 204 accredited rehabilitation providers in NSW. The system for accrediting providers has been reviewed with stakeholders, and improvements to the system centred on introducing a risk management approach have been implemented.

The Return to Work (RTW) rate achieved by providers is continuing to show an increasing trend, with March rates showing a 74% RTW rate overall.

This comprises 87% returning to their pre-injury employer and 56% to a new employer.

Injury Management Consultants

The *Workplace Injury Management and Workers Compensation Act 1998* provides for the approval of medical practitioners to promote successful return to work for workers with significant injuries. They do so by intervening with the primary treating doctor if difficulties are encountered. Since December 1998, 177 injury management consultants have been appointed.

Medical practitioners are required to become engaged with the workers compensation system and to assist injured workers in their return to work as well as ensuring adequate treatment.

To facilitate the communication process, injury management consultants assist employers, workers and treating doctors to find solutions when problems arise between these parties.

A review of the initiative was undertaken in May 2000. Surveys of the insurers and consultants indicated that injury management consultant intervention facilitated decision-making and progressed the return to work of the worker. Following the review, additional resources were developed to promote the role of the consultant to treating doctors, workers and employers. A training course for insurers on working with doctors in the workers compensation system was also developed as a result of feedback obtained during the review.

Physiotherapy Costs Study

In May 1997, a network of independent physiotherapy consultants was set up by WorkCover to provide advice to insurers relating to the reasonable necessity for ongoing treatment. Despite positive feedback regarding the benefits of this network, a perception persisted that some physiotherapists continued to provide excessive numbers of services.

Between April and June 2000, a study of physiotherapy costs over \$2,000 on any one case was undertaken. This figure represents more than three times the average number of consultations. The study found that treatment patterns for some claimants were outside normal expectations.

As a result of this study, a new review system of physiotherapists was developed and introduced in June 2000. Under this system, a review of a physiotherapist will be initiated where his or her level of servicing is repeatedly identified as a concern.

Referral of individual physiotherapists to the new review process is a key recommendation of the costs study.

All physiotherapists will receive a copy of the study report and WorkCover is working with the Australian Physiotherapy Association (APA) to develop treatment protocols for conditions relating to injuries in the workers compensation system that have a high frequency. These will be used to educate physiotherapists on what constitutes reasonable and necessary treatment in workers compensation and will also be used by insurers to monitor and review treatment utilisation.

Improved Medical Management

A program aimed at improving medical management of workers with work-related injuries has been developed. A tender document for the pilot phase is being advertised, with the intention of commencing the pilot in January 2001.

The program will consist of information on the workers compensation system, in addition to the clinical management of low back and neck pain according to evidence-based practice. An important aspect of the pilot program is marketing and incentive strategies to ensure that it will be attractive to general practitioners in an ongoing way.

A review of the accreditation process for rehabilitation providers was also undertaken and the outcomes are being progressively implemented.

These include continuation of accreditation for the cluster of services that assist a worker to return to the pre-injury employer, or for those that assist a worker to obtain a new job. Following legislative amendments, appropriately qualified individual practitioners will be able to undertake individual occupational rehabilitation services.

Performance of the Workers Compensation Scheme

Incidence of Work Related Injury and Illness

The following section relates to the latest available statistics as published in the Statistical Bulletin 1998/1999.

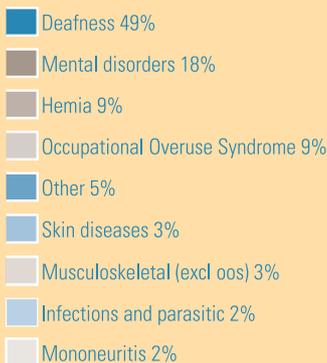
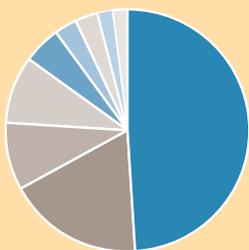
In 1998/1999, new major claims declined 5.3% from the previous year to 55,492. (New major claims are claims for which the result of injury was death, permanent disability, or temporary disability and where five days or more were paid for total incapacity.) This decline represents the fourth consecutive year in which the number of injuries has declined. The decline in the number of injuries has contributed to a lowering incidence of injury in the NSW workforce from 25.2 per 1,000 workers in 1997/1998 to 23.1 in 1998/1999 – a decline of 8.3%.

The number of claims for deafness also continues to show encouraging trends with the number of cases in 1998/1999 reduced to 4,741. Deafness claims have been reducing since 1995/1996, when the number of cases reached a peak of 10,684. The reduction in the number of cases from this period to 1998/1999 represents an overall decline of around 55.6%. The factor that has probably had the highest impact on lowering this trend since 1995/1996, especially at the initial stage, was 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.

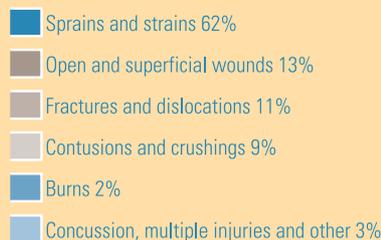
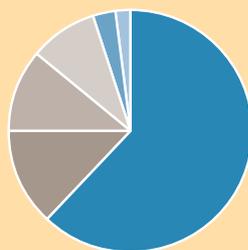
Mental disorders also saw a decline in the 1997/1998 and 1998/1999 period, from 1,908 to 1,682 cases, representing a decline of 11.8%. Although the decline in the incidence of mental disorders across different industry groups was generally uniform during this period, there were some industries where the decline was modest, such as personal and other services (2.0 to 1.8 per 1,000 workers), transport and storage (1.7 to 1.5 per 1,000 workers), and finance and insurance (1.5 to 1.3 per 1,000 workers).

There was a decline in the number of back injuries in the workplace in the 1997/1998 – 1998/1999 period, from 13,268 to 12,439, representing a decline of around 6.2%. However, as a proportion of total injuries, the number of back injuries has remained static since the 1997/1998 period at around 30%.

Occupational diseases 1998/1999



Injury types (workplace injuries) 1998/1999



Industry Incidence Rate (Employment injuries)

Industry	Year 97/98	Year 98/99
Agriculture, forestry and fishing	43.5	45.7
Mining	64.4	54.6
Manufacturing	37.4	36.1
Electricity, gas and water supply	31.1	26.9
Construction	50.3	45.6
Wholesale trade	18.3	16.4
Retail trade	17.5	15.6
Accommodation, cafes and restaurants	22.8	23.4
Transport and storage	43.4	35.6
Communication services	31.2	24.4
Finance and insurance	8.4	7.5
Property and business services	13.5	13.9

“ When everyone
works
together, everyone
benefits ”

Corporate Services

WorkCover has sought to develop an organisational culture which encourages and develops staff and focusses on improved processes and the effective delivery of services. Over the last year, initiatives were developed to address major challenges confronting the organisation, including the proposed relocation of the head office to Gosford and the maintenance of appropriate service levels during the 2000 Olympic and Paralympic Games in Sydney.

The Corporate Governance Division provides a range of services to support WorkCover's operating divisions, external clients and stakeholders. Primary support areas include finance, human resources, staff training and development, information management, property services, legislation development and corporate relations.

Relocation of Head Office to Gosford

In February 1999, the Premier announced the Government's intention to relocate WorkCover's head office to Gosford by 2002, as part of the Government's Regionalisation Strategy.

Programs have been developed to manage the redeployment of staff who will be unable to relocate or commute to the new head office. WorkCover has established strategic relationships with other NSW public sector agencies to facilitate the lateral transfer and redeployment of staff. These are significant developments in enhancing mobility and job choice for staff.

WorkCover has also sought tenders for the provision of accommodation for approximately 440 staff at Gosford. A site in the Gosford CBD has been selected and the Department of Public Works and Services will be working with WorkCover to oversee the construction of a new government office building.

Education and Development Programs

The staff education and development programs conducted during 1999/2000 were designed to support key corporate objectives and competencies.

These programs addressed a wide range of organisational requirements including corporate training priorities, management development, occupational health and safety for WorkCover staff, generic skills and computer training.

Education and Development Statistics

In 1999/2000, 43% of staff participated in formal education programs and 6% of staff were granted study time for undergraduate and postgraduate courses as well as for technical skills training.

Our organisation's ongoing commitment to the enhancement of our staff's expertise is demonstrated by the Financial Study Assistance Program. During 1999/2000, 5% of staff received reimbursements or payments totaling \$29,621 for university and certified study.

WorkCover will be building on its staff development program during the next financial year, with resources being focussed on public sector and organisational development training.

Employee Assistance Program

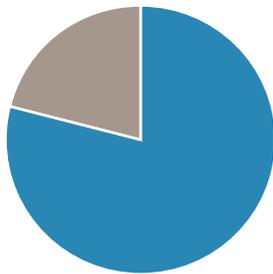
The WorkCover Employee Assistance Program (EAP) provides a free counselling service to all employees and their family members who may have personal or work-related problems that may impact on their well-being. Professional counselling sessions are provided and are available throughout New South Wales.

A review of WorkCover EAP requirements was undertaken during early 2000. It is anticipated that the revised EAP program provided will be launched in August 2000.

Staff Usage – Employee Assistance Program

2000	8%
1999	9.5%
1998	10%

Usage between staff and family



- Staff 79%
- Family 21%

Members

EEO

The total number of staff in WorkCover decreased from 834 to 761 during the reporting year. Staff numbers have now stabilised as the organisational restructuring programs draw to a conclusion.

The proportion of women employed increased overall by one percentage point to 45%. Of these, the highest proportion (33%) were employed at the salary level \$48,824 – \$63,137, the same as last year.

The number of women paid more than \$78,921 per annum, and not in the SES, increased from two to five. The number of women in the SES and paid more than \$78,921, was four (40% of total SES).

The proportion of staff from racial, ethnic or ethno-religious minority groups was 29% (152), an increase of 9% from the previous year. Of this group, 77% (117) were staff whose first language was not English.

The proportion of staff with a disability was 9% (50), up from 7.8% the previous year. Of those with a disability, 34% (17) were staff with a disability requiring workplace adjustment at work.

Staff Profile

The total number of full-time and part-time permanent and temporary staff at 30 June 2000 was 718 (expressed as full-time equivalent [FTE] positions). This compares with total staff of 775 (FTE) in the previous year and 777 (FTE) in 1998, and represents a significant reduction in overall staff numbers. A detailed staff profile is included as Appendix 12.

RECRUITMENT STATISTICS 1999/2000

Total number of completed recruitment actions for 1999/2000 = 109

	Electronically submitted applications	Applications from Central Coast Resident	All other applications	Total
Numbers of applications received for year	172	447	911	1530
Average per advertised position	1.6	4.1	8.35	14
Percentage per advertised position	11.4%	28.5%	59.4%	100%

SES profile – 1999/2000

	Men	Women
Total SES	6	4

Corporate Services

Staff Profile – by Classification

Summary	Males	Females	Total
Total SES	6	4	
Senior Management (SES & Senior Officers)	9	6	15
Scientific/Technical Officers	18	1	19
Departmental Professional Officers	20	1	21
Engineers	13	2	15
Medical Staff	2	2	4
Legal Staff	7	7	14
Safety Inspectors	194	47	241
Lift Specialists	11	0	11
Admin & Clerical Graded Staff	145	271	416
Librarians	1	2	3
Trades Based Staff	1	0	1
Stores Officer	0	1	1
Total	421	340	761

Staff Profile – by Classification

Summary by %	Males (%)	Females (%)	Total (%)
Total SES	6	4	
Senior Management (SES & Senior Officers)	60	40	100
Scientific/Technical Officers	94.7	5.3	100
Departmental Professional Officers	95.2	4.8	100
Engineers	86.6	13.4	100
Medical Staff	50	50	100
Legal Staff	50	50	100
Safety Inspectors	79.6	19.4	100
Lift Specialists	100	0	100
Admin & Clerical Graded Staff	35	65	100
Librarians	33.3	66.6	100
Trades Based Staff	100	0	100
Stores Officer	0	100	100
Total	54.8	44.2	100

WorkCover Spokeswomen Term 1999/2000

WorkCover continues to encourage and promote its Spokeswomen's Program which aims to promote efficiency and effectiveness in the public sector by assisting women to develop their knowledge and skills in order to fully participate on equal terms.

The spokeswomen's role is to collect and disseminate information concerning equal opportunity in employment and career development to women in the organisation and provide information to management on issues specifically relating to women.

Main achievements

- Two-day conference held in March 2000 – 60 participants
- Development & implementation of WorkCover's Mentoring Pilot Program
- Provision of Career Development Day Workshop
- Six (6) seasonal newsletters titled "To Everyone Who Knows a Woman"

Appointment of Aboriginal Client Services Officer

Following an identified need to meet the specific requirements of Aboriginal and Torres Strait Islander clients in and around Dubbo, Michelle Fernando has been appointed WorkCover's first dedicated Aboriginal Client Services Officer.

This appointment provides an opportunity for Michelle to develop her skills and abilities in building awareness, knowledge and understanding of WorkCover's services among our Aboriginal clients. This in turn will help develop a greater appreciation and understanding of the vital role that WorkCover can play in occupational injury and illness management.

Employment Relations

Industrial relations in WorkCover has continued to be characterised by good working relationships with staff, employee associations and central agencies.

During the reporting period there were no appeals, either promotional or disciplinary, to the Government and Related Employees Appeal Tribunal (GREAT).

A draft WorkCover Inspectors' Consent Award was presented to the Executive of the Public Service Association in June 2000. It has met the approval of the Executive, and was put to a members' ballot which closed on 7 July 2000.

In June 2000, an extensive campaign was launched to recruit 55 new WorkCover Inspectors ranging from Entry Level through to Regional Inspector. Included in this program were 25 additional Entry Level Inspector positions, approved by the then Minister for Industrial Relations, The Hon Jeff Shaw, in April 2000.

Voluntary Redundancies

Throughout the reporting period WorkCover proceeded with a major program of organisational redesign and restructure. This program was principally designed to improve the delivery of OH&S, workers compensation and injury management field compliance activities, and implement efficiencies contained in the Government's Corporate Services Reforms.

The restructuring program for all three divisions is due for completion by July/August 2000.

After ministerial approval in May 1998, a voluntary redundancy program was implemented in accordance with the Public Sector Management Office's policy on managing displaced employees. During the 1999/2000 financial year, voluntary redundancy was approved for 78 affected staff. The voluntary redundancy program ceased on 30 June 2000.

Information Management Projects

In conjunction with the introduction of reforms to workers compensation and injury management, new computerised systems need to be developed. Whilst short-term needs are being addressed by the Information Management Branch, it is recognised that a longer term strategic perspective must be taken.

Consequently, an in depth analysis of the business viability and an economic appraisal for a new high quality computer system to support the integration of workers compensation, injury management, compliance and occupational health and safety data and information was completed.

WorkCover has finalised its Privacy and Personal Information Management Plan which is available on our Internet site.

WorkCover successfully prepared its systems for the introduction of the GST and has been instrumental in initiating a whole of Government (NSW) approach for the use of the Australian Business Register and Australian Business Number. This will reduce duplication and improve access to high-quality business-related data.

WorkCover's e-Business initiative has achieved its 1999/2000 objective to have all major internal forms available on-line. The e-forms are supported by appropriate workflow technologies which automatically route the forms to officers authorised to action them.

WorkCover updated and monitored its Use of Communication Devices Policy. This has been very successful in protecting the organisation from damage similar to that experienced by other organisations caused by Internet-based viruses.

WorkCover also has on-going projects in the areas of:

- OHS operational support
- E-Business
- Records management and electronic document management.

Y2K Compliance

During the two year period immediately prior to 1 January 2000, WorkCover undertook an extensive review and rectification program in relation to Year 2000 compliance. This program was in accordance with Government policy and work programs and included any legal or contractual exposures, together with computer system impacts.

As a result of this process, WorkCover's preparedness for Y2K was very high. The organisation's preparation was reflected in the success of the outcome as no Year 2000 compliance problems have arisen to date in any area of our operations.

WorkCover's financial commitment to the year 2000 compliance issue was in the order of \$1.1m.

Funding

Funds for WorkCover's activities are principally from a levy on workers compensation premiums. This levy also funds:

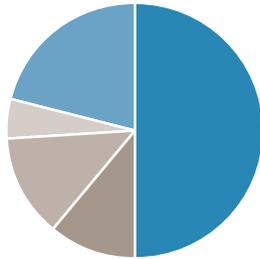
- payments under the Uninsured Liability and Indemnity Scheme (ULIS) which initially meets the cost of workers compensation claims not paid by uninsured employers; and
- payments for the operation of the Compensation Court of NSW and the Workers Compensation Resolution Service.

The rate of contribution by licensed insurers and self-insurers was set at 4.7 percent of premiums for 1999/2000 which was the same in 1998/1999.

Features of WorkCover's operating activities and funding responsibilities are set out in the accompanying diagrams.

Operating activities 1999/2000

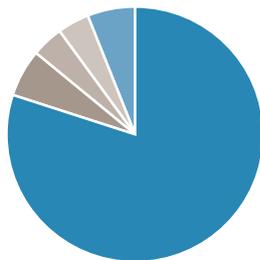
Total \$128.0 million in expenditure.



- Prevention 50%
- Business Services 11%
- Dispute Resolution 21%
- Uninsured Scheme 5%
- Scheme Management 13%

Funding 1999/2000

Total \$158.2 million in income.



- Insurer Contributions 80%
- Fees and Charges 6%
- Other 4%
- WorkCover Scheme 4%
- Investment Income 6%

Long-term Solvency WorkCover NSW

WorkCover's liability coverage and level of net assets are the main measures of long-term solvency. The liability coverage is the ratio of redeemable investments to outstanding claims liabilities and employee provisions. Net assets represent the excess of total assets over total liabilities. The trends in both are:

Liabilities Coverage



The liability coverage target is 100%, and at June 2000 this coverage amounted to 121% which was \$24.0m in excess of target. The 2000/2001 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 approximately 80% by June 2004 which is below a general target. In 2004, total net assets will amount to \$30.2m which as a supplementary measure of financial position, is considered to be at a satisfactory level for WorkCover. At \$30.2m, net assets will represent 20% of contribution income which is a satisfactory level given WorkCover's statutory levying powers and the nature of its major liability, the Uninsured Scheme's outstanding claims.

Operating Performance

The Operating Result (after abnormal items) for 1999/2000 was a surplus of \$33.1m, which is \$38.7m more than the budgeted deficit of \$5.6m.

Total Operating Income was \$4.8m or 3% more than budget due in part to contribution income being above budget by \$1.3m (1%) as insurers reported a marginally higher premium pool. Income from investments was also above budget by \$4.2m (79%) primarily due to better than anticipated returns from equities and fixed interest investments.

WorkCover Operations expenditure was \$12.4m (12%) under budget, due in part to a revision of the timing of a selection of major projects (eg Regulation 2000 and Safety Awareness Campaign). Superannuation expenses were well below budget (\$8.3m) primarily as the result of favourable investment returns.

Corporate Services

Operating Performance

(for the year ended 30 June 2000)

	Actual 1999/2000 \$m	Budget 1999/2000 \$m	Variance	
			\$m	%
Income				
Contributions (Levy)	132.8	131.5	1.3	1
Other Income	25.4	21.9	3.5	16
Total Operating Income	158.2	153.4	4.8	3
Less: Expenditure				
WorkCover Operations	91.3	103.7	12.4	12
WorkCover Scheme	36.7	49.9	13.2	26
Total Operating Expenditure	128.0	153.6	25.6	17
Operating Result				
(Before Abnormal Items)	30.2	(0.2)	30.4	–
Abnormal Items	(2.9)	5.4	8.3	–
Operating Result				
(After Abnormal Items)	33.1	(5.6)	38.7	–

WorkCover Scheme expenditure was \$13.2m (26%) lower than budget due predominantly to the downward revision by consulting actuaries of the Uninsured Scheme's outstanding claims liabilities. Expenditure for the Compensation Court and the Workers Compensation Resolution Service were also lower than originally budgeted.

Abnormal Items. Redundancy costs were under budget by \$1.2m (23%) as a result of fewer staff accepting redundancy packages than anticipated. A significant superannuation credit (\$7.1m) was received from the Superannuation Administration Corporation and resulted from determining superannuation on a significantly different basis to that of previous years.

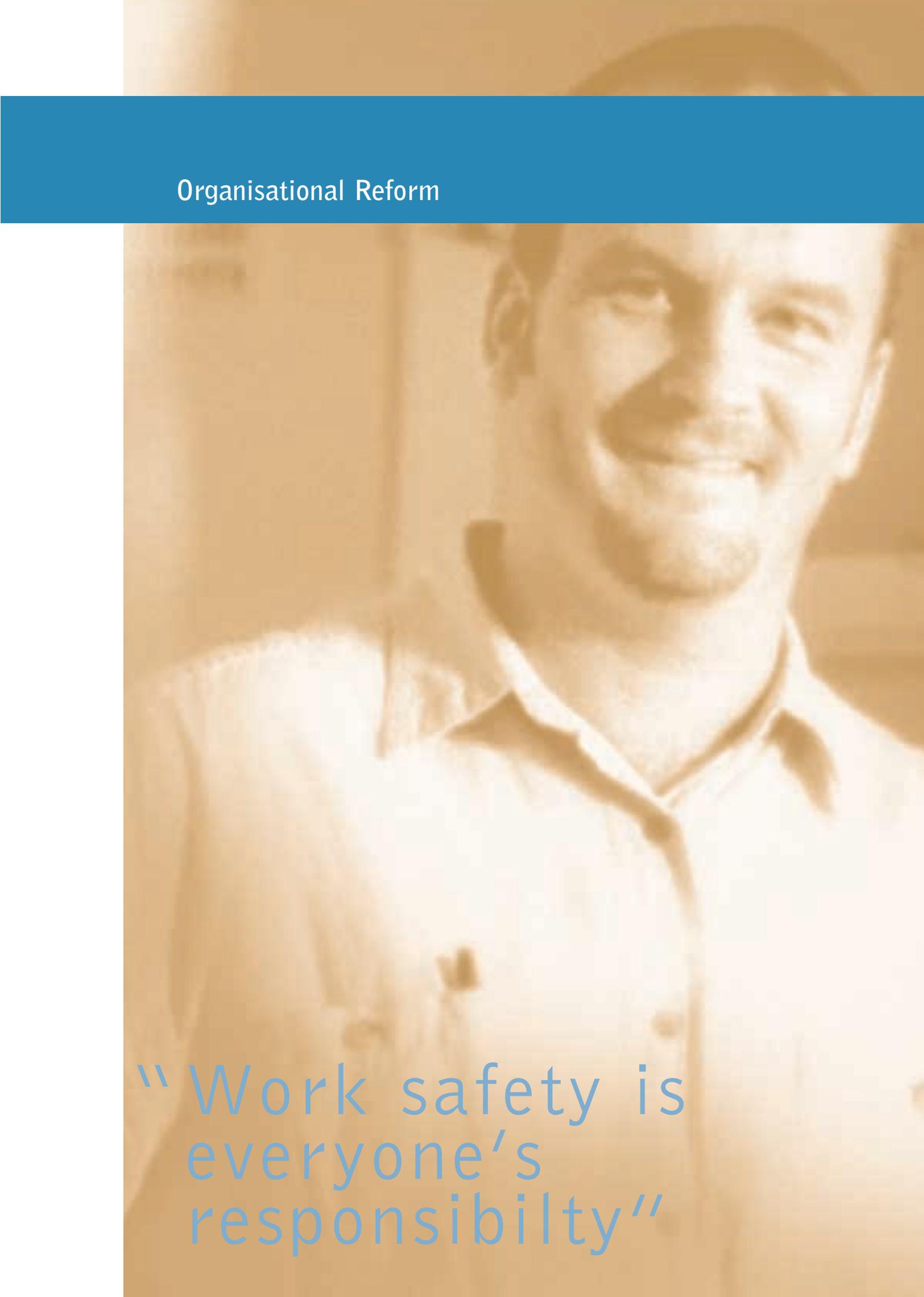
Payment of Accounts

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

1999/2000	September quarter	December quarter	March quarter	June quarter
Current	\$122,288	\$109,799	\$87,645	\$863,401
<30 days overdue	\$58,695	\$29,210	\$77,629	\$23,284
>30 days and <60 days overdue	\$9,764	–	\$16,735	\$60
>60 days and <90 days	\$22,256	\$9,740	\$1,580	\$1,997
90 days and over	\$4,034	\$111	\$7,203	\$5,923
% paid on time	96%	95%	95%	94%
Total value of accounts paid on time	\$12,552,014	\$12,536,356	\$11,710,532	\$16,368,567

During the year, WorkCover paid \$56.0 million in accounts of which \$53.2 million or 95% of the invoices were paid within the vendors' terms.

This performance compared favourably to a minimum performance requirement of 90%.



Organisational Reform

“ Work safety is everyone’s responsibility”

Organisational Reform

During the period under review, WorkCover NSW undertook a major restructuring program aimed at improving the delivery of occupational health and safety, workers compensation and injury management field compliance activities.

OHS Division Restructure

The restructuring resulted in the formation of two new groups in the Occupational Health and Safety (OHS) Division – Service Delivery and Strategic Operations. Both became fully operational on 7 February 2000. In addition, the Division's inspectorate activities, which were previously provided by geographical location, are now provided on an industry basis.

The new OHS structure is expected to result in significant productivity improvements by way of:

- improved resource allocation;
- better industry focus; and
- improved response to and resolution of emerging issues.

Seven industry and two country teams have been established within the Service Delivery Group. The industry teams focus on services to the following sectors, construction, health and community, manufacturing, retail, wholesale, transport and storage, rural, government, and business and consumer services. The two country teams have been named Country North and Country South and focus on their respective regions.

The decision to establish these teams was made following an extensive trial with multi-disciplinary teams operating in the construction, health and community services industries.

The trial indicated that WorkCover could offer improved customer service and better service delivery by linking programs to industry needs and delivering it through multi-skilled teams.

The teams are responsible for the delivery of core field-based services, including information, compliance, enforcement and technical and scientific services. Their objectives are:

- to provide consistent service delivery across the State;
- to provide a proactive interventionist approach; and
- to adopt an industry-focused and strategic approach to OHS and workers compensation issues.

The Strategic Operations Group is responsible for the overall development and coordination of all OHS strategies across the Division, particularly those relating to hazard-based or emerging issues. This group is also responsible for services provided by a number of discrete units, including the information centre, data analysis and research, learning and development, education, and industry strategies. Other activities include the management of licensing services and specialist staff in areas such as plant, certification, workers compensation and injury management, and hazardous processes.

Organisational Reform

Insurance Division Restructure

The Insurance Division coordinates and regulates the existing and emerging systems for workers compensation insurance and injury management in partnership with the OHS Division, the Corporate Governance Division, employers, injured workers, insurance companies, service providers, and other stakeholders. This Division was restructured this year to enable its staff to provide more effective value-added services.

The new Insurance Division is expected to result in an improved focus on service delivery, performance monitoring compliance and analysing Scheme trends and developing solutions for Scheme issues.

The *Workplace Injury Management and Workers Compensation Act 1998* reforms and the need for ongoing improvement of the two systems provided the impetus for the changes to this Division.

The restructuring of the Insurance Division saw the creation of two main groups in March 2000 – the Insurance Service Delivery Group (ISDG) and the Insurance Strategic Management Group (ISMG) and the Workplace Injury Management Branch (WIMB).

ISDG's core business is:

- to ensure insurers deliver high-quality services;
- to manage premium complaints, claims (including Uninsured Liability and Indemnity Scheme) and compliance issues at both a systemic and individual level;
- to monitor scheme investments and set investment strategy; and
- to target non-insurance, under-insurance and fraud in the system.

This group has a strong customer orientation and a focus on service delivery to stakeholders with emphasis on insurers and employers. ISDG adopts a risk management approach in its licensing financial monitoring and regulatory role.

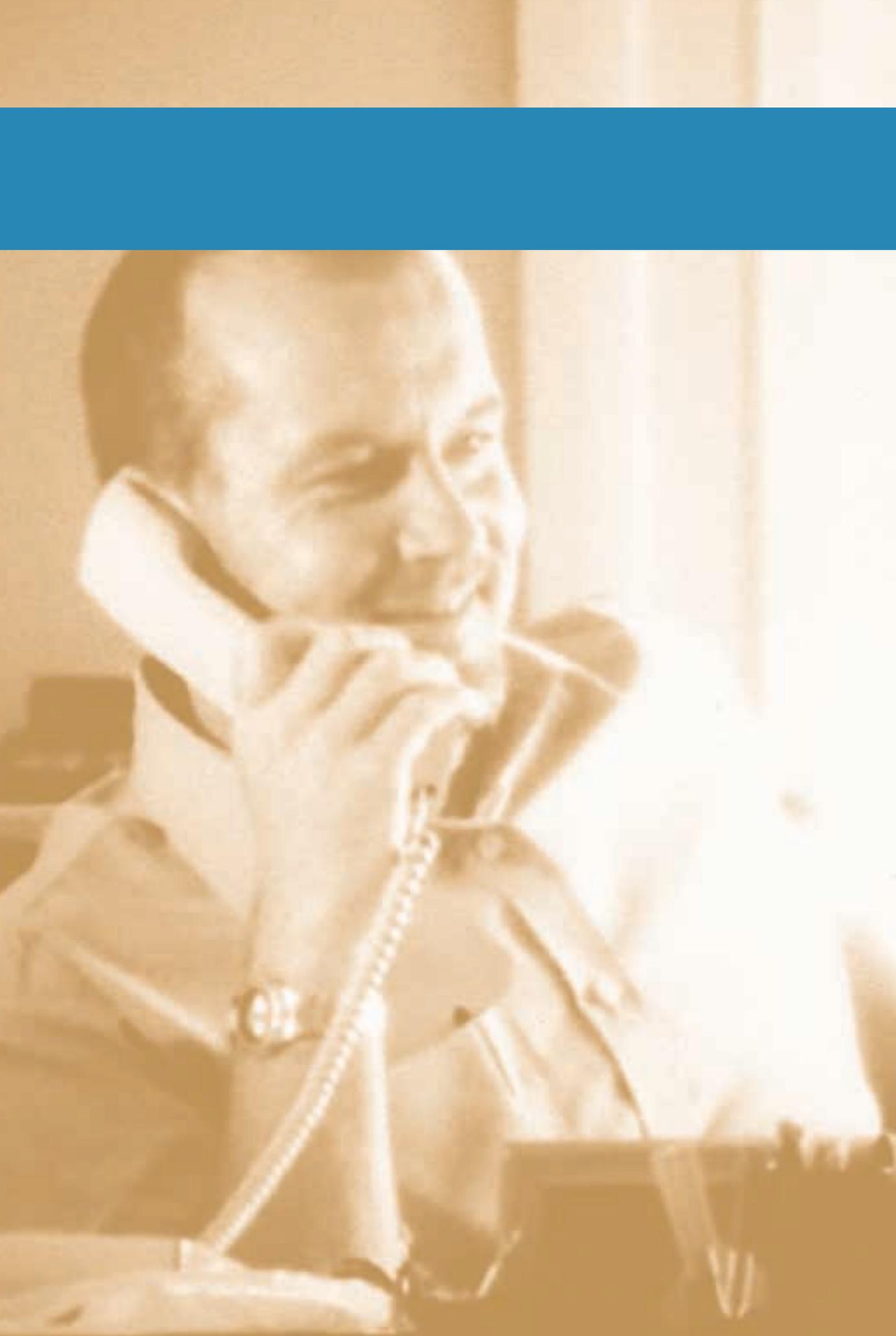
ISDG is implementing a more robust systemic compliance improvement program to enhance compliance significantly in respect of under-insurance, non-insurance and fraud.

ISMG's core business is to drive and develop strategies based on sound analyses for continuous improvement of the workers compensation and injury management systems.

Its key functions are:

- evaluating Scheme and injury management performance;
- identifying trends, problems and issues; and
- identifying solutions and negotiating integrated reform packages.

The core business of the Workplace Injury Management Branch is to facilitate effective injury management systems that lead to early return to work for injured workers. The Branch has a team structure that focuses on the three primary areas of responsibility – system innovation, communication strategies, and program improvement.





Financial Statements 1999/2000

Financial Statements

for the year ended 30 June 2000

WORKCOVER AUTHORITY OF NEW SOUTH WALES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

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 2000 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. This accounting treatment has been adopted consistently for the financial statements since the year ended 30 June 1996.

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



J.M. Riordan
Chairperson

3 November 2000



Kate McKenzie
General Manager

Independent Auditor's Report

for the year ended 30 June 2000



BOX 12 GPO
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 2000. The members of the Board are responsible for the financial report consisting of the accompanying balance sheet, income and expenditure statement 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.

In addition, other legislative and policy requirements, which could have an impact on the Authority's financial report, have been reviewed on a cyclical basis. For this year, the requirements examined comprised compliance with:

- core business activities being in accordance with the *Workplace Injury Management and Workers Compensation Act 1998*;
- key provisions of Part 2 of the *Public Sector Management Act 1988* and Parts 2, 3, 4, 5 and 6 of the *Public Sector Management (General) Regulation 1996*;
- operation of Special Deposits Accounts in accordance with the *Workplace Injury Management and Workers Compensation Act 1998*; and
- the Premier's Department SES Guidelines in respect of the Chief Executive Officer's contract.

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 10 "Accounting for the Revaluation of Non-Current Assets". The Independent Audit Report on the financial report for the year ended 30 June 1999 was also qualified accordingly.

In accordance with the requirements of AAS 10, as at 30 June 2000, the net increase on revaluation of non-current assets amounting to \$10.6m (\$4.6m in 1998-99) should have been credited directly to an asset revaluation reserve. Had this been done, the operating surplus would decrease from \$32.9m (\$0.1m deficit in 1998-99) to \$22.3m (\$4.7m deficit in 1998-99). 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 2000 and the results of its operations and its cash flows for the year then ended.

R J Sendt
Auditor-General

SYDNEY
20 November 2000

Actuarial Certificate

Outstanding Claims Liabilities at 30 June 2000

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

The timing of actuarial estimates of claims liabilities as at 30 June 2000 was such that the former contractor, Trowbridge Consulting, estimated liabilities for the funds under the direction, control and management of the WorkCover Authority. The new contractor, Tillinghast-Towers Perrin, estimated liabilities of the WorkCover Scheme Statutory Funds. Accordingly, actuarial certificates from both firms accompany this financial report.

TROWBRIDGE
CONSULTING

WORKCOVER AUTHORITY OF NSW

Actuarial Certificate Outstanding Claims Liabilities at 30 June 2000

Trowbridge Consulting has been requested by the WorkCover Authority of NSW to make estimates of the outstanding claims liabilities as at 30 June 2000 of the following portfolios and funds managed under the statutory responsibility of the Authority:

- the Uninsured Liability and Indemnity Scheme (ULIS)
- the run-off portfolios of failed pre-WorkCover insurers National Employers' Mutual (NEM), Bishopsgate and AGCI
- Bush Fire Fighters Compensation Fund (BFFCF)
- Emergency and Rescue Workers Compensation Fund (ERWCF).

Data

Data was provided to us by the Authority (ULIS, BFFCF and ERWCF) and by Corporate Management Services Australia Pty Ltd (failed insurers) on behalf of the Authority.

We have not independently verified the data supplied, but have where possible made checks for reasonableness and consistency. In our view there were no data problems that would have had a material effect on our estimates.

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 which are not knowingly above or below the ultimate liabilities. Our estimates are discounted (i.e. they allow for future investment income on assets), and are net of expected recoveries. Our estimates include allowance for future claims handling expenses.

Our estimates of the claims liabilities at 30 June 2000, net of recoveries, are as follows:

Authority Funds	
	\$m
ULIS	95.7
NEM	83.8
Bishopsgate	4.3
AGCI	2.2
BFFCF	10.2
ERWCF	6.7

The WorkCover Authority has incorporated the outstanding claims liability of the above Funds in its Financial Statements as at 30 June 2000.



Uncertainty

There is considerable uncertainty involved in estimating the liabilities for outstanding claims. While we have prepared estimates based on what we believe to be the likely future experience, variation from our estimates is normal and to be expected.

Reports

Full details of data, method, assumptions and results for the funds are set out in reports (one for each entity) dated either June or July 2000.

Relevant Standards

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

A handwritten signature in blue ink, appearing to read "Geoff Atkins".

Geoff Atkins

Date: 11 October 2000

A handwritten signature in blue ink, appearing to read "David Koob".

David Koob

David Koob

Date: 11 October 2000

Fellows of the Institute of Actuaries of Australia

Actuarial Certificate

Outstanding Claims Liabilities at 30 June 2000

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 2000

Tillinghast-Towers Perrin ("Tillinghast") has been contracted by the WorkCover Authority of NSW ("the Authority") to make estimates of the outstanding claims liabilities of the WorkCover Scheme Statutory Funds as at 30 June 2000.

Data

Data was provided to us by the Authority. Tillinghast has relied on historical data and other quantitative and qualitative information supplied by the Authority 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.

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

- expenses of \$216 million to meet the cost of management of claims outstanding (including claims incurred but yet to be reported) as at 30 June 2000;
- an unexpired risk provision of \$12 million, on the basis that the unearned premiums from 1999/2000 policies are unlikely to be sufficient to meet the cost associated with them;
- an allowance of \$201 million for the impact of the transitional effects of the Federal Government's New Tax System.

Valuation Results

The estimated liability for the WorkCover Scheme Statutory Funds as at 30 June 2000, net of recoveries, is \$7,123 million. This amount is made up as follows:

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

*Tillinghast - Towers Perrin***TABLE 1****WorkCover Scheme Statutory Funds Outstanding Claims Liability at 30 June 2000**

	\$M
Gross Outstanding Claims	7,432
less Anticipated Recoveries	(309)
Net Outstanding Claims	7,123

The WorkCover Authority has provided \$7,123 million in the Financial Statements of the WorkCover Scheme Statutory Funds as at 30 June 2000 for the outstanding claims liability.

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 19 September 2000 and our supplementary report on accounting for claims management expense dated 2 November 2000.

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: 2 November 2000



Andrew Cohen
Fellow of the Institute of Actuaries of Australia

Date: 2 November 2000

Income and Expenditure Statement

for the year ended 30 June 2000

	Note	2000 \$'000	1999 \$'000
Income			
Contributions	3	93,453	131,906
Fees and Charges	4	9,605	9,963
Investment Income	5	15,546	9,855
Other Income	6	29,312	27,039
Total Income		147,916	178,763
Expenditure			
WorkCover Authority Operations			
Salaries and Employee Payments	7 & 2(i)	52,742	54,344
Superannuation	18	(5,653)	4,590
Office Accommodation	21(b)	10,105	10,029
Depreciation	2(b)	5,039	6,267
Other Operating Expenses	9 & 2(j)	30,993	28,100
		93,226	103,330
WorkCover Scheme			
Compensation Court of NSW		20,119	21,154
Workers Compensation Resolution Service		7,419	7,743
Workers Compensation Premiums			
Rating Bureau of NSW	2(j)	821	1,031
Net Claims Incurred	10	(5,365)	38,209
Other		1,793	1,718
		24,787	69,855
Total Expenditure		118,013	173,185
Operating Surplus Before Abnormal Items		29,903	5,578
Abnormal Items			
– Voluntary Redundancies	8 & 2(i)	4,152	5,690
– Superannuation	18	(7,100)	–
Operating Surplus/(Deficit) After Abnormal Items		32,851	(112)
Accumulated Funds at the Beginning of the Financial Year		45,619	45,731
Accumulated Funds at the End of the Financial Year	2(g)	78,470	45,619

The accompanying notes form part of these Financial Statements.

Balance Sheet

as at 30 June 2000

	Note	2000 \$'000	1999 \$'000
Current Assets			
Cash	20	21,582	6,972
Receivables and Prepayments	11	50,059	36,132
Investments	12	34,376	40,369
Total Current Assets		106,017	83,473
Non-Current Assets			
Receivables	11	13,119	40,999
Investments	12	191,181	172,630
Property, Plant and Equipment	14	21,208	21,160
Total Non-Current Assets		225,508	234,789
Total Assets		331,525	318,262
Current Liabilities			
Creditors	16	9,378	9,586
Provisions	18	7,922	7,886
Outstanding Claims	17	23,953	28,049
Total Current Liabilities		41,253	45,521
Non-Current Liabilities			
Creditors	16	16,496	9,654
Provisions	18	8,295	8,359
Outstanding Claims	17	179,338	201,436
Total Non-Current Liabilities		204,129	219,449
Total Liabilities		245,382	264,970
Net Assets		86,143	53,292
Equity Employed			
Asset Revaluation Reserve	15	7,673	7,673
Accumulated Funds	2(g)	78,470	45,619
		86,143	53,292

The accompanying notes form part of these Financial Statements.

Statement of Cash Flows

for the year ended 30 June 2000

	Note	2000 \$'000 Inflows (Outflows)	1999 \$'000 Inflows (Outflows)
Cash Flows from Operating Activities			
Contributions		133,169	124,923
Investment Income		3,139	4,034
Recoveries		1,195	2,702
Transfer from Statutory Funds		6,348	4,632
Other Receipts		23,696	50,218
Salaries and Employee Payments		(44,591)	(51,206)
Office Accommodation		(10,232)	(9,947)
Compensation Court		(19,200)	(21,138)
Workers Compensation Resolution Service		(7,353)	(7,166)
Workers Compensation Premiums Rating Bureau		(821)	(1,031)
Compensation Claims Paid		(21,990)	(26,237)
Refunds to Insurers following Fund Closures		(9,301)	(70,226)
Other Payments		(32,661)	(28,121)
Net Cash Provided by (Used In) Operating Activities	19	21,398	(28,563)
Cash Flows from Investing Activities			
Purchase of Non-Current Assets		(5,572)	(3,011)
Proceeds on Sale of Non-Current Assets		15	34
Purchase of Investments		(75,759)	(154,984)
Redemption of Investments		75,727	186,148
Net Cash Provided by (Used In) Investing Activities		(5,589)	28,187
Net Increase(Decrease) in Cash Held		15,809	(376)
Cash at the Beginning of the Financial Year		3,714	4,090
Cash at the End of the Financial Year	20	19,523	3,714

The accompanying notes form part of these Financial Statements.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2000

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's 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 exercising its functions, WorkCover must:

- promote the prevention of injuries and diseases at the workplace and the development of healthy and safe workplaces;
- promote the prompt, efficient and effective management of injuries to persons at work;
- ensure the efficient operation of the workers compensation insurance arrangements having regard to policies of the Advisory Council; and
- ensure 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.

WorkCover is exempt from the payment of income tax under section 23(d) of the *Income Tax Assessment Act 1936*. WorkCover is required to comply with the provisions of the New Tax System effective from July 2000.

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 each five years.

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 income and expenditure statement.

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 AAS10: "Accounting for the Revaluation of Non-Current Assets".

- (ii) These financial statements are a general purpose financial report and have been prepared on an accrual basis.
- (iii) Proper accounts and records have been maintained for all of the operations of the WorkCover Authority in terms of section 41(1) of the *Public Finance and Audit Act 1983*.
- (iv) These financial statements have been prepared having regard to Australian Accounting Standards, other mandatory professional reporting requirements and industry practices.
- (v) Amounts shown in these financial statements have been rounded to the nearest thousand dollars.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2000

Note 2 (continued)

(b) Property, Plant and Equipment and Depreciation

Land, buildings, scientific and technical equipment, and computer hardware and software are revalued every five years 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
Computer Hardware	33.3

For scientific equipment the depreciation rate has been increased to 20% to better reflect the useful life of those assets. The financial effect is that a further \$0.2m in depreciation expenses for scientific equipment has been recognised in the current year.

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/Non-Current Assets are those assets with a working life of more than one year with a unit cost in excess of \$2,000 with the exception of:

	Unit Cost
Computer Software	\$3,000
Reference Books	\$500

(c) Net Claims Incurred

Net claims incurred include claims paid and the movement in the provision for outstanding claims liabilities. The provision for outstanding claims liabilities includes claims incurred but not yet paid, incurred but not yet reported and allowances for the costs of claims administration 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.

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 2001 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, WorkCover Authority Fund and Insurers' Guarantee Fund, are principally made by licensed and 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 income and expenditure statement over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(g) Accumulated Funds

Accumulated funds have increased to \$78.5m (\$45.6m – 1999). The current level of accumulated funds is in excess of anticipated requirements and accordingly, the contribution strategy for future years provides for a reduction in accumulated funds.

(h) Extension of Time

WorkCover sought from the Treasurer an extension of time to 30 September 2000, for the preparation and submission of its financial statements to enable the preparation and inclusion of the accounts of the WorkCover Scheme's 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) Changes in Accounting PoliciesVoluntary Redundancies

During the year, the accounting policy on measuring voluntary redundancy was changed. Previously voluntary redundancy expenditure shown in the Income and Expenditure Statement included the salaries of staff who had been displaced as a result of restructuring. Voluntary redundancy expenditure also included accrued leave costs of employees who had accepted voluntary redundancy.

These costs are more appropriately included in salaries and employee payments.

The 1999 comparative figures have been adjusted by reducing voluntary redundancies expenditure and increasing salaries & employee payments by \$2.7m. There is no change to the 1999 reported operating deficit after abnormal items.

(j) Comparative FiguresWorkers Compensation Premiums Rating Bureau of NSW

Previously this expenditure was included in Other Operating Expenses.

The nature of this expenditure warrants separate reporting in the Income and Expenditure Statement and the 1999 comparative figures have been adjusted accordingly. An amount of \$1.0m has been moved from 1999 Other Operating Expenses to a separately reported item "Workers Compensation Premiums Rating Bureau of NSW". There is no impact on the 1999 reported operating deficit after abnormal items.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2000

Note 3 Contributions

Contributions to the various funds were:

	2000 \$'000	1999 \$'000
WorkCover Authority Fund		
Insurers	127,024	122,844
WorkCover Scheme		
Statutory Funds		
– Management and		
Administration Expenses (a)	5,756	6,012
– WorkCover Grants Scheme (b)	–	1,600
	132,780	130,456
Insurers' Contribution Fund	–	(230)
Insurers' Guarantee Fund	(40,083)	(5,776)
Bush Fire Fighters		
Compensation Fund	381	5,736
Emergency and Rescue Workers		
Compensation Fund	2,242	4,194
Failed Insurers' Funds	(1,867)	(2,474)
	93,453	131,906

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; and
- in 1999, to fund a WorkCover Grants Scheme to support and promote research into occupational health and safety, injury management and workers compensation related issues. In 2000, sufficient funds were held so as not to require any contribution.

The contribution rate for the WorkCover Authority Fund in 2000 was 4.7% (4.7% – 1999) of insurers' premium income and self-insurers' deemed premiums.

The Insurers' Contribution Fund was liquidated in October 1998.

Note 4 Fees and Charges

	2000 \$'000	1999 \$'000
Certificates of Competency	2,066	1,918
Lift Registration and Inspection	2,836	2,456
Testing and Boiler Inspection	473	1,279
Demolition and Pest Control Licences	339	893
Consultancy and Training	428	427
Sale of Publications	439	1,092
Other	3,024	1,898
	9,605	9,963

Note 5 Investment Income

	2000 \$'000	1999 \$'000
Interest on Call and Term Deposits	1,855	3,393
Movement in Market Values		
Realised	1,237	789
Unrealised	12,454	5,673
	15,546	9,855

Note 6 Other Income

	2000 \$'000	1999 \$'000
Fines and Professional Costs		
Recoveries	4,632	3,118
Legal aid and Interpreter Scheme		
Recoveries	510	357
Motor Vehicle and Overtime		
Recoveries	796	683
Liquidator's Distribution	22,487	649
Insurers' Contribution		
Fund Redemption	–	18,117
Other	887	4,115
	29,312	27,039

Note 7 Salaries and Employee Payments

	2000 \$'000	1999 \$'000
Salaries and Allowances	42,898	44,502
Long Service Leave	1,903	1,494
Annual Leave	3,315	2,843
Workers Compensation Insurance	636	938
Payroll Tax	3,267	3,359
Fringe Benefits Tax	532	1,071
Payments to Board Members	191	137
	52,742	54,344

Note 8 Voluntary Redundancies

Throughout the reporting period WorkCover proceeded 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 and safety, workers' compensation and injury management field compliance activities.

After ministerial approval in May 1998, a voluntary redundancy program was implemented in accordance with the Public Sector Management Office's Policy on Managing Displaced Employees. During the year voluntary redundancy was approved for 91 staff (102 staff in 1999).

Note 9 Other Operating Expenses

WorkCover's other operating expenses of \$31.0m (\$28.1m – 1999) contain items of expenditure which are required to be disclosed by the *Public Finance and Audit Act*. Those items are:

	2000 \$'000	1999 \$'000
Consultancy Fees	945	1,247
Audit Fees		
External Audit – The Audit Office		
– WorkCover Authority	215	202
– WorkCover Scheme	18	18
Internal Audit		
– Internal Audit Bureau	107	137
Provision for Doubtful Debts	84	690

Notes to and forming part of the Financial Statements

for the year ended 30 June 2000

Note 10 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.

Direct Business	2000			1999		
	Current year \$'000	Prior years \$'000	Total \$'000	Current year \$'000	Prior years \$'000	Total \$'000
Gross claims incurred and related expenses – undiscounted	21,555	(15,321)	6,234	18,684	9,814	28,498
Reinsurance and other recoveries – undiscounted	(2,307)	(629)	(2,936)	(1,930)	18,440	16,510
Net claims incurred – undiscounted	19,248	(15,950)	3,298	16,754	28,254	45,008
Discount and discount movement – gross claims incurred	(6,602)	(4,605)	(11,207)	(6,961)	6,209	(752)
Discount and discount movement – reinsurance and other recoveries	823	1,721	2,544	634	(6,681)	(6,047)
Net discount movement	(5,779)	(2,884)	(8,663)	(6,327)	(472)	(6,799)
Net claims incurred	13,469	(18,834)	(5,365)	10,427	27,782	38,209

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

	Claims paid \$'000	Movement in claims liabilities \$'000	Net claims incurred	
			2000 \$'000	1999 \$'000
WorkCover Authority Fund – Uninsured Liability and Indemnity Scheme	7,189	(611)	6,578	14,645
Insurers' Guarantee Fund	8,614	(21,845)	(13,231)	14,130
Bush Fire Fighters Compensation Fund	2,288	(2,057)	231	5,576
Emergency and Rescue Workers Compensation Fund	1,621	477	2,098	4,044
Associated General Contractors Insurance Co Ltd Fund	29	(38)	(9)	(33)
Bishopsgate Insurance Australia Ltd Fund	681	(1,713)	(1,032)	(153)
	20,422	(25,787)	(5,365)	38,209

Note 11 Receivables and Prepayments

	2000 \$'000	1999 \$'000
Current		
Debtors		
Receivables	22,543	25,117
Prepaid Superannuation (Note 18)	26,192	10,209
Other	2,348	879
	51,083	36,205
Less Provision for Doubtful Debts	(1,863)	(1,792)
Prepayments	839	1,719
	50,059	36,132
Non-Current		
Receivables	13,119	40,999
	63,178	77,131

Receivables primarily comprise amounts receivable from licensed insurers for contributions required to be made to the various funds.

Note 12 Investments

Investments comprise deposits with investment fund managers and other securities authorised by the *Public Authorities (Financial Arrangements) Act 1987*.

	Market value	
	2000 \$'000	1999 \$'000
NSW Treasury Corporation	24,861	33,417
Bankers Trust Aust. Ltd	69,690	58,664
AMP	33,420	25,730
UBS Brinson	58,941	58,498
Salomon Smith Barney	38,645	36,690
	225,557	212,999
Current	34,376	40,369
Non-Current	191,181	172,630
	225,557	212,999

Investments 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.

In addition, investments are made with financial institutions which place funds over the medium to long-term. However, withdrawals can be effected at short notice and hence, all investments represent a source of further liquidity if required.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2000

Note 13 Financial Instruments

Terms, Conditions and Accounting Policies

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

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Terms and Conditions
Financial Assets			
Cash	20	Short-term deposits are stated at net realisable value. Interest is recognised in the income and expenditure statement when earned.	Cash deposits are at call. The effective interest rate was 5.2% (1999: 5%).
Receivables	11	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.
Investments	12	Investments are stated at net realisable value. Interest and movements in market value are recognised in the income and expenditure statement when earned.	Investments have an average duration of 675 days (1999: 595 days), and an effective interest rate of 6.5% (1999: 4.4%).
Financial Liabilities			
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.

Interest Rate Risk

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	Floating interest rate 2000 \$'000	Total carrying amount as per Balance Sheet 2000 \$'000	Weighted average effective interest rate 2000 %
Financial Assets			
Cash	21,582	21,582	5.2
Receivables	62,339	62,339	—
Investments	225,557	225,557	6.5
Total Financial Assets	309,478	309,478	
Financial Liabilities			
Bank Overdraft	2,059	2,059	
Trade Creditors and Accruals	23,815	23,815	
Total Financial Liabilities	25,874	25,874	

Interest Rate Risk – Previous Year

Financial Instruments	Floating interest rate 1999 \$'000	Total carrying amount as per Balance Sheet 1999 \$'000	Weighted average effective interest rate 1999 %
Financial Assets			
Cash	6,972	6,972	5.0
Receivables	75,412	75,412	—
Investments	212,999	212,999	4.4
Total Financial Assets	295,383	295,383	
Financial Liabilities			
Bank Overdraft	3,258	3,258	
Trade Creditors and Accruals	15,982	15,982	
Total Financial Liabilities	19,240	19,240	

Notes to and forming part of the Financial Statements

for the year ended 30 June 2000

Note 13 (continued)

Net Fair Values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at the balance date, are as follows:

(For methods of valuation, refer Note 2.)

	Total carrying amount as per the Balance Sheet 2000 \$'000	Total carrying amount as per the Balance Sheet 1999 \$'000	Aggregate net fair value 2000 \$'000	Aggregate net fair value 1999 \$'000
Financial Assets				
Cash	21,582	6,972	21,582	6,972
Receivables	62,339	75,412	62,339	75,412
Investments	225,557	212,999	225,557	212,999
Total Financial Assets	309,478	295,383	309,478	295,383
Financial Liabilities				
Bank Overdraft	2,059	3,258	2,059	3,258
Trade Creditors and Accruals	23,815	15,982	23,815	15,982
Total Financial Liabilities	25,874	19,240	25,874	19,240

Credit Risk

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. WorkCover's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Balance Sheet.

	Bank 2000 \$'000	Financial institution 2000 \$'000	Other 2000 \$'000	Total 2000 \$'000
Cash	21,582	–	–	21,582
Receivables	–	–	62,339	62,339
Investments	–	225,557	–	225,557
Total	21,582	225,557	62,339	309,478

Credit risk – Previous year	Bank 1999 \$'000	Financial institution 1999 \$'000	Other 1999 \$'000	Total 1999 \$'000
Cash	6,972	–	–	6,972
Receivables	–	–	75,412	75,412
Investments	–	212,999	–	212,999
Total	6,972	212,999	75,412	295,383

Note 14 Property, Plant and Equipment

	Note	2000 \$'000	1999 \$'000
Land and Building			
Freehold Land			
– At independent valuation 1998	(a)	3,350	3,350
Total Freehold Land		3,350	3,350
Buildings			
– At cost		188	154
– At independent valuation 1998	(a)	5,258	5,258
– Accumulated depreciation		(359)	(147)
Total Buildings		5,087	5,265
Leasehold Improvements			
– At cost		3,829	2,683
– Accumulated amortisation		(2,096)	(1,856)
Total Leasehold Improvements		1,733	827
Total Land & Buildings		10,170	9,442
Office Machines and Equipment			
– At cost		2,485	2,355
– Accumulated depreciation		(1,874)	(1,590)
Total Office Machines and Equipment		611	765
Motor Vehicles			
– At cost		158	245
– Accumulated depreciation		(85)	(120)
Total Motor Vehicles		73	125
Furniture and Fittings			
– At cost		126	121
– Accumulated depreciation		(39)	(25)
Total Furniture and Fittings		87	96
Computer Hardware and Software			
– At cost		6,091	5,976
– At valuation 1999	(b)	722	722
– Accumulated depreciation		(5,268)	(2,156)
Total Computer Hardware and Software		1,545	4,542
Computer Software Development			
– At cost		2,351	–
– At valuation 1999	(b)	3,537	3,537
– Accumulated depreciation		(150)	(5)
Total Computer Software Development		5,738	3,532

Notes to and forming part of the Financial Statements

for the year ended 30 June 2000

Note 14 (continued)

	Note	2000 \$'000	1999 \$'000
Scientific and Technical Equipment			
– At cost		399	201
– At independent valuation 1998	(a)	4,960	4,960
– Accumulated depreciation		(3,284)	(2,503)
Total Scientific and Technical Equipment		2,075	2,658
Capital Works In Progress			
– At cost		909	–
– Accumulated Depreciation		–	–
Total Capital Works In Progress		909	–
Total Property, Plant and Equipment		21,208	21,160

(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.

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 – 38.529 hectares

Location – 919 Londonderry Road, Londonderry NSW

Valuation 1998 – \$3,350,000

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

Note 15 Asset Revaluation Reserve

An Asset Revaluation Reserve has been established following the revaluations of certain property, plant and equipment as outlined in Notes 14 (a) and (b).

	2000 \$'000	1999 \$'000
Opening Balance	7,673	6,879
Revaluation Increments	–	794
Closing Balance	7,673	7,673

Note 16 Creditors

	2000 \$'000	1999 \$'000
Current		
Bank Overdraft	2,059	3,258
Other Creditors	7,319	6,328
	9,378	9,586
Non-Current		
Other Creditors	16,496	9,654
	25,874	19,240

Note 17 Outstanding Claims

	2000 \$'000	1999 \$'000
Expected Future Claims Payments	333,325	370,205
Discount to Present Value	(130,034)	(140,720)
Liability for Outstanding Claims	203,291	229,485
Current	23,953	28,049
Non-Current	179,338	201,436
	203,291	229,485

- (a) The weighted average expected term to settlement from the reporting date of the outstanding claims is estimated to be in the range of 5.3 years to 7.5 years (5.2 to 8.0 years – 1999) for the various funds.
- (b) The following average inflation rates and discount rates were used in measuring the liability for outstanding claims:

	2000 %	1999 %
Claims expected to be paid:		
Not later than one year;		
Inflation Rate	4.0 – 9.0	3.5 – 8.5
Discount Rate	6.0	5.5
Later than one year;		
Inflation Rate	4.0 – 9.0	3.5 – 8.5
Discount Rate	6.0	5.5

In respect to the Bush Fire Fighters Compensation Fund and the Emergency and Rescue Workers Compensation Fund, the valuation method used includes an implicit allowance for inflation.

- (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.
- (d) Allowance has been made by the consulting actuaries for the Goods and Services Tax in the assessment of the outstanding claims liabilities as at June 2000. The allowance made averages 2.8% (2.0% in 1999). The impact on the 2000 outstanding claims liability is \$5.5m (\$4.5m in 1999).

Note 18 Provisions

	2000 \$'000	1999 \$'000
Current		
Employee Entitlements		
Accrued Annual Leave	5,218	5,142
Long Service Leave	2,704	2,743
Other	–	1
	7,922	7,886
Non-Current		
Employee Entitlements		
Long Service Leave	8,295	8,230
Superannuation	–	129
	8,295	8,359
Total Provisions	16,217	16,245

Superannuation

Unfunded superannuation liabilities are recognised as a liability in the balance sheet. 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 2000 are as follows:

	Assessed Liability	Reserve Account	Net Asset / (liability)	
	\$'000	\$'000	2000 \$'000	1999 \$'000
State Superannuation				
Scheme	58,676	82,411	23,735	10,095
State Authorities				
Superannuation Scheme	10,984	12,796	1,812	114
	69,660	95,207	25,547	10,209
State Authorities Non-Contributory				
Superannuation Scheme	5,028	5,673	645	(129)
	74,688	100,880	26,192	10,080

Notes to and forming part of the Financial Statements

for the year ended 30 June 2000

Note 18 (continued)

This 30 June 2000 assessment of liability is based on the results of a review in 2000 by the Superannuation Administration Authority actuary, William M Mercer, where the key assumptions adopted by the actuary were:

	30 June 2000 %	Thereafter %
Rate of investment return	7.0	7.0
Rate of general salary increase (a promotional scale also applies)	4.0	4.0
Rate of increase in CPI	2.5	2.5

Abnormal Revision

The superannuation expense in 2000 was a credit of \$12.7m. The NSW Government Actuary's Office has advised that WorkCover's superannuation position has been determined on a significantly different basis to that from previous years. The new economic basis is much more optimistic than previously used. This change in basis has resulted in a decrease in accrued liabilities of \$7.1m. WorkCover views this one-off change in reporting methodology as an abnormal reduction and has shown the movement separately in the Income and Expenditure Statement.

The other main contributor to the net \$12.7m credit in 2000 was the comparatively high earnings for the Pooled (Superannuation) Fund, however, these earnings are not considered abnormal.

Future Contributions

As of 30 June 2000 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.

In all three of the Superannuation Schemes set out above WorkCover's reserve accounts exceed the respective assessed liabilities. The surpluses of \$26.2m (\$10.2m – 1999) are included as a current asset – Prepaid Superannuation.

Funding contributions for the State Superannuation Scheme have been suspended for the last two years with approval of the Superannuation Administration Corporation of NSW.

The First State Superannuation Scheme has established superannuation cover for employees who are not contributing to any other schemes and employer contributions were 7% of such employees' salaries for the year (7% – 1999). Payments for staff covered by the scheme totalled \$1.381m (\$1.156m – 1999). 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 (Used In) Operating Activities to the Operating Surplus (Deficiency)

	2000 \$'000	1999 \$'000
Operating Surplus/(Deficiency)	32,851	(112)
Depreciation/Asset Writeback/Loss or Gain on Sale of Assets	5,099	6,407
Unrealised Investment Income	(12,454)	(5,673)
Provisions		
Lease Incentive Costs	(2)	(19)
Long Service Leave	26	890
Annual Leave	76	487
Outstanding Claims	(26,193)	(73,627)
Doubtful Debts	84	690
Decrease in Debtors and Prepayments	28,990	39,659
Increase (Decrease) in Creditors	(6,740)	2,618
Increase (Decrease) in Superannuation Provision	(339)	117
Net Cash Provided By (Used In)		
Operating Activities	21,398	(28,563)

Note 20 Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes 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 Balance Sheet and its notes as follows:

	2000 \$'000	1999 \$'000
Cash	21,582	6,972
Bank Overdraft	(2,059)	(3,258)
	19,523	3,714

Note 21 Expenditure Commitments

(a) Capital Expenditure Commitments

	2000 \$'000	1999 \$'000
Equipment Purchases and Computer Software Development	–	308
Payable: not later than one year	–	308

(b) Lease Commitments

	2000 \$'000	1999 \$'000
Payable: not later than one year	7,533	8,002
later than one year but not later than five years	6,662	10,930
later than five years	–	–
Total (including GST)	14,195	18,932

Contingent Asset

The total Expenditure Commitments above include input tax credits of \$1.174m that 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 2000, WorkCover held deposits and bank guarantees to the value of \$603m (\$599m – 1999). 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 2000 was \$0.07m (\$0.07m – 1999).

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2000

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 issues through a WorkCover Grants Scheme.

(b) Insurers' Contribution Fund

This fund was established under the *Workers Compensation Act 1987* and compensated insurers for the inflationary effect of workers compensation benefit changes dating back to 1975.

Agreement was reached with insurers for their liabilities to be redeemed and the fund was liquidated in October 1998. At 30 June 1999 there was one insurer's payment of \$0.4m being withheld due to the need to clarify entitlement. The matter was resolved and the payment made in the reporting year. The Fund had no assets or liabilities at 30 June, 2000.

(c) 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 (formerly the Baltica General Insurance Co Ltd).

(d) Failed Insurers' Funds

Bishopsgate Insurance Australia Ltd and Associated General Contractors Insurance Co Ltd.

As a consequence upon the failure of these two insurers, legislation was enacted to accommodate claims made under statutory workers compensation insurance policies issued by them.

Contributions from insurers have been applied to meet the claims costs and administrative expenses of these funds.

The registration of Associated General Contractors Insurance Company Limited (AGCI) by the Australian Securities Commission was cancelled on 12 June 1997, and accordingly, the company was dissolved with effect from gazettal on 24 June 1997.

Bishopsgate Insurance Australia Limited was dissolved on 10 July 1999 after its liquidation was completed.

The legislation establishing the two funds contains provisions dealing with entitlements after dissolution. Entitlements are to be met by the Insurers' Guarantee Fund. The outstanding claims liabilities and comparable assets of both funds were transferred to the Insurers' Guarantee Fund during the year. A combined net surplus of \$9.3m was repaid to contributing insurers on closure of both funds in June 2000.

As at 30 June, 2000 no assets or liabilities remained in these funds.

(e) 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.

(f) Emergency and Rescue Workers Compensation Fund

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

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

(g) 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

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 \$400,000.

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.

Income and Expenditure Statement

for the year ended 30 June 2000

Note 26 WorkCover Scheme Statutory Funds

	Note	2000 \$'000	1999 \$'000
Income			
Premiums Written		2,068,923	1,991,675
Less: Statutory Levies			
Insurers' Contribution Fund		–	45,402
WorkCover Authority Fund		100,369	95,781
Dust Diseases Contributions		54,420	50,026
		154,789	191,209
Net Premiums Written		1,914,134	1,800,466
Increase in Unearned Premiums Provision	2	7,888	51,666
Net Earned Premiums		1,906,246	1,748,800
Claims Paid		2,016,000	1,811,025
Increase in Outstanding Claims Provision	3	359,000	206,000
Claims Expense		2,375,000	2,017,025
Recoveries Revenue	4	78,384	101,357
Net Claims Incurred	5	2,296,616	1,915,668
Underwriting Result		(390,370)	(166,868)
Other Income			
Investment Revenue	6	528,057	341,289
Late Payment Fees		7,688	5,920
Other		4,806	3,918
		540,551	351,127
Expenses			
Insurers' Management Fees	3,7	134,654	163,400
Audit Fees Paid to Auditors of Insurers	7	559	646
Bad Debts Written-Off		15,922	11,666
Doubtful Debts Provision		9,783	2,948
Wage Audit Fees		4,395	4,142
Debt Collection Fees		7,060	6,897
Bank Charges		3,745	3,666
Other Expenses		2,470	3,592
		178,588	196,957
Other Provisions			
Insurers' Guarantee Fund Provision	8	(25,667)	(5,782)
Insurers' Contribution Fund Provision		–	(45,400)
		(25,667)	(51,182)
(Deficiency)/Excess of Income Over Expenditure			
Transferred to Accumulated Funds		(2,740)	38,484

The accompanying notes form part of these Financial Statements

Balance Sheet

as at 30 June 2000

Note 26 WorkCover Scheme Statutory Funds

	Note	2000 \$'000	1999 \$'000
Current Assets			
Cash		543	2,839
Receivables	9	269,688	235,758
Investments	10	1,329,796	1,038,233
Total Current Assets		1,600,027	1,276,830
Non-Current Assets			
Receivables	9	248,000	258,100
Investments	10	4,469,292	4,383,211
Total Non-Current Assets		4,717,292	4,641,311
Total Assets		6,317,319	5,918,141
Current Liabilities			
Creditors and Borrowings	12	203,424	142,727
Outstanding Claims	3&13	1,794,011	1,652,400
Unearned Premiums Provision	2	320,041	312,153
Other Provisions	8	354	–
Total Current Liabilities		2,317,830	2,107,280
Non-Current Liabilities			
Outstanding Claims	3&13	5,637,989	5,420,600
Other Provisions	8	297	26,318
Total Non-Current Liabilities		5,638,286	5,446,918
Total Liabilities		7,956,116	7,554,198
Net Liabilities		(1,638,797)	(1,636,057)
Equity Employed			
Accumulated Deficit	1a	(1,638,797)	(1,636,057)

The accompanying notes form part of these Financial Statements

Statement of Cash Flows

for the year ended 30 June 2000

Note 26 WorkCover Scheme Statutory Funds

	Note	2000 \$'000 Inflows (Outflows)	1999 \$'000 Inflows (Outflows)
Cash Flows from Operating Activities			
Premiums Received		2,064,734	1,941,156
Statutory Levies Paid		(151,242)	(185,096)
Claims Paid		(2,016,000)	(1,811,025)
Recoveries Received		82,484	78,257
Interest Received		230,425	161,870
Dividends Received		82,730	77,211
Other Receipts		12,308	17,981
Insurers' Management Fees		(134,630)	(167,759)
Other Payments		(17,833)	(20,598)
Net Cash Provided by Operating Activities	16	152,976	91,997
Cash Flows from Investing Activities			
Payments for Investments		(9,840,269)	(6,153,716)
Proceeds from Investments		9,987,038	5,987,998
Net Cash Provided by/(Used in) Investing Activities		146,769	(165,718)
Net Increase/(Decrease) in Cash Held		299,745	(73,721)
Cash at the Beginning of the Financial Year		913,951	987,672
Cash at the End of the Financial Year	17	1,213,696	913,951

The accompanying notes form part of these Financial Statements

Note 26 WorkCover Scheme Statutory Funds (continued)

1. Statement 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. 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 deficiency of income over expenditure of \$2.7m (1999: excess of income over expenditure of \$38.5m) for the year. To address the accumulated deficit and deliver a scheme which achieves social and economic policy objectives the Government has announced in June 2000 the development of a robust and comprehensive reform package based on ten key principles. These principles include increased focus on preventing workplace injuries, best practice injury management and early return to work, targeting employers compliance, control of professional fees, removal of cross-subsidies, use of industry based schemes and self-insurance and the development of medical treatment protocols and better dispute prevention measures.

The Government has deferred the commencement of private underwriting to a date to be determined by the Government. When private underwriting commences, the WorkCover Scheme will no longer underwrite policies and will change to a run-off status from that date. Claims covered under the WorkCover Scheme prior to private underwriting will continue to be paid out of statutory funds, with the claims run-off expected to continue for many years until all claims have been paid. 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. Given these factors, 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 2000 is given in Note 15.

The outstanding claims (Note 3) and recoveries receivable (Note 4) are based on estimates provided by WorkCover's consulting actuary, Tillinghast-Towers Perrin.

- (c) The financial statements are prepared on the basis of historical cost and do not reflect changes in the value of money, except that investments (Note 10) are valued at net market values and outstanding claims (Note 3), recoveries receivable (Note 4) and other provisions (Note 8) are included at inflated and discounted values.

- (d) The earned portion of premiums received and receivable, excluding unclosed business, is recognised as revenue. Premium is treated as earned from the date of attachment of risk.

The pattern of recognition over the policy periods is based on time which is considered to approximate the pattern of risks underwritten. Unearned premium is determined using the pro-rata method. Unclosed business has not been included as revenue as the amount involved is not considered to be material.

- (e) Investment revenue is brought to account on an accruals basis. Dividends on quoted shares are deemed to accrue when the relevant shareholding becomes ex-dividend. Differences between the net market values of investments at the reporting date and their net market values at the previous reporting date (or cost of acquisition, if acquired during the reporting period) are recognised as revenue in the income and expenditure statement.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2000

Note 26 WorkCover Scheme Statutory Funds (continued)

- (f) Foreign currency transactions are translated into Australian currency at the rate of exchange at the date of transaction. Assets and liabilities in foreign currencies are translated to Australian currency at the rates of exchange current at balance date and resulting exchange differences are brought to account in determining the excess of income over expenditure.
- (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.

2. Unearned Premiums Provision

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.

3. Outstanding Claims

The outstanding claims provision is the amount which WorkCover's consulting actuary has estimated as at 30 June 2000 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:

- (a) \$201m (1999 : \$54m) for the impact of the goods and services tax under a New Tax System;
- (b) \$216m for claims handling expenses (1999: \$190m of which \$160m was included under outstanding claims and \$30m under management fees payable); and
- (c) \$12m (1999: \$17m) for unexpired risks.

The liability for the above claims is measured 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 based on future investment opportunities open to licensed insurers on the amounts of funds available to meet future claims as they fall due. Details of inflation and discount rates applied are included in Note 13.

4. Recoveries Receivable

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 measured at the inflated and discounted values of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

5. Net Claims Incurred

Direct Business	Current year \$m	2000 Prior years \$m	Total \$m	Current year \$m	1999 Prior years \$m	Total \$m
Gross claims incurred and related expenses						
– undiscounted	2,549	(372)	2,177	2,472	(490)	1,982
Reinsurance and other recoveries						
– undiscounted	(123)	57	(66)	(105)	(13)	(118)
Net claims incurred						
– undiscounted	2,426	(315)	2,111	2,367	(503)	1,864
Discount and discount movement						
– gross claims incurred	(492)	692	200	(540)	575	35
Discount and discount movement						
– reinsurance and other recoveries	24	(38)	(14)	25	(8)	17
Net discount movement	(468)	654	186	(515)	567	52
Net claims incurred	1,958	339	2,297	1,852	64	1,916

Explanation of Material Variances

The net claims incurred from prior years of \$339m is primarily a result of a reduction in the average term of the liabilities which has led to an increase in the discounted liabilities for prior years.

6. Investment Revenue

	2000 \$'000	1999 \$'000
Dividends	84,813	79,263
Interest	229,783	163,294
Foreign Exchange Loss	—*	(11,610)
Unrealised Loss	(66,513)	(76,285)
Realised Gain on Sale of Investments	279,974	186,627
	528,057	341,289

* The assets in the US domiciled US\$ denominated international trust (Note 10(b)) were restructured and transferred to an Australian domiciled A\$ denominated global equity index fund during the year.

7. Expenses

Expenses consist of expenses incurred by licensed insurers in administering the statutory funds including audit fees paid to auditors of insurers and management fees paid to licensed insurers for underwriting and management of claims and investments. Audit fees charged by The Audit Office of NSW estimated at \$31,000 (1999: \$29,500) are paid by WorkCover directly and are not included in the Income and Expenditure Statement of the WorkCover Scheme Statutory Funds.

8. Other Provisions

This 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 (formerly the Baltica General Insurance Co Ltd).

Notes to and forming part of the Financial Statements

for the year ended 30 June 2000

Note 26 WorkCover Scheme Statutory Funds (continued)

9. Receivables

	2000 \$'000	1999 \$'000
(a) Current		
Premiums Receivable	208,389	187,200
Recoveries Receivable	61,000	55,000
Interest and Dividends Receivable	12,575	11,134
Trade Debtors	16,059	976
	298,023	254,310
Less: Provision for Doubtful Debts	28,335	18,552
	269,688	235,758
(b) Non-Current		
Recoveries Receivable	248,000	258,100

10. 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.

	2000 \$'000	1999 \$'000
(a) Current		
Money Market Deposits	210,102	211,166
Bank and Non-Bank Bills	1,058,348	741,579
Fixed Interest Securities	61,346	85,488
	1,329,796	1,038,233
(b) Non-Current		
Fixed Interest Securities	1,830,138	1,782,068
CPI Indexed Bonds	814,169	793,129
Convertible Notes	4,557	3,571
Australian Equities	1,131,364	1,128,021
International Trust	235,099	223,702
Australian Property Trusts	463,543	460,620
Exchange Traded Options	(601)	(1)
Exchange Traded Futures	(1,338)	63
	4,476,931	4,391,173
Less: Estimated Costs of Realisation	7,639	7,962
	4,469,292	4,383,211
Total Investments	5,799,088	5,421,444

11. Financial Instruments

Terms, Conditions and Accounting Policies

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

Recognised Financial Instrument	Balance Sheet Notes	Accounting Policies	Terms and Conditions
Financial Assets			
Cash at Bank		Cash at Bank is stated at net realisable value.	Cash at Bank is at call.
Receivables	9	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	10	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	12	Bank overdrafts are carried at the principal amount.	These are mainly unpresented cheques.
Other Creditors	12	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 2000

Note 26 WorkCover Scheme Statutory Funds (continued)

Interest Rate Risk

The scheme has interest rate exposures from the holding of financial assets and liabilities in the normal

course of business. The exposure to interest rate risk and the effective interest rates of financial assets and liabilities are summarised in the following tables:

2000	Note	Floating Interest rate \$'000	1 year or less \$'000	Non-interest bearing \$'000	Total \$'000
Financial Assets					
Cash		543			543
Receivables	9		24,922	183,766	208,688
Investments	10	3,973,682		1,825,406	5,799,088
Weighted Average Effective Interest Rate (%)		6.49%	15.39%		
Financial Liabilities					
Bank Overdraft	12	1,156		54,141	55,297
Other Creditors	12			148,127	148,127

1999	Note	Floating Interest rate \$'000	1 year or less \$'000	Non-interest bearing \$'000	Total \$'000
Financial Assets					
Cash		2,839			2,839
Receivables	9		19,373	161,385	180,758
Investments	10	3,606,207		1,815,237	5,421,444
Weighted Average Effective Interest Rate (%)		6.49%	15.39%		
Financial Liabilities					
Bank Overdraft	12			41,633	41,633
Other Creditors	12			101,094	101,094

Investments

AMP Investment Administration Pty Limited is the custodian of the statutory fund investments under a master custodian arrangement. While an instrument may have a fixed coupon interest rate the effective rate is a floating rate based on the market yield, and these assets are repriced on a daily basis. Hence all interest bearing investments have been classified as having a floating rate.

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.

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:

- Bond Futures contracts.
- Bill Futures contracts.
- Australian Stock Exchange 200 Share Price Index (SPI) Futures contracts.
- 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.
- 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:

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

	2000 \$'000	1999 \$'000
Australian Fixed Interest Futures	7	(110)
Australian Interest Rate Futures	(32)	15
Australian Share Price Index Futures	(1,313)	158
Australian Options on Futures	(590)	137
Australian Exchange Traded Options	(11)	(138)
	(1,939)	62

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.

12. Creditors and Borrowings

	2000 \$'000	1999 \$'000
Bank Overdraft	55,297	41,633
Management Fees Payable	60,389	60,365
Statutory Levies Payable	24,007	20,460
Other Creditors	63,731	20,269
	203,424	142,727

Notes to and forming part of the Financial Statements

for the year ended 30 June 2000

Note 26 WorkCover Scheme Statutory Funds (continued)

13. Outstanding Claims

	2000 \$'000	1999 \$'000
(a) Expected Future Gross Claims		
Payments (Undiscounted)	9,238,337	9,078,500
Discount to Present Value	(1,806,337)	(2,005,500)
Liability for Outstanding Claims	7,432,000	7,073,000
Current	1,794,011	1,652,400
Non-Current	5,637,989	5,420,600
	7,432,000	7,073,000
(b) Expected Future Recoveries (Undiscounted)	403,607	420,900
Discount to Present Value	(94,607)	(107,800)
	309,000	313,100
(c) Net Outstanding Claims	7,123,000	6,759,900

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.

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

	2000 % pa	1999 % pa
For the first succeeding year		
Inflation rate	4.5	3.5
Discount rate	6.0	6.0
For the second succeeding year		
Inflation rate	4.0	3.5
Discount rate	6.0	6.0
For subsequent years		
Inflation rate	3.5	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 3.4 years (1999: 3.8 years).

14. 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).

15. Licensed Insurers

The insurers licensed to operate under the WorkCover Scheme Statutory Funds system during the year ended 30 June 2000 were as follows:

- Allianz Australia Workers' Compensation (NSW) Limited
- AMP Workers' Compensation Services (NSW) Limited (licensed to 30 June 2000)
- Commercial Union Workers' Compensation NSW Limited
- Employers' Mutual Indemnity (Workers Compensation) Limited
- FAI Workers Compensation (NSW) Limited
- GIO Workers Compensation (NSW) Limited

- HIH Workers Compensation (NSW) Pty. Limited
- Mercantile Mutual Insurance (N.S.W. Workers Compensation) Limited.
- QBE Workers Compensation (NSW) Limited
- Royal & Sun Alliance Workers Compensation (NSW) Limited.
- Zurich Australian Workers Compensation Limited
- MMI Workers Compensation (NSW) Limited changed its name to Allianz Australia Workers' Compensation (NSW) Limited on 29 February 2000.
- NZI Workers' Compensation (NSW) Limited ceased to be a licensed insurer during the comparative reporting period.

16. Reconciliation of Net Cash Provided by Operating Activities to (Deficiency)/Excess of Income Over Expenditure

	2000 \$'000	1999 \$'000
(Deficiency)/Excess of Income Over Expenditure	(2,740)	38,484
Decrease/(Increase) in Operating Asset		
Premiums Receivable	(21,189)	(38,853)
Recoveries Receivable	4,100	(23,100)
Interest and Dividends Receivable	(1,441)	(3,476)
Trade Debtors and Prepayments	(186)	143
(Decrease)/Increase in Operating Liabilities		
Provision for Doubtful Debts	9,783	2,948
Management Fees Payable	24	(4,359)
Statutory Levies Payable	3,547	6,113
Other Creditors and Accruals	33,318	6,345
Provision for Outstanding Claims	359,000	206,000
Unearned Premiums Provision	7,888	51,666
Other Provisions	(25,667)	(51,182)
Realised Gain on Sale of Investments	(279,974)	(181,210)
Unrealised Loss on Investments	66,513	82,478
Net Cash Inflow from Operating Activities	152,976	91,997

17. 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:

	2000 \$'000	1999 \$'000
Cash at Bank	543	2,839
Money Market Deposits	210,102	211,166
Bank and Non-Bank Bills	1,058,348	741,579
Bank Overdraft	(55,297)	(41,633)
	1,213,696	913,951

18. Contingent Liabilities

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

19. 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 Income and Expenditure Statement

for the year ended 30 June 2000

	Major Funds											
	WorkCover Authority Fund		Insurers' Guarantee Fund		Bush Fire Fighters Comp Fund		Emergency Rescue Workers Comp Fund		Minor *		Total**	
	2000 \$m	1999 \$m	2000 \$m	1999 \$m	2000 \$m	1999 \$m	2000 \$m	1999 \$m	2000 \$m	1999 \$m	2000 \$m	1999 \$m
Income												
Contributions	132.8	130.5	(40.1)	(5.8)	0.4	5.7	2.2	4.2	(1.9)	(2.7)	93.5	131.9
Investment Income	9.3	4.9	5.4	3.4	—	—	—	—	0.9	1.5	15.5	9.9
Other	16.1	17.4	23.4	18.8	—	—	—	—	—	1.7	38.9	37.0
Total Income	158.2	152.8	(11.3)	16.4	0.4	5.7	2.2	4.2	(1.0)	0.5	147.9	178.8
Expenditure												
WorkCover Operations	91.3	101.1	2.0	2.3	0.2	0.1	0.1	0.2	0.3	0.4	93.2	103.3
Compensation Court	20.1	21.2	—	—	—	—	—	—	—	—	20.1	21.2
Cost of Claims	6.5	14.6	(13.3)	14.1	0.2	5.6	2.1	4.0	(1.0)	(0.2)	(5.4)	38.2
Other	10.1	10.5	—	—	—	—	—	—	—	—	10.1	10.5
Total Expenditure	128.0	147.4	(11.3)	16.4	0.4	5.7	2.2	4.2	(0.7)	0.2	118.0	173.2
Operating Surplus (Deficit) before												
Abnormal Items	30.2	5.4	—	—	—	—	—	—	(0.3)	0.3	29.9	5.6

* Minor Funds comprise:

- Associated General Contractors Insurance Co Fund
- Bishopsgate Insurance Australia Ltd Fund
- Insurers Contribution Fund
- All minor funds were closed during 1999/2000

** These items of income and expenditure have been adjusted to eliminate minor transactions between the Funds.

Annexure B Comparative Balance Sheet

as at 30 June 2000

	Major Funds											
	WorkCover Authority Fund		Insurers' Guarantee Fund		Bush Fire Fighters Comp Fund		Emergency Rescue Workers Comp Fund		Minor * Funds		Total**	
	2000 \$m	1999 \$m	2000 \$m	1999 \$m	2000 \$m	1999 \$m	2000 \$m	1999 \$m	2000 \$m	1999 \$m	2000 \$m	1999 \$m
Assets												
Investments	128.6	117.4	96.9	80.0	—	—	—	—	—	15.8	225.5	213.0
Receivables	45.0	29.7	1.7	26.3	9.6	11.8	5.6	5.6	—	0.5	63.2	76.2
Other	33.9	27.5	8.5	0.2	0.6	0.5	1.1	1.1	—	1.4	42.8	29.0
Total Assets	207.5	174.6	107.1	106.5	10.2	12.3	6.7	6.7	—	17.7	331.5	318.2
Liabilities												
Outstanding claims	95.8	96.4	90.6	105.9	10.2	12.3	6.7	1.8	—	9.2	203.3	229.5
Other	25.6	25.3	16.5	0.6	—	—	—	4.9	—	8.2	42.1	35.5
Total Liabilities	121.4	121.7	107.1	106.5	10.2	12.3	6.7	6.7	—	17.4	245.4	265.0
Equity Employed	86.1	52.9	—	—	—	—	—	—	—	0.3	86.1	53.2

* Minor Funds comprise:

- Associated General Contractors Insurance Co Fund
- Bishopsgate Insurance Australia Ltd Fund
- Insurers Contribution Fund
- All minor funds were closed during 1999/2000

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

Annexure C

Comparative Statement of Cash Flows

for the year ended 30 June 2000

	Major Funds											
	WorkCover Authority Fund		Insurers' Guarantee Fund		Bush Fire Fighters Comp Fund		Emergency Rescue Workers Comp Fund		Minor * Funds		Total**	
	2000 \$m	1999 \$m	2000 \$m	1999 \$m	2000 \$m	1999 \$m	2000 \$m	1999 \$m	2000 \$m	1999 \$m	2000 \$m	1999 \$m
Operating Activities												
Inflows												
Contributions	127.9	119.9	—	—	2.6	2.5	2.7	2.5	—	45.4	133.2	124.9
Investment Income	1.8	2.3	0.5	0.8	—	—	—	—	0.9	1.0	3.1	4.0
Other	7.7	11.3	22.5	18.8	0.1	0.4	—	—	1.7	—	31.2	57.6
(Outflows)												
WorkCover Operations	(54.8)	(61.2)	(0.1)	(0.1)	(0.2)	(0.2)	(0.1)	(0.2)	(0.3)	(0.4)	(54.8)	(61.1)
Compensation Court	(19.2)	(21.1)	—	—	—	—	—	—	—	—	(19.2)	(21.1)
Claims	(8.3)	(9.7)	(8.6)	(11.1)	(2.4)	(2.3)	(1.6)	(2.7)	(1.1)	(88.8)	(22.0)	(26.2)
Other	(8.2)	(34.2)	8.1	(2.1)	—	—	—	—	(17.5)	—	(17.5)	(106.7)
Net Cash	46.9	7.3	22.4	6.3	0.1	0.4	1.0	(0.4)	(16.3)	(42.8)	54.0	(28.6)
Investing Activities												
Net Cash	(9.2)	(6.6)	(12.0)	(6.6)	—	—	—	0.2	15.6	41.3	(5.6)	28.2
Net (Increase)												
Decrease Cash	37.7	0.7	10.4	(0.3)	0.1	0.4	1.0	(0.2)	(0.7)	(1.5)	48.4	(0.4)

* Minor Funds comprise:

- Associated General Contractors Insurance Co Fund
- Bishopsgate Insurance Australia Ltd Fund
- Insurers Contribution Fund
- All minor funds were closed during 1999/2000

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

Budget Statement

WorkCover Authority and Affiliated Funds

	Budget 1999/00 \$m	Actual 1999/00 \$m	Budget 2000/01 \$m
Income			
Contributions	140.7	93.5	142.7
Investment Income	8.9	15.5	8.4
Other	16.5	38.9	14.9
Total Income	166.1	147.9	166.0
Expenditure			
WorkCover Operations	107.5	93.2	130.4
Compensation Court	24.0	20.1	23.0
Net Claims Incurred	25.3	(5.3)	16.6
Workers Compensation Resolution Service	8.5	7.4	8.5
Other	2.2	2.6	2.2
Total Expenditure	167.5	118.0	180.7
Operating Surplus (Deficit) Before Abnormal Items	(1.4)	29.9	(14.7)
Abnormal Items	(4.5)	2.9	(1.8)
Operating Surplus (Deficit) After Abnormal Items	(5.9)	32.8	(16.5)

1999/2000

The surplus after abnormal items was \$32.8m (deficit of \$5.9m budgeted).

Total incurred claims costs were \$30.6m under budget due to reduced outstanding claims liabilities as assessed by consulting actuaries, mainly for the Insurers' Guarantee Fund.

For WorkCover Operations, superannuation expenditure was budgeted at \$2.7m, however, higher investment returns and a major change in the assumptions used by the Superannuation Administration Corporation resulted in a credit of \$12.7m, part of which was reported as an abnormal item.

Income was lower than budgeted as a consequence of the lower claims costs. The measurement of contribution income is linked to the estimates of outstanding claims liabilities and consequently variations do occur in conjunction with changes in liability estimates.

Other significant budget variances were for the Compensation Court (\$3.9m, 16% lower), and for investment income (\$6.7m, 75% higher) following higher investment holdings and improved returns.

2000/2001

A deficit (after abnormal items) of \$16.5m is planned for 2000/2001. The level of net assets anticipated to be held at June 2001 and later years are satisfactory, 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.

Total Income was budgeted to increase \$18.1m (12%) to \$166.0m in 2000/2001. Contribution income is budgeted to increase \$49.2m mainly due to the comparison to low Insurers' Guarantee Fund contributions required in the previous year 1999/2000. The fund required lower contributions as a result of a liquidator's distribution of \$22.5m and lower claims costs. Investment income is expected to reduce due to lower investment holdings following the planned

Notes to and forming part of the Budget Statement

reduction in excess reserves in the WorkCover Authority Fund and the continuing Insurers' Guarantee Fund claims run-off. The Other Income reduction reflects the Insurers' Guarantee Fund liquidator's distribution in 1999/2000.

WorkCover Operations expenditure was budgeted to increase \$37.2m to \$130.4m. In 1999/2000 WorkCover received a credit of \$12.7m for superannuation.

In 2000/2001 it is anticipated that the customary \$2.9m superannuation expense will be incurred.

Staffing of the restructured WorkCover divisions is budgeted to be completed during the budget year 2000/2001 including the appointment of 25 additional safety inspectors.

The Government's expectations of general government sector agencies achieving workplace reform efficiencies has also been incorporated into the budget estimates. Projects that received funding in the current budget year have had further allowances of \$19.0m as planned for their second year in 2000/2001. Major projects include the Community Awareness Campaign (\$7.7m), a new workers compensation system for premium setting and injury management (\$6.3m), and an occupational health and safety Workplace Services Management System (\$1.5m)

Net Claims Incurred costs are shown as increasing primarily as a result of the lower costs of 1999/2000. Costs for 2000/2001 are expected to reflect usual claims patterns without material fluctuations in liability estimates.

Appendices 1999/2000

Appendices 1999/2000

Appendix 1 Code of Conduct

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 public sector 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 in 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's Guarantee of Service is under review. Due to a number of changes during the reporting period, the final Guarantee of Service is not yet available.

Appendix 3 Consumer Response

As part of WorkCover's ongoing drive towards customer satisfaction, the Insurance Division commissioned a review of its complaints handling processes during the year. The outcome was a new systems design which included automated recording and tracking of complaints which will increase efficiency in the management of complaints as well as enable measurement of complaints recorded against particular organisations and service providers.

The agreed complaints management system is to be incorporated with the OH&S Division's Workplace Services Management System (WSMS). This will enable complaints to be taken at any office in the state, directed to the most appropriate officer for management and a record of the complaints and outcomes maintained for analysis.

Appendix 4 Legislation

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

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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
- Hairdressing Regulation 1997
- Lead Regulations
- Local Government Industries (Machine Safety) Regulation 1982
- Locomotive Regulations
- Rural Industries (Machine Safety) Regulations
- Shops (Trading Hours) Regulation 1997
- 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.

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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.

Wine Industry

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

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

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

A. Changes to Acts

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

Workers Compensation Legislation Amendment Act 1999 No. 24

This Act:

Temporarily deferred the commencement of the privately underwritten insurance scheme to 1 October 2000, or such earlier date as may be proclaimed. Amendment commenced 1 September 1999.

Workplace Injury Management & Workers Compensation Amendment (Private Insurance) Act 2000 No 46

This Act:

Further deferred the commencement of the privately underwritten insurance scheme until such date as may be appointed by the Governor by order published in the Government Gazette to allow for additional scheme reforms to be adopted to control premium levels. Amendments commenced 27 June 2000.

Statute Law (Miscellaneous Provisions) Act 2000 No. 53

This Act:

Omitted reference to a “certificate of conciliation outcome” and instead inserted reference to “conciliation certificate” so as to ensure consistency of terminology in the *Workplace Injury Management and Workers Compensation Act 1998* No. 86. Amendments commenced 29 June 2000.

Intergovernmental Agreement Implementation (GST) Act 2000 No. 44

This Act amended the *Workplace Injury Management and Workers Compensation Act 1998* No. 86 as a consequence of the imposition of the Commonwealth’s Goods and Services Tax (GST). Amendments include:

- Clarification of GST liability in relation to late premium payments.
- Clarification that a policy of insurance does not cover an employer’s liability for GST payable on the settlement of a claim.
- Provision for the application of GST in relation to premiums paid for and liabilities under policies of insurance.
- Clarification that an employer’s record of the wages for an employee is not required to include a record of any GST component in a payment to a worker.
- Amendments commenced 30 June 2000.

2. Amendments to the Workers Compensation Act 1987 No. 70

Workers Compensation Legislation Amendment Act 1999 No. 24

Made changes consequential to the deferral of the private underwriting insurance effected by this amending Act.

Workplace Injury Management & Workers Compensation Amendment (Private Insurance) Act 2000 No. 46

Made changes consequential to the further deferral of the private underwriting insurance scheme effected by this amending act.

Intergovernmental Agreement Implementation (GST) Act 2000 No. 44

This Act amended the *Workers Compensation Act 1987* No. 70 as a consequence of the imposition of the Commonwealth’s Goods and Services Tax (GST). Amendments include:

- Appointment of WorkCover Authority, from 30 June 2000 until 1 July 2003, as the agent and attorney of employers, solely for the purpose of notifying insurers of any entitlement (and the extent of any entitlement) that an employer may have to an input tax credit for a premium paid by the employer for a policy of insurance issued by an insurer.
- Clarification of GST liability in relation to late premium payments.
- Clarification that a policy of insurance does not cover an employer’s liability for GST payable on the settlement of a claim.
- Clarification that an employer’s record of the wages for an employee is not required to include a record of any GST component in a payment to a worker.
- Amendments commenced 30 June 2000.

3. Amendments to the Workers' Compensation (Dust Diseases) Act 1942 No. 14

Intergovernmental Agreement Implementation (GST) Act 2000 No. 44

This Act:

Amended the *Workers Compensation (Dust Disease) Act 1942* No. 14 to extend the power to make regulations under that Act of a savings and transitional nature so as to enable the making of regulations that may be necessary or convenient as a consequence of the enactment to date, and the on-going enactment by the Commonwealth of GST legislation. Amendment commenced 30 June 2000.

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

Statute Law (Miscellaneous Provisions) Act (No. 2) 1999 No. 85

This Act:

Inserted Schedule 1 (Savings and transitional provisions) into the *Workmen's Compensation (Lead Poisoning – Broken Hill) Act 1922*. The Schedule includes the substance of a transitional provision (of possible ongoing effect) contained in the *Workmen's Compensation (Lead Poisoning – Broken Hill) Amendment Act 1924* No. 31 and thus enables the repeal of that Act. Amendment commenced 3 December 1999.

5. Amendments to the Sporting Injuries Insurance Act 1978 No. 141

Intergovernmental Agreement Implementation (GST) Act 2000 No. 44

This Act:

Amended the *Sporting Injuries Insurance Act 1978* No.141 to extend the power to make regulations under that Act of a savings and transitional nature so as to enable the making of regulations that may be necessary or convenient as a consequence of the enactment to date, and the on-going enactment by the Commonwealth of GST legislation. Amendment commenced 30 June 2000.

6. Amendments to the Factories, Shops and Industries Act 1962 No. 43

Statute Law (Miscellaneous Provisions) Act (No 2) 1999 No. 85

This Act:

Supplements an amendment to the *Interpretation Act 1987* No. 15 relating to the maximum monetary penalty Local Courts may impose for an offence under the *Factories, Shops and Industries Act 1962* No. 43. Amendment commenced 3 December 1999.

Occupational Health and Safety Amendment Act 1997 No. 51

This amending Act:

Repealed sections 10 – 13 of the *Factories, Shops and Industries Act 1962* No. 43 which dealt with the registration of factories, notification of defects in factories, approval of the erection of and alterations/additions to factories and related definitions. Amendment commenced 3 December 1999.

7. Amendments to Dangerous Goods Act 1975 No. 68

Statute Law (Miscellaneous Provisions) Act (No 2) 1999 No. 85

This Act:

- Supplements an amendment to the *Interpretation Act 1987* No. 15 relating to the maximum monetary penalty Local Courts may impose for an offence under the *Dangerous Goods Act 1975* No. 68.
- Repeals section 45(1) and (2) and Schedules 1 and 2 of the *Dangerous Goods Act 1975* No. 68, which listed previously repealed Acts, so as to rationalise the legislation in force.
- Amendments commenced 3 December 1999.

Administrative Decisions Tribunal Legislation Amendment Act 2000 No. 33

This Act:

Enables a person who is aggrieved by a decision of a relevant decision maker under the *Dangerous Goods Act 1975* No. 68 or the regulations made under that

Act relating to a licence or permit to apply to the Administrative Decisions Tribunal for a review of the decision. Amendment commenced 30 June 2000.

8. Amendment of the Occupational Health and Safety Act 1983 No. 20

Statute Law (Miscellaneous Provisions) Act (No 2) 1999 No. 85

This Act:

Repealed sections 36, 38, 40, 42 and 44 and Schedules 2-7 of the *Occupational Health and Safety Act 1983* No. 20, which listed previous amendments of associated occupational health and safety legislation, so as to rationalise the legislation in force. Amendment commenced 3 December 1999.

Occupational Health and Safety Amendment (Police Officers) Act 2000 No. 11

This Act:

Amended the *Occupational Health and Safety Act 1983* No. 20 to confirm that police officers are employees of the Crown for the purposes of the *Occupational Health and Safety Act 1983* No. 20 and thus clarified the Crown's obligation as an employer with respect to the occupational health and safety of police officers whilst on duty. Amendments commenced 8 May 2000.

B. Changes to Regulations

Workplace Injury Management and Workers Compensation Act 1998 No. 86

1. Workplace Injury Management and Workers Compensation Regulation 1999

This Regulation:

- Exempts certain insurers from the requirement to calculate risk premiums using the methodology approved by WorkCover Authority under Part 3 of the *Workplace Injury Management and Workers Compensation Act 1998* No. 86.
- Government Gazette No. 75 of 30 June 1999.
- Commenced 1 July 1999.

Workers Compensation Act 1987 No. 70

1. Insurance Premiums Order 2000-2001

The object of this order was 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 4 pm on 30 June 2000. Commenced 30 June 2000.

2. Workers Compensation (General) Amendment (Latest Index Number) Regulation 1999

This Regulation:

- Amended 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* No. 70 on 1 October 1999, in line with movements in award rates of pay.
- Government Gazette No. 109 of 17 September 1999.
- Commenced 1 October 1999.

3. Workers Compensation (Workplace Injury Management) Amendment Regulation 1999

This Regulation:

- Amended the *Workers Compensation (Workplace Injury Management) Regulation 1995*.
- Allows certain employers, as an alternative to employing a person to be a return-to-work coordinator, to engage a person for that purpose under other types of work arrangement (such arrangements include sharing of the services of a person among a number of employers or arrangements with a person or organisation that provides return-to-work coordinator services).
- Enables a group of 2 or more employers that have engaged a return-to-work coordinator on a shared basis to establish a single return-to-work program for those employers in accordance with WorkCover Authority guidelines.

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- Government Gazette No. 139 of 10 December 1999.
- Commenced 1 January 2000.

4. Crimes Legislation Amendment (Sentencing) Act 1999 No. 94

This Act:

- Amended the *Workers Compensation (Workplace Injury Management) Regulation 1995*.
- Abolished the penalty of penal servitude and removed reference to it from the *Workers Compensation (Workplace Injury Management) Regulation 1995*.
- Government Gazette No. 141 of 17 December 1999.
- Commenced 1 January 2000.

5. Workers Compensation (General) Amendment (Latest Index Number) Regulation 2000

This Regulation:

- Amended 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* No. 70 on 1 April 2000, in line with movements in award rates of pay.
- Government Gazette No. 37 of 17 March 2000.
- Commenced 1 April 2000.

6. Workers Compensation (General) Amendment (Miscellaneous) Regulation 2000

This Regulation:

- Amended the *Workers Compensation (General) Regulation 1995*.
- Increased certain prescribed amounts, relating to maximum reasonable funeral expenses and compensation for travel associated with treatment or service, as a consequence of the introduction of the GST.
- Amended the definition of “deemed premium income” for the purposes of self-insurer’s contributions to the WorkCover Authority Fund to take account of amounts attributable to the GST.

- Extended the period of deemed continuation of Part 9 of the *Workers Compensation Act 1987* No. 70 to the end of the 2000-2001 financial year.

- Government Gazette No. 75 of 23 June 2000.
- Amendments commenced 30 June 2000.

7. Intergovernmental Agreement Implementation (GST) Act 2000 No. 44

This Act:

- Amended the *Workers Compensation (General) Regulation 1995* to clarify that an insurer cannot indemnify an employer for the employer’s liability for GST payable on the settlement of a claim.
- Amendment commenced 30 June 2000.

8. Workers Compensation (Insurance Premiums) Amendment (Miscellaneous) Regulation 2000

This Regulation:

- Amended the *Workers Compensation (Insurance Premiums) Regulation 1995*.
- Requires employers, prior to the issue or renewal of any policy of insurance, to inform their workers compensation insurers of the extent of their GST input tax credit entitlement for the purpose of facilitating the calculation of premiums.
- Excludes from the calculation of the cost of an individual claim the amount of any entitlement of the insurer to an input tax credit or decreasing adjustment under GST legislation in respect of payments, fees, expenses and costs included in the cost of the claim.
- Clarifies that the amount currently paid by employers as a first instalment of insurance is payable as a deposit.
- Government Gazette No. 75 of 23 June 2000.
- Commenced 30 June 2000.

Sporting Injuries Insurance Act 1978 No. 141

1. Sporting Injuries Insurance Regulation 1999

This Regulation:

- In connection with the staged repeal of subordinate legislation under the *Subordinate Legislation Act 1989* No. 146, repealed and remade, with minor modifications, the provisions of the *Sporting Injuries Insurance Regulation 1994*.
- Government Gazette No. 98 of 27 August 1999
- Commenced 1 September 1999.

2. Sporting Injuries Insurance Rule 1999

This Rule:

- Made a number of statute law revision amendments to the Sporting Injuries Insurance Rule 1997 so as to ensure consistency with the *Sporting Injuries Insurance Act 1978* No. 141 by removing references to “registered player” and “enrolled player” and inserting references to “registered participant” and “enrolled student participant” respectively.
- Government Gazette No. 98 of 27 August 1999.
- Commenced 27 August 1999.

Factories, Shops and Industries Act 1962 No. 43

1. Factories (Health and Safety – Spray Painting) Amendment Regulation 1999

This Regulation:

- Amended the *Factories (Health and Safety – Spray Painting) Regulation 1977* by removing the requirement for the design, construction and location of spray painting booths to be approved by the Chief Inspector and to require instead that the adequacy of those matters be assessed by the occupier of a factory to ensure that the health and safety of persons who work in or near, or who are required to be in or near, spray painting booths is protected.
- Government Gazette No. 137 of 3 December 1999.
- Commenced 8 December 1999.

2. Factories (Health and Safety) General Amendment Regulation 1999

This Regulation:

- Repealed the provisions of the *Factories (Health and Safety) General Regulations 1913* relating to: applications to register or erect or alter factories; appeals to the Minister concerning applications to erect or alter factories; permits to use premises as factories; notifications concerning defects in factories and appeals to the Minister concerning such notifications; and certificates of registration of factories and exhibition of such certificates and permits to use premises as factories as a consequence of the repeal of sections 10-13 of the *Factories, Shops and Industries Act 1962* No. 43 by the *Occupational Health and Safety Amendment Act 1997* No. 51.
- Government Gazette No. 137 of 3 December 1999.
- Commenced 8 December 1999.

3. Statute Law (Miscellaneous Provisions) Act 2000 No. 53

This Act:

- Made a consequential amendment to the Engine Drivers & Boiler Attendants Certification Regulations to omit references to the now abolished Engine Drivers and Boiler Attendants Examination Board and instead inserted references to the WorkCover Authority. Amendments commenced 29 June 2000.

Occupational Health and Safety Act 1983 No. 20

1. Occupational Health and Safety (Administration) Amendment Regulation 1999

This Regulation:

- Amended the *Occupational Health and Safety (Administration) Regulation 1992* to provide that the Director-General of the Department of Mineral Resources is the prescribed officer in relation to instituting proceedings for offences under the *Occupational Health and Safety Act 1983* No. 20 concerning different types of mines.

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- Government Gazette No. 79 of 9 July 1999.
- Commenced 9 July 1999.

2. Occupational Health and Safety (Pest Control) Amendment Regulation 1999

This Regulation amended the *Occupational Health and Safety (Pest Control) Regulation 1988* to:

- Repeal the requirement for a person who carries on the business of a pest controller to hold a certificate of registration in respect of that business.
- Repeal ancillary provisions relating to such matters as applications for certificates of registration, determination and refusal of applications, duration, renewal, conditions, cancellation, suspension and production of certificates of registration and display of registration numbers.
- Government Gazette No. 137 of 3 December 1999.
- Commenced 8 December 1999.

3. Occupational Health and Safety (Committees in Workplaces) Regulation 1999

This Regulation:

- In connection with the staged repeal of subordinate legislation under the *Subordinate Legislation Act 1989* No. 146, repealed and remade, with minor modifications, the provisions of the *Occupational Health and Safety (Committees in Workplaces) Regulation 1984*.
- Government Gazette No. 98 of 27 August 1999.
- Commenced 1 September 1999.

4. An Order pursuant to the Subordinate Legislation Act 1989 No. 146,

Government Gazette No. 98 of 27 August 1999 postponed the staged repeal of the following Regulations until 1 September 2000:

- *Occupational Health and Safety (Administration) Regulation 1992*.
- *Occupational Health and Safety (Confined Spaces) Regulation 1990*.
- *Occupational Health and Safety (First Aid) Regulation 1989*.

- *Occupational Health and Safety (Floors, Passageways and Stairs) Regulation 1990*.

- *Occupational Health and Safety (Manual Handling) Regulation 1991*.

- *Occupational Health and Safety (Notification of Accidents) Regulation 1990*.

- *Occupational Health and Safety (Pest Control) Regulation 1988*.

- *Occupational Health and Safety (Synthetic Mineral Fibres) Regulation 1993*.

Dangerous Goods Act 1975 No. 68

1. Dangerous Goods (General) Regulation 1999

This Regulation:

- In connection with the staged repeal of subordinate legislation under the *Subordinate Legislation Act 1989* No. 146, repealed and remade the provisions of the *Dangerous Goods Regulation 1978*.
- Government Gazette No. 98 of 27 August 1999.
- Commenced 1 September 1999.

2. Road Transport Legislation Amendment Act 1999 No. 19

This Act:

- Amended the *Dangerous Goods (Gas Installations) Regulation 1998* to omit references to the repealed *Traffic Act 1909* and to insert references to the *Road Transport (Vehicle Registration) Act 1997*.
- Government Gazette No 79 of 9 July 1999.
- Commenced 1 December 1999.

C. Changes to WorkCover Codes of Practice

The following Approved Industry Code of Practice was gazetted pursuant to s.44A of the *Occupational Health and Safety Act 1983* No. 20.

Codes are written in consultation with stakeholders and are designed to encourage compliance, reduce accidents and thus lead to savings for industry.

1. Code of Practice: Excavation

- This code provides guidance in the planning, preparation and conduct of excavation work on construction work sites so as to prevent injury to persons engaged in such work.
- Government Gazette No. 15 of 4 February 2000.
- Commenced 31 March 2000.

Appendix 6 Licensed Insurers, Self Insurers, etc

Licensed Insurers as at 30 June 2000

AMP Workers' Compensation Services (NSW) Limited
 Commercial Union Workers' Compensation NSW Limited
 Employers' Mutual Indemnity (Workers Compensation) Limited
 FAI Workers Compensation (NSW) Limited
 GIO Workers Compensation (NSW) Limited
 HIH Workers Compensation (NSW) Pty Limited
 Mercantile Mutual Insurance (NSW Workers Compensation) Limited
 MMI Workers Compensation (NSW) Limited
 QBE Workers Compensation (NSW) Limited
 Royal & Sun Alliance Workers Compensation (NSW) Limited
 Zurich Australian Workers Compensation Limited

Self Insurers as at 30 June 2000

Bankstown City Council
 BOC Gases Australia Limited
 Bonds Industries Limited
 Campbelltown City Council
 Council of the City of Blacktown
 Council of the City of Lake Macquarie
 Council of the City of Newcastle
 Council of the City of Shoalhaven
 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
 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
 Mayne Nickless Limited
 Mobil Oil Australia Pty Limited
 National Australia Bank Limited
 Pacific Power
 Pasminco Cockle Creek Smelter Pty Limited
 Prestige Property Services Pty Limited
 Qantas Airways Limited
 Rail Services Australia
 Rocla Limited
 Star City Pty Limited
 State Bank of New South Wales Limited
 State Rail Authority of New South Wales
 State Transit Authority of New South Wales
 Sutherland Shire Council
 3M Australia Pty Limited
 TransGrid
 Unilever Australia Limited
 The University of New South Wales

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Warringah Council
Westpac Banking Corporation
Wyong Shire Council

Group Self Insurers as at 30 June 2000 Australia and New Zealand Banking Group Limited

Australian National Industries Limited
Brambles Industries Limited
The Broken Hill Proprietary Company Limited
Commonwealth Bank of Australia
CSR Limited
Email Limited
NSW Treasury Managed Fund
Sydney Water Corporation
Transfield Holdings Pty Limited

Specialised Insurers as at 30 June 2000

Catholic Church Insurances Limited
Guild Insurance Limited
Joint Coal Board
New South Wales Thoroughbred Racing Board
North Insurances Pty Ltd

Specialised Domestic Workers Compensation Insurers as at 30 June 2000

AMP General Insurance Limited
Ansva Australia Insurance Limited
CIC Insurance Limited
CGU Insurance Limited
Chubb Insurance Company of Australia Limited
Commonwealth Insurance Limited
FAI General Insurance Company Limited
GIO General Limited
Mercantile Mutual Insurance (Australia) Limited
MMI General Insurance 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

The Workers Compensation Advisory Council of NSW

The Workers Compensation Advisory Council was appointed for a three-year term on 25 August 1998

The Workers Compensation Advisory Council of NSW provides advice and recommendations to the Special Minister for State and Minister for Industrial Relations, the Hon John Della Bosca MLC, on workers compensation and occupational health and safety policy and legislation.

The principal functions of the Advisory Council are to:

- (a) be responsible for the formulation of recommendations to the Minister with respect to the objectives and policy directions of the workers compensation legislation and the occupational health and safety legislation;
- (b) be responsible for the formulation of recommendations to the Minister with respect to the amendment or replacement of any such legislation;
- (c) monitor and report to the Minister on the operation and effectiveness of any such legislation, and on the performance of the schemes to which any such legislation relates;
- (d) undertake consultation in connection with current or proposed legislation relating to any such scheme as it thinks fit;
- (e) report its views about any proposed legislation that might impact on any such scheme to the Minister or the proponent of the proposed legislation;
- (f) monitor and review key indicators of financial viability and other aspects of any such schemes;

(g) advise the Minister on any matter relating to any such legislation or any such scheme that the Minister refers to the Advisory Council for advice;

(h) monitor and review the operations of the Authority in connection with the exercise of the Authority's functions.

The Council consists of five employer representatives, five employee representatives, two insurer representatives and the General Manager of the WorkCover Authority of NSW who is the Chairperson.

The Advisory Council members as at 30 June 2000 were:

Chairperson

Warwick McDonald
Acting General Manager
WorkCover Authority of NSW

Employer Representatives

Garry Brack
Employers' Federation of NSW
Mark Goodsell
Australian Industry Group
Bill Healey
Australian Retailers Association (NSW)
Greg Pattison
Australian Business Limited
Ken Young
NSW Self Insurers' Association

Employee Representatives

Andrew Ferguson
Construction, Forestry, Mining & Energy Union (CFMEU)
Sam Moait
NSW Nurses Association
Tony Sheldon
Transport Workers Union of Australia
Ian West
Australian Liquor, Hospitality & Miscellaneous Workers Union
Mary Yaager
Labor Council of NSW

Insurer Representatives

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 New South Wales is constituted under the *Workplace Injury Management and Workers Compensation Act 1998*.

The Council consists of nine members and seven deputy members appointed by the Minister for Industrial Relations and representing Government, union and employer groups. All members and deputy members attend monthly Council meetings and participate in Extraordinary Council meetings and working parties as appropriate.

The role of the Occupational Health and Safety Council of NSW is to provide advice on specific occupational health and safety matters referred to it by WorkCover NSW, the Minister for Industrial Relations via WorkCover NSW and the NSW Workers Compensation Advisory Council. The OH&S Council works with WorkCover NSW through regular Council meetings and by establishing committees and working parties with representation of government, unions and employers to ensure the provision of sound tripartite advice for NSW workplaces.

During 1999 to 2000 Council undertook an extensive review of NSW OH&S legislation. A number of Extraordinary Council meetings and working party meetings were held to review and provide tripartite advice on the draft Occupational Health and Safety Bill 2000, the draft OHS Regulation 2000 and other legislative matters.

Council worked closely with WorkCover during this period and also provided advice on implementation of the regulatory framework, codes of practice and guidance material. Council invited nominations from the Labor Council, government and industry associations to attend various working parties to ensure wide consultation on OH&S issues affecting

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NSW workplaces. These included advice on thresholds for special workplace arrangements for construction work; licensing of pest and weed controllers; certification arrangements for explosive powered tool and formwork operators; workplace consultation; OHS Committee training and accident notifications.

Throughout the year the Chairperson, Sylvia Kidziak, undertook a number of speaking engagements including the opening address at WorkCover's Accredited Medical Practitioners Training Program held twice annually and the keynote address at the WorkCover Inspectors Graduation Ceremony at the University of NSW.

OH&S Council NSW Membership 1999 to 2000

Chairperson

Ministerial Appointee

Sylvia Kidziak
Managing Director, SL Engineering Pty Ltd

Members

Ministerial Appointee

Suzanne Jamieson
Senior Lecturer in Industrial Relations,
University of Sydney

Minister for Health Nominee

Craig Turner
Manager Commercial Services, NSW Department
of Health
Labor Council of NSW Representatives

Mary Yaager
OH&S & Workers Compensation Coordinator,
Labor Council of NSW

Terry Hannan
Industrial Officer, NSW Public Service Association

Trish Butrej
OH&S Officer, NSW Nurses Association

Employer Representatives

Alan Garner
Manager Safety, Master Builders' Association
of NSW

Alistair Tomlinson
Industrial Director, NSW Farmers' Association
Robert Oliver
Health & Safety Manager, NSW Minerals Council

Deputy Members

Ministerial Appointee

Geoffrey Sexton
Managing Director, Malgam Pty Ltd

Labor Council of NSW Representatives

Ian Gavin
OH&S Representative, CFMEU
Matthew Thistlethwaite
Organiser, Australian Workers Union
John Cumberland
OH&S Officer, NSW Police Association

Employer Representatives

Trish Mace
OH&S Manager, Australian Industry Group
Katrina Sutton
National OH&S Manager, Woolworths Ltd
Garry Brack
Chief Executive Officer
Employers' Federation of NSW

Industry Reference Groups

Under the *Workplace Injury Management and Workers Compensation Act 1998*, the Advisory Council was required to establish Industry Reference Groups to develop industry specific strategies for injury prevention, injury management and the education of and giving of practical advice to workers and employers.

Each Industry Reference Group consists of equal numbers of representatives of workers and employers.

The thirteen groups are:

- Rural
- Construction
- Mining
- Industrial manufacturing
- Consumer manufacturing
- Wholesale
- Retail
- Transport and storage

- Consumer services
- Government administration and education
- Health and community services
- Business services and
- Utilities.

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 Scheme, the Research and Injury Prevention Scheme and the NSW Sports Safety 2000 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 Scheme provides similar benefits for students engaged in organised school sport and participants on 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 programs designed to reduce the risk of injuries in sport.

The Committee consists of six members. The Chairperson is the General Manager of WorkCover NSW and the remaining members are nominees of the Attorney General, Minister for Education and Training and Minister for Sport and Recreation. 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

Chairperson

General Manager
WorkCover NSW

Dr John Orchard
South Sydney Sports Medicine Centre

Mr Robert Lawton
Macquarie University Sports Association

Mr David Power
School Sports Unit
NSW Department of Education

Ms Jeanette Webb
Manager, Womens Sport Unit
NSW Department of Sport & Recreation

Mr Peter Moscott
Sports Organiser
Media Entertainment and Arts Alliance

Workers Compensation (Dust Diseases) Board

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

Medical Advisory Committee

This committee meets to advise WorkCover and the Advisory Council 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.

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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

Appendix 8 Publications

- Guide for bridge and gantry crane drivers
- Guide for dogging
- Guide for front end loader and excavator drivers
- Guide to rigging
- Noise Certificate
- Guide for fork lift truck drivers
- Guide for explosive powered-tool operators
- Code of practice: formwork
- Code of practice for tunnels under construction
- Noise Certificate – Awareness Program Cost: \$0.10
- Code of practice: façade retention
- Guide for hoist operators
- Code of practice: snigging logs

- Code of practice: safe loading and unloading logs
- Code of practice: overhead protective structures
- Code of practice: HIV and other blood borne pathogens in the workplace
- Manual Handling Certificate
- Manual Handling Certificate
- Use of personal protective equipment at work – a guidance note
- Code of practice: amenity tree industry
- Outline of the Workers Compensation Premium Scheme for NSW
- Outline of the Workers Compensation Premium Scheme for NSW (2000-2001)
- Wages Definition
- Safe use of solvents at work
- Safe use of solvents in the printing industry
- Health and Safety in the office
- Code of practice: safe handling and storage of enzymatic detergent powders and liquids
- Safety for tilt tray trucks and trailers
- Worksite occupational health and safety assessment package
- Training logbook for users and operators of industrial equipment
- *Occupational Health and Safety Act 1983: a summary of the main provisions*
- How to get workplace health and safety information
- Providing First Aid at Work
- A guide to workplace health and safety committees
- Accident report form
- Workplace Health & Safety Committees
- Stress, the workplace and the individual
- Drugs, alcohol and the workplace
- Young workers, work experience and work placement students – don't let their first day be their worst day

- Skin cancer and outdoor workers: a guide for employers
- Skin cancer and outdoor workers: a guide for workers
- Preventing violence in the accommodation services of the social and community services industry
- Health and safety at work: greens, gardens and grounds
- Health and safety guidelines for Brothels in NSW
- Health and safety at work – The waste management and recycling industry
- Health and safety at work: hairdressing
- Noise Regulation: hospitality and entertainment industry
- Due diligence at work
- Health and safety at work: kitchens
- Work hazards in the hospitality industry
- Wine Industry Code of Practice
- Course Handbook (OHS for Supervisors and Line Managers)
- Supervisor Certificate
- Supervisor Certificate
- Induction (Non Construction) Certificate
- Induction (Non Construction) Certificate
- Supervisor Certificate
- Workplace Substances Certificate
- HIV/Aids Certificate Cost
- WorkCover National OHS Certificate Classes Cost
- Accredited Trainers Order Form
- Code of practice: noise management and protection of hearing at work
- Code of practice for the preparation of material safety data sheets
- Code of practice for the labelling of workplace substances
- Code of practice for the control of workplace hazardous substances
- Approved first aid courses in New South Wales
- What managers can do – occupational health and safety and the multilingual workforce
- Hierarchy of hazard control
- Workplace personal protective equipment (PPE) program
- WorkCover New South Wales annual report (current year)
- Six steps to occupational health and safety: duty of care in OH & S
- Why bother?
- Working from home
- Shiftwork: how to manage shiftwork
- Shiftwork: how to devise an effective roster
- New OH & S powers for authorised officers
- Hazpak! Making your workplace safer
- Introducing plant provisions of the proposed Occupational Health and Safety Regulations
- Minimising fatigue in the health, aged care and allied industries
- Code of practice: electrical practices for construction work
- Code of practice: occupational health and safety induction training for construction work
- Code of practice: mono-strand post-tensioning of concrete buildings
- Code of practice: safe work on roofs, part 1 – commercial and industrial buildings
- Code of practice: pumping concrete
- Code of practice: construction and testing of concrete pumps
- Code of practice: safety line systems
- Code of practice: safe work on roofs, part 2: residential buildings
- Short guide to working with asbestos
- Code of practice: Excavation
- Moving plant and construction sites

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- Code of practice cutting and drilling concrete and other masonry products
- Code of practice: amenities for construction work
- Hazard identification and risk assessment manual for small builders
- Health hazards of solvents in the construction industry
- Cement and your health
- Stay alive by working dead!
- Guide to dust hazards
- Dust in the workplace: how to prevent silicosis
- Synthetic mineral fibres
- Passive smoking in the workplace – policy and control
- Safe use for banana growers – English
- Reading labels and material safety data sheets
- Dangerous goods information leaflets
- Classification of dangerous goods
- Dangerous goods card
- Storage of paint, glue and solvents
- Toxic gas in confined spaces
- Sulfuric acid mist hazards – strong inorganic acid mists containing sulfuric acid – cancer risk
- Guidelines for handling cytotoxic drugs and related waste in health care establishments
- Code of practice for the safe use of pesticides including herbicides in non-agricultural workplaces
- Code of practice for the safe use and storage of chemicals (including pesticides and herbicides) in agriculture
- Your Guide to Rural Safety
- Demolition Brochures
- Working safely with chemicals: advise for workers
- Suppliers of chemicals to workplaces – how do the new laws affect you?
- Managing chemical hazards in the workplace: advice for managers and supervisors
- A guide to the Hazardous Substances Regulation and Control Code of Practice
- A physiotherapists' guide to WorkCover NSW
- The law has changed: workers compensation and rehabilitation category 1 employers
- The law has changed: workers compensation and rehabilitation category 2 employers
- Guidelines for employers return-to-work programs
- Standard rehabilitation program for category 2 employers
- Workers Compensation Act 1987. summary to be posted up at workplaces
- Information for Injured Workers
- Guide to workers compensation and rehabilitation
- WorkCover benefits guide
- List of currently accredited WorkCover occupational rehabilitation providers
- Workplace injury management systems – case studies
- Training and employment programs for injured workers
- Injury Management & Suitable Duties
- How to organise suitable duties...
- A series of pamphlets which explain how to design effective "suitable duties" programs for injured workers who are not fit enough to return to their former work
 - in the road transport industry
 - in the retail industry
 - in the health industry
 - in the cleaning industry
 - in local government
 - in the wholesale trade
- Workplace rehabilitation changes to the law
- Workers compensation statistics 2000
- Medical practitioners and rehabilitation providers

- Child safety on the farm
- Chainsaw Safety
- Guide to the safe use of tractors
- How many hazards can you find?
- Storage and licensing of poisons on farms
- Code of practice for the sawmilling industry
- Noise at Work
- Manual Handling for Cleaners
- Checklist for evaluating mobile hoists (for the health care industry)
- Checklist: evaluating beds for the health care industry
- Cashiers: health and safety at work
- Checkout safety: a guide for cashiers, shop assistants and their supervisors
- Health and safety for cleaners: selecting the right mopping equipment
- Lifting and moving people: choosing the right equipment
- Guide to certification
- Your guide to workplace health and safety – English Version
- Four Steps Poster
- Flowchart for Injury Management Poster

Appendix 9 Overseas Travel

Phil Butt

Chief Inspector of Dangerous Goods

30 August – 10 September 1999

Attend the Fourth International Conference of Chief Inspectors of Explosives in Orebro, Sweden and inspect explosive manufacturing and testing facilities in Sweden and Denmark.

Bruce Gill

Senior Lift Engineer

17-23 July 1999

Test lift equipment in Shanghai, China, prior to its importation for use in NSW.

Robert Kenyon

Medical Specialist

9-11 September 1999

Attend Second World Congress on Chronic Fatigue Syndrome and Related Disorders in Brussels, Belgium.

12-17 September 1999

Attend International Symposium on Halogenated Environmental Organic Pollutants, Venice, Italy.

Siew Kiang

Director, Insurance Service Delivery Group

17-18 November 1999

Guest speaker at the Asia/Pacific Custody Conference in Hong Kong organised by AiC Worldwide.

Jim Munro

Director, Testsafe Australia

Overseas travel to pursue reciprocal testing arrangements for Australian industry through formal agreements with testing facilities in the UK, France, Germany and South Africa.

5-9 November 1999

Electrical Equipment Certification Centre, and chaired Editing Committee of IEC Committee TC31, Buxton UK.

10-12 November 1999

Chaired session and presented a paper at the international conference on Explosion Safety in Hazardous Areas, London, England.

15 November 1999

Laboratoire Central Des Industries Electriques and Fontenay-aux-Roses, and INERIS, Verneuil-en-Hatte testing facility, Paris, France.

16 November 1999

Deutsche Montan Technologie, Dortmund, Germany.

17 November 1999

Deutsche Montan Technologie, Bochum and Essen, Germany.

18 November 1999

South African Bureau of Standards, Pretoria, South Africa.

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Michele Patterson
Assistant General Manager, OHS Division
19-24 January 2000

Keynote speaker at the Australian and New Zealand Association of Occupational Health and Safety Educators 2000 Conference, and at the Annual Staff Conference of the Hong Kong Department of Labour, Hong Kong.

Kelvin Wooller
Medical Specialist

20-23 August 1999

Attend American College of Occupational and Environmental Medicine (ACOEM) Impairment and Disability Evaluation Course, Minneapolis, USA.

26 August 1999

Attend Ventilation Update Course, University of Southern California, Los Angeles, USA.

15-21 October 1999

Attend ACOEM State-of-the-Art Conference, San Antonio, USA.

12-19 May 2000

Attend ACOEM American Occupational Health Conference, Philadelphia, USA.

Appendix 10 Consultants 1999/2000

Project Title	Consultant	Cost \$
Expenditure on consultants costing equal to or more than \$10,000 each		
GST Advice	Arthur Andersen	140,850
Australian Coal Association Research Program	University of Queensland	81,000
IT Service Delivery Market Testing Project	Milliways Pty Ltd	75,000
Preparation and Compilation of Customer Service Survey	Invetech Operations	53,723
Investment Advice and Review of International Investment Arrangements	Tillinghast-Towers Perrin	50,395
Year 2000 Compliance	Axis Technology Pty Ltd	43,422
Australian Coal Association Research Program	University of New South Wales	42,500
Investment Policy Review and Advice	Robin Lipman & Associates	41,923
Actuarial Fees	Trowbridge Consulting	39,584
ANZSIC Coding	Pacific Bridge (Aus) Pty Ltd	32,139
Complaints Response System	Enduring Solutions Pty Ltd	29,060
Preparation of Facility Development Plan – Relocation to Gosford	Strategic FM Pty Ltd	23,260
Assistance with Preparation of Draft OH&S Regulation 2000	NE&A Pty Ltd Organisational Health and Safety	20,950
Restructure of Workplace Injury Management	SMS Consulting Group	17,997
Report on Fire Hydrants and Mains	Fluid Flow	17,550
Employers & Unions Injury Management Information and Training Project	Patricia Hall & Associates	17,250
OH Guidance Products	Bottomley, Bryan	16,200
GST Legal Opinion	John A Kernick	13,600
Consolidated OH&S Regulation	Ergo Fit	12,500
Expenditure on consultants costing less than \$10,000 each – 34 projects		175,880
Total Consultants		944,783

Appendix 11 Performance statements

Senior Executive positions in WorkCover

Performance Statement for John Grayson, General Manager, WorkCover NSW

SES Level 7

John Grayson was appointed to the position on 11 August 1997 and resigned on 28 March 2000 to take up an appointment as Deputy President of the NSW Industrial Relations Commission.

Mr Grayson managed the organisation in a competent and professional manner and consistent with the Government's agenda on occupational health & safety, workers compensation and injury management issues.

Performance Statement for Rod McInnes, Assistant General Manager, Insurance Division, WorkCover NSW

SES Level 5

Rod McInnes has occupied the position of AGM Insurance since 28 March 1998. During 1999/2000, Mr McInnes has focussed on building on the initial success of the *Workplace Injury Management and Workers Compensation Act 1998*. In particular, this has occurred through the development of reforms and process improvements in the injury and medical management of injured workers.

Mr McInnes has supported the Minister in the development of new strategic directions for WorkCover, leading to the Minister's announcement to Parliament of reform principles and strategic directions for WorkCover on 8 June 2000. Mr McInnes is now leading the implementation of the Minister's strategic directions.

Mr McInnes continues to enjoy a productive relationship with all key WorkCover stakeholders including unions, employer associations, insurers and service provider groups. He has provided prompt, incisive advice to the Board, the Workers Compensation Advisory Council and to the General Manager in all key areas of WorkCover Scheme performance and related Insurance Division management issues.

The organisational review of the Insurance Division commenced in 1998/1999 was finalised and the new structure implemented effective 1 March 2000. The structure improves resourcing for key programs such as compliance improvement and performance evaluation and monitoring of the Scheme, insurers and service providers. Through this potentially difficult transition period, Mr McInnes has effectively managed the human and financial resources of the Division to achieve organisational priorities.

As a member of the Executive of WorkCover, he 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.

Performance Statement for Michele Patterson, Assistant General Manager, Occupational Health and Safety Division, WorkCover NSW

SES Level 5

Under Ms Patterson's guidance and direction the final planning and subsequent implementation phases of the Occupational Health and Safety Division's extensive restructuring program were completed during 1999/2000.

The restructure is the most significant change in the delivery of OHS services in NSW in the last decade. Ms Patterson's dedication to improved OHS outcomes in this State was evidenced by her leadership and commitment to the value of the restructure throughout the change process.

The Division is now arranged in multi-functional Industry and Country Teams capable of focussing on strategic intervention approaches to OHS and injury management while performing response and compliance activities more efficiently and effectively. These Teams are complemented by two support Teams coordinating services and compliance activities across all industry sectors throughout the State. The restructure is designed to improve service delivery through the provision of fully integrated OHS, injury management and workers compensation services.

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Implementation of the restructure followed the comprehensive review of every business process within the Division, the trialling and evaluation of Industry Teams, development of performance indicators, intensive consultation internally and with stakeholders, and industrial negotiation processes. The restructured Division has been fully operational since February 2000.

In recognition of the importance of proper mechanisms for the development of legislation and regulatory reform, Ms Patterson established and resourced the much needed OHS policy capacity in the Division. At the same time, the Division's working relationship with the Occupational Health and Safety Council of NSW, which has provided the policy reference for legislative and regulatory reform, has been greatly enhanced.

Outcomes include a new *Occupational Health and Safety Act 2000* passed by the NSW Parliament in June 2000, implementation of key recommendations of the Legislative Council Standing Committee on Law and Justice Inquiry into Workplace Safety and a new program for the complete review and redevelopment of regulatory directions and reform.

Under Ms Patterson's leadership, activities within the OHS Division initiated in the previous year, involving industry sector participation in cooperative Memoranda of Understanding have come to fruition with extremely positive results. These are now being evaluated for their long-term significance. At the same time, Ms Patterson has overseen the development of a strategic new approach to WorkCover's role in promoting a systematic approach to OHS management resulting in the successful trialing of a new set of tools designed to assist industry in managing OHS.

Ms Patterson's commitment to staff in the Division has been evidenced by her accessibility to staff, and the importance she has placed on addressing the needs and concerns of staff at every level. Within the OHS Division, Ms Patterson has created, managed and implemented career progression strategies founded on competency-based training and

assessment. Together with the review and redesign of every position in the Division, these strategies are aimed at increasing the professional development of staff to further improve service delivery outcomes to industry.

Performance Statement for Stephanie Garland, Assistant General Manager, Corporate Governance Division, WorkCover NSW

SES Level 5

Stephanie Garland was appointed to the position on 10 June 1998 and managed the Division from its establishment.

The restructure of the Division has been followed by an ongoing program to reallocate staff and other resources in line with the Government's corporate services reform agenda.

Significant achievements during the reporting year include:

- the expansion of WorkCover's on-line service centre to handle most internal business transactions;
- continued efficiencies provided by Outsource Australia for WorkCover's "back office" services and extended in the reporting year to include records management, library and recruitment clerical support activities;
- the introduction of an optional corporate wardrobe to provide fashionable, cost-effective benefits to staff; and
- the selection of a site for the construction of WorkCover's head office at Gosford.

While the primary focus may have been on ongoing reform, the Division has continued to meet key objectives, operate within budget and improve productivity. The Division successfully managed major programs such as Y2K and the introduction of the GST. Work to ensure business continuity during the Olympic period has been ongoing throughout the year.



Appendix 11

Performance Statements

Name	John Grayson
Position and Level	General Manager, SES Level 7
Total Remuneration Package	\$241,592
Performance Pay	\$18,000 (from 1.7.1999 to 28.3.2000)
Results	<p><i>Achievements</i></p> <p>See Performance statement p.113.</p> <p><i>Performance criteria</i></p> <ul style="list-style-type: none"> — Provide timely, high quality strategic advice to the Board and Minister on emerging issues and WorkCover initiatives and policies. — Maintain liaison with major internal and external stakeholder groups. — Ensure effective implementation of major initiatives. — Manage WorkCover's policy, commercial and business matters with specific reference to investment performance and performance of the WorkCover Scheme. — Ensure long term viability and strategic results of WorkCover. — Manage finance, staff, capital assets and plant and equipment to achieve corporate outcomes within budget. — Ensure establishment and maintenance of internal controls and reporting systems. — Ensure implementation of sector wide management reform initiatives. — Ensure statutory obligations and responsibilities, both agency and sector wide are met. — Ensure monitoring and achievement of EEO, cultural diversity and OHS&R targets.
Name	Rod McInnes
Position and Level	Assistant General Manager, Insurance Division, SES Level 5
Total Remuneration Package	\$162,686
Performance Pay	\$12,000 (whole year)
Results	<p><i>Achievements</i></p> <p>See Performance statement p.113.</p> <p><i>Performance Criteria</i></p> <ul style="list-style-type: none"> — Ensure WorkCover achieves statutory obligations. — Provide timely advice to the General Manager, Board and Minister. — Liaise with Government and other agencies to promote the Government's insurance and compensation objectives. — Contribute to corporate and strategic planning. — Efficient management of Division's budget. — Effective staff leadership. — Monitor major achievements of EEO, cultural diversity and OHS&R targets.

Appendix 11

Name	Michele Patterson
Position and Level	Assistant General Manager, Occupational Health and Safety Division
Total Remuneration Package	\$152,672
Performance Pay	\$12,000 (whole year)
Results	Achievements See Performance statement p.113. Performance Criteria — Ensure WorkCover achieves statutory obligations. — Provide timely advice to the General Manager, Board and Minister. — Liaise with Government and other agencies to promote the Government's OHS objectives. — Contribute to corporate and strategic planning. — Efficient management of Division's budget. — Effective staff leadership. — Monitor major achievements of EEO, cultural diversity and OHS&R targets.

Name	Stephanie Garland
Position and Level	Assistant General Manager, Corporate Governance Division, SES Level 5
Total Remuneration Package	\$157,998
Performance Pay	Nil (whole year)
Results	Achievements See Performance statement p.114. Performance criteria — Ensure WorkCover achieves statutory obligations. — Provide timely advice to the General Manager, Board and Minister. — Liaise with Government and other agencies to promote the Government's corporate reform objectives. — Contribute to corporate and strategic planning. — Efficient management of Division's budget. — Effective staff leadership. — Monitor major achievements of EEO, cultural diversity and OHS&R targets.

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Appendix 12 EEO Statistics

Percent of total staff by level

<\$26,276	0	0	0	0	0%	0%	0%	0%	0%
\$26,276-\$34,512	11	64%	18%	82%	14.3%	71%	43%	14%	0%
\$34,513-\$38,582	105	55%	10%	90%	3.4%	45%	38%	10%	1.7%
\$38,583-\$48,823	95	72%	35%	65%	1.5%	25%	16%	9%	4.4%
\$48,824-\$63,137	359	69%	69%	31%	0.4%	264%	20%	8%	2.8%
\$63,138-\$78,921	165	80%	68%	32%	0.8%	30%	24%	11%	3.8%
>\$78,921 (non-SES)	16	88%	69%	31%	0%	0%	0%	14%	7.1%
>\$78,921 (SES)	10	60%	60%	40%	0%	17%	0%	17%	0%
Total Estimated	761	70%	55%	45%	1.2%	29%	22%	9%	3.1%
Sub-Groups Total		532	421	340	6	152	117	50	17

Percent of total staff by employment basis

Permanent									
Full-Time	655	71%	61%	39%	1.3%	30%	23%	9%	3.4%
Part-Time	37	95%	5%	95%	0%	26%	20%	11%	2.9%
Temporary									
Full-Time	37	43%	32%	68%	0%	13%	13%	6%	0%
Part-Time	22	45%	9%	91%	0%	20%	0%	0%	0%
Contract									
SES	10	60%	60%	40%	0%	17%	0%	17%	0%
Non-SES	0	-	-	-	-	-	-	-	-
Casual									
	0	-	-	-	-	-	-	-	-
Total Estimated	761	70%	55%	45%	1.1%	28%	22%	9%	3.1%
Sub-Groups Total		532	421	340	6	152	117	50	17

Appendix 13 FOI Statistics

OHS Division Freedom of Information figures

Section A

Number of new requests

FOI Requests	Personal		Other		Total	
	98/99	99/00	98/99	99/00	98/99	99/00
A1 New (including transferred in)	401	666	92	171	493	837
A2 Brought forward	37	65	7	9	44	74
A3 Total to be processed	438	731	99	180	537	911
A4 Completed	390	602	88	134	478	736
A5 Transferred out	0	2	0	0	0	2
A6 Withdrawn	8	10	3	3	11	13
A7 Total processed	390	614	88	137	478	751
A8 Unfinished	40	117	8	43	48	160

Section B

What happened to completed requests

Result of FOI Request	Personal	Other
B1 Granted in full	230	40
B2 Granted in part	211	60
B3 Refused	161	36
B4 Deferred	0	0
B5 Completed	602	134

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	5	8

Section E

Amendment of personal records

No requests of this nature were received.

Section F

Notation of personal records

No requests of this nature were received.

Section G

FOI requests granted in part or refused

Basis of disallowing or restricting access	Personal	Other
G1 Section 19 – application incomplete/wrongly directed	1	0
G2 Section 22 – deposit not paid	0	0
G3 Section 25(1)(a1) – diversion of resources	0	0
G4 Section 25(1)(a) – exempt	210	60
G5 Section 25(1)(b),(c),(d) – otherwise available	2	0
G6 Section 28(1)(b) – documents not held	162	34
G7 Section 24(2) – deemed refused – over 21 days	0	0
G8 Section 31(4) – released to medical practitioner	0	0
G9 Total	375	94

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Section H

Costs and fees of requests processed during period

	Assessed costs	FOI fees received
All completed requests	\$22,065	\$22,065

Section I

Discounts allowed

Type of discount allowed	Personal	Other
I1 Public interest	0	0
I2 Financial hardship – Pensioner/child	8	2
I3 Financial hardship – non-profit organisation	0	0
I4 Totals	8	2
I5 Significant correction of personal records	0	0

Section J

Days to process

EIapse	Personal	Other
J1 0-21 days	283	56
J2 22-35 days	125	29
J3 Over 35 days	206	52
J4 Totals	614	137

Section K

Processing time

Processing hours	Personal	Other
K1 0-10 hours	614	135
K2 11-20 hours	0	2
K3 21-40 hours	0	0
K4 Over 40 hours	0	0
K5 Totals	612	122

Section L

Reviews and appeals

L1 Number of internal reviews finalised	10
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	5			
L5 Access deferred				
L6 Exempt matter	2	3		
L7 Unreasonable charges				
L8 Charge unreasonably incurred				
L9 Amendment refused				
L10 Totals	7	3	0	0

Appendix 14 List of Contracted Projects

List of Contracted Projects signed between 1 July 1999 and 30 June 2000

WorkCover NSW Injury Prevention, Education and Research Scheme

Overcoming Barriers to Small Employers Managing an Injury Management Program in the Horticultural Industry in NSW

To investigate the economic, legislative and other barriers faced by small employers in the NSW horticultural industry when providing suitable duties to their injured workers and to develop resources to improve the injury management process.

Nursery and Garden Industry of NSW Ltd

Targeting and Improving OHS Information to Ethnic Groups in NSW

To increase the information base about the industry and geographic location of various ethnic/language groups in NSW and improve targeting and evaluation of OHS information to these groups.

University of Sydney (Australian Centre for Industrial Relations Research and Training) & Workers' Health Centre, Granville

The Comparative Effectiveness of Approved Codes of Practice in Achieving Compliance with OHS Requirements

To establish the circumstances in which approved codes of practice are most effective in achieving compliance, either independently or when combined with other service delivery strategies.

Nikki Ellis & Associates (now Price Waterhouse Coopers)

Appendix 15 Funds Granted to Non-government Organisations

See Appendix 14.

Appendix 16 Research and Development Projects

See Appendix 14.

Appendix 17 Business Management

Business Risk Management

During the year WorkCover continued with a number of activities to identify and address business risks.

The internal audit program continued with audits of both financial and operational risks. The Year 2000 project successfully mitigated the risk of failure arising from non-compliant Year 2000 systems.

The Olympic Games was seen as a period of intensity for workplace activity and consequently providing much greater risk of workplace accidents. During the year, WorkCover established a team which was dedicated to ensuring WorkCover's operational response to workplace incidents mitigated the higher risk.

Following concerns about the increase in the use of fireworks for private displays, a Fireworks Working Group reviewed existing procedures and developed control strategies.

A number of compliance enforcement strategies relating to major hazard facilities and LP Gas bulk storage facilities were devised. This action arose from WorkCover's review of the findings of The Report of the Longford Royal Commission in Victoria.

The risk profile of the WorkCover Scheme Statutory Funds was reviewed and resulted in issue of the Scheme's Investment Mandate in April 2000. Total investments of the Scheme amount to \$5.8 billion.

Appendix 18 Disclosure of Controlled Entities/Subsidiaries

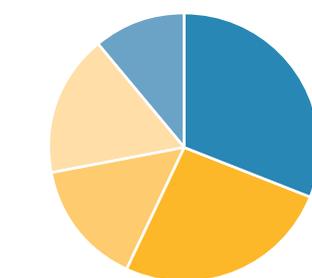
WorkCover NSW has no controlled entities or subsidiaries.

Appendix 19 Investment Management Performance

WorkCover Authority

Investments at 30 June 2000 of the WorkCover Authority of \$226m (\$213m – 1999) represent 68% (67% – 1999) of total assets and principally comprise fixed interest securities managed by the following fund managers:

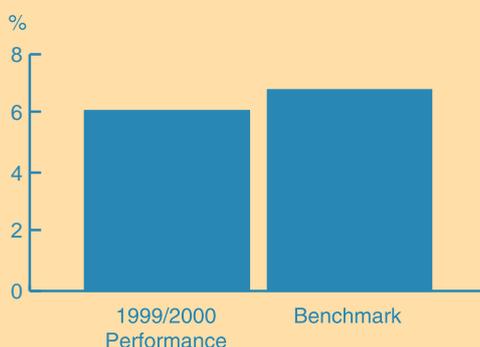
WorkCover Authority



- Bankers Trust 31%
- UBS 26%
- AMP 15%
- SSB 17%
- Treasury Corporation 11%

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Investment returns slightly under-performed benchmark during the year. Fixed interest funds which have performed above benchmark in previous years fell slightly below in 1999/2000. The benchmark includes Warburg Dillon Read Bank Bill & Composite Bond indices and ASX 200 & ASX 300 Accumulation Indices. During 2000 the investment policy was reviewed and a change in asset "mix" is to occur to improve performance.



Appendix 20 Land Disposal

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

Appendix 21 Extension of Time for 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 Scheme's financial results with the release of the Annual Report.

The Treasurer granted to WorkCover NSW an extension of time:

- to September 2000 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 2000 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* affords protection to public officials who disclose information relating to corruption, maladministration and serious or substantial waste of public money.

Four cases were reported to WorkCover NSW and all were resolved satisfactorily.

Appendix 23 Disability Strategic Plan

Disability Strategic Plan (DRAFT)

WorkCover's Disability Strategic Plan (2000 – 2002) is a three-year plan 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 a disability.

A Disability Evaluation Committee has been established to oversight the implementation of the Disability Action Plan and to provide ongoing advice on disability policy issues.

The Committee comprises senior WorkCover staff and peak industry organisations.

A communication strategy has been developed to ensure that the Plan is distributed as widely as possible within the organisation and externally.

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

Access

WorkCover commenced a program of access audits of its premises to identify specific barriers to physical access for people with disabilities. The audit will facilitate the development of a strategy to address identified barriers.

Development plans for the new WorkCover site at Gosford have successfully incorporated requirements to ensure physical access for people with disabilities.

A review of Emergency Building Evacuation procedures has been undertaken so as to ensure the safe and successful evacuation of people with a

disability. The procedures have been supported by the provision of training for emergency personnel and the conduct of drills and practice for all staff.

A program to provide WorkCover managers with training in the development and implementation of Disability Action Plans is in progress with training expected to commence late in 2000.

Employment

The proportion of people with a disability was 6.5% (50) and of this number, 2.2% (17) were people with a disability requiring adjustment at work. The proportion of WorkCover staff with a disability is some 23% lower than the previous year and is expected to trend downwards over the next twelve to eighteen months as a result of the relocation to Gosford by 2002.

A review of WorkCover recruitment policies is currently underway to ensure compliance with HREOC Disability Standards on employment and the organisation's EEO Maintenance Program. In addition, WorkCover is investigating a range of media and specialist recruitment agencies to ensure that people with a disability have access to job vacancies.

Disability specific services

WorkCover has been measuring the performance of rehabilitation providers through reports submitted by them on workers whose rehabilitation program involves finding work with a new employer.

The success rate for placement in new employment has increased to 63% in the quarter ending December 1999. This is a significant increase from the 50% recorded in the same quarter in 1998.

The changes that have been agreed to the accreditation arrangements for rehabilitation providers require them to register to provide services for workers returning to their pre-injury employer or to a new employer. This will ensure that providers develop particular expertise in assisting workers with a disability as a result of a work-related injury to find new employment. These arrangements become effective as of 1 September 2000.

There have also been significant improvements in claims management and in the dispute resolution process flowing from the new *Workplace Injury Management and Workers Compensation Act 1998*.

Occupational Health and Safety

Managing health and safety

WorkCover is committed to achieving best practice in workplace health and safety and the care, support and return to work of injured workers following injury or illness.

WorkCover aims to achieve the following objectives:

- Preventing injury or illness from occurring in the workplace.
- Providing adequate resources to maintain an effective occupational health and safety program.
- Complying with all statutory requirements with regard to existing standards, regulations and codes of practices, as the minimum acceptable level.
- Consulting with employees on OHS issues through their Health & Safety Representatives and Committees, and/or at Team Meetings and by adopting a consultative and collaborative environment between WorkCover's three divisions.

In this reporting period, WorkCover moved workers compensation insurance arrangements from GIO private insurance to the Treasury Managed Fund (TMF),

Compensation claims

One of WorkCover's major initiatives was the prudent and disciplined approach to claims management with the aim of reducing workers compensation costs.

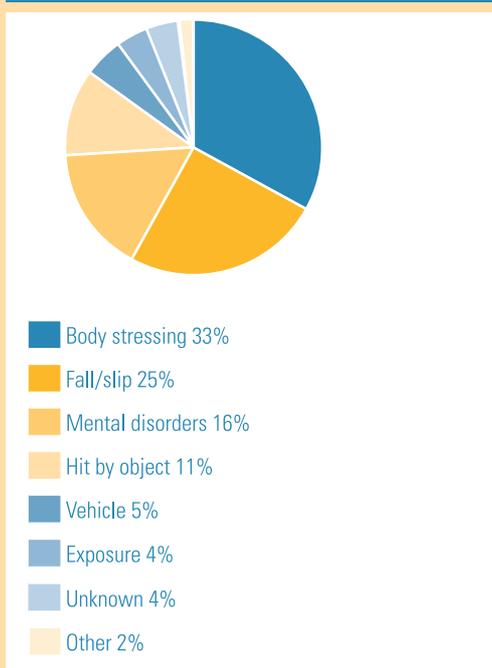
56 claims were lodged 1999/2000 reporting period. 48% were time lost claims.

This is a 19% decrease on the number of claims lodged in the 1998/1999 reporting period. The total net incurred cost was \$420,426 – a 3.7% decrease from the previous reporting period.

— Breakdown of injury types is as follows:

- Body stressing	19
- Fall slip	14
- Mental disorders	9
- Hit by object	6
- Vehicle	3
- Exposure	2
- Unknown	2
- Other	1

Breakdown of Injury Types is as follows:



Providing resources

WorkCover has a full-time OHS Manager responsible for providing OH&S and injury management services within the organisation. The Unit is also staffed by an Administrative Assistant and a temporary Project Officer undertaking the duties of Return-To-Work Coordinator.

Health & safety committees

A preliminary review of OHS Committees was undertaken with the aim of enhancing our health and safety performance.

There are currently 4 OHS Committees in existence with further Committees to be established.

They are located at 400 Kent Street, Sydney; Newcastle (Country North); Wollongong (Country South) and TestSafe Australia (Londonderry). The Committees meet on a regular basis with arrangements in hand to post the minutes of all committee meetings on WorkCover's Intranet site.

Achievements

- Commenced development of Workers Compensation, Injury Management Information Kit.
- Conducted an extensive program of employee awareness sessions on emergency evacuation procedures in 400 Kent Street.

- Development of a revised OH&S Policy.
- Development of a revised Return to Work Program.
- Development of a Critical Incident Support Policy.
- Introduction of employee awareness seminars on health and well being matters.
- Commenced development of Corporate OHS Intranet site – with the expected refinement of the site, WorkCover employees will have a further opportunity to raise health and safety matters.
- Commencement of violence and aggression training in cooperation with Human Resources and Learning & Development area of the Occupational Health & Safety Division.
- Development of an OHS training strategy incorporating the following areas:
 - First Aid
 - Workers Compensation Injury Management
 - Critical Incident Support
 - Fire Warden
 - Emergency Control Procedures
 - Incident Investigations
 - Developing Safety Work Plans (Psychological/Physical)
 - Managing Safety
 - WorkCover Policy and Procedures (Forms/Processes)

In this reporting year, the OHS Unit has dealt with a number of health and safety issues, such as air-conditioning in 400 Kent Street building, lighting, emergency preparedness, body stressing issues related to equipment, stresses in the workplace.

Ethnic Affairs Policy Statement

Strategy One:

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

- 1.1. While data quality continues to be a long-term strategy for WorkCover, difficulty is still being experienced in obtaining reliable and meaningful data. Until such time as that can be corrected, other strategies will be pursued. For this reporting year and next, the Industry Reference Groups (IRGs) established under the Workplace Injury Management and Workers Compensation

Act 1998 will develop strategies with specific reference to workers from culturally diverse communities.

All IRGs will consider the needs of communities from a culturally diverse background when communicating and promoting strategies to their industry. This will be most evident in those IRGs with coverage of industries typically associated with culturally diverse communities. The Business Services IRG developed a tool for cleaners (an employment category largely filled by people from culturally diverse communities) on how to avoid trips and falls.

The safety material produced will be published in a number of community languages.

The Government Administration and Education IRG identified a multicultural work site to trial a tool currently being developed by WorkCover to assist workplaces to identify their OH&S system needs.

- 1.2 WorkCover's claims reporting systems have adopted the Australian Standard Classification of Languages (ASCL) and the Australian Standard Classification of Countries for Social Statistics (ASCCSS). The language and country of birth data collected before January 1998 was converted to the new classification to ensure consistency. Ongoing training for insurer staff continues in ASCL and ASCSS coding.

Strategy Two:

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

- 2.1 WorkCover continued to issue media releases concerning workplace health, safety and injury management issues on a regular basis including dispatch of the releases to all ethnic media. WorkCover's various advertising campaigns targeted ethnic communities as follows:
- Injury Prevention advertising campaign
 - 82 segments on SBS Television
 - 12 insertions in each of 16 community

language newspapers including Arabic, Croatian, German, Greek, Indonesian, Italian, Filipino, Chinese, Korean, Portuguese, Russian, Serbian, Spanish, Turkish, Vietnamese and Macedonian

- 12 insertions in the Koori Mail
- Injury Management advertising campaign
 - 58 segments on SBS Television
 - 2 insertions in the community language newspapers as above
 - 12 insertions in the Koori Mail

- 2.2 All proposals for the development of "information products" developed under the Grants Scheme undergo an evaluation to determine their suitability for their target market. This takes into account the target market's English language skills and literacy levels. All printed products are produced in plain English.

The WorkCover Board, as part of the 1999/2000 Grants Program approved of a grant of \$108,861 to the University of Sydney (Australian Centre for Industrial Relations Research and Training) and the Workers Health Centre, Granville to conduct research into "increasing the information base about the industry and geographic location of ethnic/language groups in NSW and improve the targeting and evaluation of OHS information to these groups".

- 2.3 The Information Centre telephone number (Hot-line number) and services were advertised in a variety of ethnic media.
- 2.4 WorkCover prepared the consolidated Occupational Health & Safety Regulation and released it for public comment. The Regulation was drafted on a consultative basis and was being circulated across a wide cross-section of business, employee and government organisations for comment. The procedures adopted by WorkCover ensured appropriate consultation with people from a culturally diverse background.

Appendices 1999/2000

2.5 The development and piloting of a strategy to assist injured workers from a culturally diverse background to return to work has been suspended following significant changes to workers compensation legislation and a full review of WorkCover's Insurance Division.

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 All internal committees formed within WorkCover consisted of a fair representation of men, women and minority groups. This included committees such as the Corporate Uniform Committee, Joint Consultative Committee and the OH&S Division Planning Steering Committee.
- 3.2 Community Language Allowance Scheme (CLAS) recipients are listed on WorkCover's internal telephone directory as being readily available for interpreter work. The review of the effective use of interpreter services has been delayed due to limited resources being available.
- 3.3 WorkCover's Information Centre has promoted the use of interpreters in all its publicity material and readily makes interpreters available to callers on the WorkCover Hotline who require such assistance.

3.4 All positions advertised include reference to Ethnic Affairs Policies and Programs as an essential requirement. Since January 1998, reference to Cultural Diversity appears in the preamble to all advertisements, together with reference to equity, OH&S and workplace ethics.

3.5 New Inspectors undertaking the Diploma of Injury and Illness Prevention and Management participate in an orientation session on the skills required to meet the needs of people from culturally diverse backgrounds. They also undertake a full day's training later in the Diploma in the provision of client service. For existing Inspectors, the issues of client service for culturally diverse groups are addressed in all training packages.

3.6 A Gosford re-location committee was established, which among other activities will consider appropriate recruitment strategies aimed at increasing the number of people recruited to WorkCover from a non-English background.

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