

LETTER TO MINISTER

29 November 1999

The Hon Jeff Shaw QC MLC
Attorney General
Minister for Industrial Relations
Level 20, Goodsell Building
8-12 Chifley Square
Sydney NSW 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 1999 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 dark ink, appearing to read 'John Grayson'.

John Grayson
General Manager
WorkCover NSW

ABOUT US

Legislation

WorkCover's main statutory functions are to administer the Workplace Injury Management and Workers Compensation Act 1998, Occupational Health and Safety Act 1983, the Construction Safety Act 1912, the Factories, Shops and Industries Act 1962, the Dangerous Goods Act 1975, the Workers Compensation (Bush Fire, Emergency & Rescue Services) Act 1987 and the Regulations and Codes of Practice under those Acts.

Mission

To provide leadership and work in partnership with industry to achieve best practice in workplace health and safety and the care, support and return to work of injured workers.

Vision

WorkCover is committed to achieving world class standards of workplace health and safety and the return to work of injured workers in NSW.

Structure and functions of the Authority

WorkCover manages the State's workplace safety, injury management and workers compensation systems.

WorkCover 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 injuries to persons at work;
- ensures the efficient operation of workers compensation insurance arrangements; and
- ensures the appropriate co-ordination of arrangements for the administration of the schemes to which the workers compensation legislation or the occupational health and safety legislation relates.

WorkCover 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 Occupational Health and Safety (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.

Insurance Division

The Insurance Division regulates the operation of the workers compensation insurance system in NSW. It provides services directed at monitoring the status of the Workers Compensation Scheme, enabling service providers and partners in the Scheme to participate in the delivery of outcomes for the insurance system. It provides advice and services aimed at ensuring the long term viability of the Scheme as well as the delivery of appropriate workers compensation and injury management services to employers and employees. It is the major interface between WorkCover and insurers.

Corporate Governance Division

The Corporate Governance Division provides specialist information, advice and services to the Minister, the Board of Directors, the Advisory Council, Industry Reference Groups, the Occupational Health and Safety (OHS) Council, and the two operational divisions on: the development, implementation and review of policy and legislation; corporate and business planning; financial management; information technology management, and records; communications and marketing, including media liaison; human resource management; executive/secretariat services; and property, purchasing and fleet management.



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

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

UNDER THE ACT:

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

The Board of Directors consisted of the General Manager of WorkCover and six part time members, including a chairperson. They were appointed by the Governor on the recommendations of the Minister. The three-year term of office of the WorkCover Board commenced on 14 October 1998. The members of the Board as at 30 June 1999 were:

Members

CHAIRPERSON AND PART TIME DIRECTOR

Hon Joe Riordan AO, member of the Administrative Decisions Tribunal and freelance mediator, facilitator and consultant to companies and corporations in the private and public sectors.

Mr Riordan has been Chairman of the Board of WorkCover since 20 August 1997.

He was a member of the House of Representatives from 1972 to 1975, serving as Minister for Housing and Construction in 1975. Between 1979 and 1982, he was Vice Chairman of the Electricity Commission of NSW.

Mr Riordan was Secretary and Department Head of the NSW Department of Industrial Relations from 1982 to 1986, and Deputy President and Senior Deputy President of the Australian Industrial Relations Commission between 1986 and 1995. In 1995/96, he was Chairman of the National Occupational Health and Safety Commission (Worksafe Australia).

PART TIME DIRECTORS

Sandra Berghofer, Manager, Corporate Policy; Director, HIH Insurance (Workers Compensation) Pty Ltd. Ms Berghofer is a deputy member of the Insurance Council of Australia's NSW Workers Compensation Steering Committee, and was the HIH Insurance representative on the interim NSW Workers Compensation Premiums Rating Bureau. She was previously a senior executive with WorkCover NSW with responsibility for the development of occupational health and safety, workers compensation and rehabilitation policy and legislation.

Michael Costa, Secretary, Labor Council of NSW. Mr Costa was appointed a director of the State Rail Authority of NSW in 1993 and a director of 2KY Broadcasters in 1994. He has been a director of the Board of WorkCover from 1992. He has a Bachelor of Arts degree.

Greg Keating, Partner, McClellands Solicitors. Mr Keating was admitted as a Solicitor in 1980. He has practised extensively in personal injury law, and is an accredited specialist practitioner. He was Acting Judge of the District Court from 1996 to 1999. Mr Keating has a Diploma of Law.

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

Doug Wright, formerly Director of the Metal Trades' Industry Association, NSW Branch. He has been a director of the National Metal and Engineering Training Board, a director of the Australian Centre for Best Practice, and a member of the Executive Council of the Australian Trade Union Training Authority. Mr Wright's qualifications include a Bachelor of Economics and a Bachelor of Arts.

GENERAL MANAGER AND DIRECTOR OF THE BOARD

John Grayson has been General Manager of WorkCover NSW since 11 August 1997. He is

Chairperson of the NSW Workers Compensation Advisory Council, the Dust Diseases Board and the Sporting Injuries Committee. Mr Grayson served in judicial office with the Compensation Court of NSW from 1988 to 1997. Prior to that he was a member of the State Compensation Board.

BOARD ATTENDANCE DURING 1998/99

Name	Number of meetings attended	Date/s absent
Mr J Riordan	10	
Ms S Berghofer	10	
Mr M Costa	8	9/11/1998; 22/3/1999
Ms G Keating	10	
Dr E Price	9	14/12/1998
Mr D Wright	9	9/11/1998
Mr J Grayson	10	

MEETINGS OF COMMITTEES OF THE BOARD OF DIRECTORS 1998 / 99

Audit Committee

Membership: All Board members
Meetings held on: Monday 14 December 1998
Monday 22 February 1999
Monday 31 May 1999

Grants Committee

Membership: Mr M Costa
Mr G Keating
Ms S Berghofer
Mr J Grayson
Meetings held on: 22 March 1999

Medical and Related Fees Committee

Membership: Mr J Riordan
Mr G Keating
Dr E Price
Mr J Grayson

Meetings held on: Thursday 18 February 1999
Monday 28 June 1999

Senior management

Each of the three Divisions is headed by an Assistant General Manager of WorkCover who reports to the General Manager.

JOHN GRAYSON

The General Manager has extensive legal experience as a Commissioner in the Compensation Court of NSW and prior to that as a full-time director of the State Compensation Board. John has been General Manager since 11 August 1997. He is also Chairperson of the NSW Workers Compensation Advisory Council, Chairperson of the Sporting Injuries Committee and the Dust Diseases Board, and a member of the WorkCover Board of Directors.



ROD McINNES

Assistant General Manager of WorkCover, responsible for the Insurance Division, Rod has a Bachelor of Science degree, majoring in mathematics. He has been with WorkCover since its inception on 1 January 1990 and has held a number of senior positions in WorkCover.



MICHELE PATTERSON

Assistant General Manager of WorkCover, responsible for the Occupational Health and Safety Division (OHS), Michele joined WorkCover from the South Australian Department for Industrial Affairs on 29 September 1997 and was appointed Assistant General Manager on 1 October 1998. She has a Master of Science degree majoring in health policy and management from Harvard University USA, amongst other graduate qualifications and has been involved in occupational health and safety for more than fifteen years.



STEPHANIE GARLAND

Assistant General Manager of WorkCover, responsible for the Corporate Governance Division, Stephanie has legal and management qualifications and has been admitted as a solicitor. She has wide experience in public sector management having held a variety of senior legal and management positions.



GENERAL MANAGER'S REPORT

The 1998/99 year has seen an increased focus in the community on workplace health and safety and the care, support and return to work of injured workers. WorkCover NSW has been central to this process in performing its role of managing the State's workplace safety, injury management and workers compensation systems, and ensuring compliance with workers compensation and occupational health and safety legislation.

It has been my honour to lead an organisation that now has a high profile in the community for delivering services that are critical to the well being of the workers and employers of New South Wales.

INJURY MANAGEMENT, WORKERS COMPENSATION AND INSURANCE

Following the commencement of the *Workplace Injury Management and Workers Compensation Act* in August 1998, WorkCover has managed the implementation of a new approach to workplace injury and illness. This approach involves the integration of injury management programs to encourage an early and safe return to work of injured workers, at the highest possible level of earnings. The Act places obligations on insurers, employers and workers to co-operate with proactive injury management measures to ensure the effectiveness of the injury management process.

The reforms introduced by the new Act were necessary to address the WorkCover Scheme's financial deficit, and were aimed at arresting and reversing a decline in Scheme performance. Actuarial valuation of the

Scheme has shown a slowing of the trend to long term claims. A significant proportion of this result is attributed to improved injury management processes and a consequent better return to work rate. As a result, the underlying cost of the Scheme has fallen from an estimated average rate of 3.27% to 2.95%.

Although the Scheme continues to bear a significant deficit there are signs that the reforms are having the desired effect. The Scheme deficit at 30 June 1999 was reduced to an estimated \$1.64 billion from \$1.67 billion at 30 June 1998. The Scheme has produced a surplus this year after five years of losses.

The reforms required a change of behaviour by all parties: workers, employers, medical and rehabilitation practitioners, and insurers. This immense task was the focus of a concerted campaign to maximise the potential gains of the new approach. The improving financial position of the Scheme is evidence that the required changes have begun, and that the reforms have started to deliver benefits as envisaged. Scheme performance throughout 1999 has continued to demonstrate the kinds of improvements expected from the 1998 reforms.

Despite the positive start, it is clear that the reforms still have some distance to go to achieve their full potential. It is also clear that these reforms alone will not deliver an affordable Scheme and more must be done to build on the early gains.

The 1998 Act included provisions for the private underwriting of workers compensation. The preliminary pricing of the Scheme in preparation for private underwriting

indicated, however, that an immediate transfer would see significant premium increases for many businesses, estimated to be between 3.4% and 3.7% of the total NSW wages bill. The average premium rate currently being paid by employers is 2.8%.

The pricing also indicated that there has been considerable cross subsidy in the Scheme, allowing poorly performing employers and industry sectors to be subsidised by better performers. The sudden removal of cross subsidy, and immediate transfer to private underwriting, would have seen premiums rise for a great number of employers. Following a recommendation of the Workers Compensation Advisory Council (which is responsible for monitoring Scheme performance) the Government legislated in June 1999 to defer private underwriting, with a commencement date not later than 1 October 2000. Deferral offers an opportunity to bring forward further reforms, and a phased introduction of full Scheme cost recovery. More importantly, deferral will allow time for reforms to deliver their full savings potential before the transfer to private underwriting is effected.

WorkCover will continue to play a key role in the Government's overall approach to workers compensation reform.

OCCUPATIONAL HEALTH AND SAFETY

WorkCover responded to the Government's broad agenda for the improvement of workplace safety by developing structures and systems to ensure the effective delivery of occupational health and safety-related services to the workers and employers of the State.

The final report of the Workplace Safety Inquiry by the Legislative Council's Standing Committee on Law and Justice was released on 26 November 1998. It contained 29 recommendations for policy and operational change, particularly to improve the occupational health and safety legislative and regulatory framework, and the promotion of workplace safety standards and practices at the industry and workplace level. Other key recommendations included recognition of the positive role Occupational Health and Safety (OHS) management systems can play in improving OHS, and the development of new strategies to be used in both guidance and enforcement.

WorkCover has implemented a number of the recommendations of the Inquiry's interim and final report.

Legislative amendments have been developed to redraft the *Occupational Health and Safety Act* in a plain English style. The current objects of the Act are to be modernised to ensure they adequately reflect the principles of prevention, equity, participation and acceptance of responsibility.

WorkCover has also developed the proposed OHS Regulation 2000, currently distributed for public comment. This represents a

consolidation of 36 regulatory provisions currently covered by the *OHS Act*, the *Construction Safety Act* and the *Factories, Shops and Industries Act* into one, more useable regulation under the *OHS Act*.

The proposed Regulation provides a modern performance-based approach to regulating health and safety at work. It recognises the diversity of work undertaken in NSW and provides the flexibility needed by workplaces to achieve an agreed standard of safety. The Regulation overhauls outdated and prescriptive provisions that were particularly burdensome for small to medium sized business.

In particular the proposed Regulation recognises the value of systematically managing OHS through the incorporation of risk management provisions.

WorkCover has developed an information model that will assist small to medium sized businesses in addressing OHS in a systematic way - one that is tailored to the individual workplace and suits the particular needs of people in that workplace. Whilst beneficial to organisations of any size, the model will provide crucial assistance to those small to medium organisations that have before now struggled to come to terms with the range of issues covered by OHS legislation.

Applications of the system have been tested in a number of locations with a range of businesses on the NSW Central Coast (a concrete fabrication plant and an aluminium windows fabrication factory), in Sydney (a crane hire company and a plastics manufacturing enterprise) and with

Burwood Municipal Council. All of these trials are being conducted with the collaboration of both workers and employers through the organisations' OHS committees.

This systematic management of OHS is also being trialled with the NSW Department of Community Services in an effort to address aggression management in the Department's Group Homes.

The year also saw the establishment of 13 Industry Reference Groups that are focusing on the unique occupational health and safety issues of industry sectors. The Groups are: Rural; Construction; Mining; Industrial Manufacturing; Consumer Manufacturing; Wholesale; Retail; Transport and Storage; Consumer Services; Government Administration & Education; Health and Community Services; Business Services; and Utilities.

Each Industry Reference Group is developing strategies specific to their industry to improve injury prevention, injury management and workers compensation outcomes. The IRG's contribution is fundamental in improving occupational health and safety, and the performance of the workers compensation scheme, in NSW.

Between February and June 1999, WorkCover conducted the second trial of Industry Teams to promote a more industry focused approach to OHS reform, develop coherent strategies for reform through consultation, enhance WorkCover-wide co-ordination, and ensure that all stakeholders are progressing OHS reform in a similar way across the State.

An independent evaluation of the team trial in June 1999 confirmed that an industry focus and partnership would provide improved OHS service delivery and utilisation of WorkCover's staff and resources. As a result the OHS Division is to be restructured to create a more flexible structure based on Industry Teams which will align with the 13 Industry Reference Groups. The focus on specific industries will allow a far more effective intervention to address serious issues on a statewide basis.

In August 1998, WorkCover began a major workplace safety awareness advertising campaign with television commercials, radio, press and billboard advertisements and associated public relations activities. The campaign was designed to improve workplace safety performance by encouraging wider community support through recognition of the social and economic cost of death and injury in the workplace.

The first phase of the campaign ran from August 1998 to June 1999 and focused on creating awareness of the scale of workplace deaths and injuries and positioning workplace safety as a major public issue. It highlighted everyone's responsibility for safety in the workplace.

This campaign raised awareness of the problem of workplace safety to a level of over 90%. Research confirmed the need to provide more messages that relate to specific workplaces and the actions that can be taken to identify and manage risks.

The next phase of the campaign, to run in 2000, will more specifically address the issues

of eliminating risk in the workplace, unsafe work practices and injury management.

The development of productive working relationships with industry has been a feature of WorkCover's approach to improved workplace safety throughout 1998/99.

The Year 2000 Best Practice Committee has provided a valuable peak forum for industry consultation. In October 1998, under the Committee's auspices, the Government signed the historic Memoranda of Understanding with seventeen major contractors from the construction industry and eight major hospitality employers to work together to identify and implement OHS best practice.

The Memoranda were a result of WorkCover's program to promote OHS best practice and strategic reform to industry. The agreement signified the commitment by signatory employers to work with the NSW Government to make OHS a priority in their organisations, and to improve the industries' OHS and injury prevention and management performance.

WorkCover has worked closely with the Olympic Coordination Authority to ensure that building companies contracted by the OCA to construct Olympic and Paralympic Games facilities observe the industry guidelines developed by the Government's Construction Policy Steering Committee.

WorkCover also maintained a surveillance of the several work-sites at Homebush during the life of the construction projects and responded to complaints and incidents encountered there. It intervened and demanded remedial action where necessary,

as well as conducting site inspections and accident and incident investigations.

WorkCover has maintained regular liaison with the Sydney Organising Committee for the Olympic Games to ensure there will be a proactive approach to OHS during the Olympic and Paralympic Games. An OHS strategy is being developed to ensure adequate and appropriate mechanisms are in place to meet the increase in workplace activity associated with the Games.

Part of WorkCover's commitment to working with industry has involved programs to minimise the impact of the Year 2000 millennium bug and any associated potential for health and safety risks. Throughout the year WorkCover has assisted in the implementation of the NSW Government's Year 2000 Millennium Bug Strategy. Part of this has involved a campaign to raise awareness among employers of the need to ensure they take responsibility for their own compliance.

CORPORATE GOVERNANCE AND ORGANISATIONAL REFORM

WorkCover's program of organisational review continued during 1998/99. The program of realignment has been in response to the introduction of the *Workplace Injury Management and Workers Compensation Act*, new stakeholder relationships through the appointment of the Workers Compensation Advisory Council in August 1998, the Workplace Safety Inquiry report, and the trialling of new approaches to service delivery. All three of WorkCover's Divisions have

undertaken change programs that are aimed at improving service delivery and responsiveness and making effective and innovative use of technology. The new structures will be implemented throughout 1999/2000.

The new structure in the Occupational Health and Safety Division consists of two major groups, Services Delivery Group and Strategic Operations Group. The Services Delivery Group, which will operate on an industry teams basis, contains essentially 'front line' staff that provides advice, assistance, inspections, compliance audits, injury and accident investigations and enforcement activities. The Strategic Operations Group is responsible for ensuring quality and consistency of approach across the Division and for the most effective deployment of special expertise.

In the Insurance Division, the Insurance Strategic Management Group was established to oversee the implementation of the divisional restructuring. This Group is also responsible for the management of a number of projects critical to Scheme reforms. While priority has been given to projects essential for private underwriting, restructuring and reorganisation of the Division has commenced. Efficiency gains to date have allowed resources to be redirected to key areas such as stakeholder liaison and insurance compliance.

The Corporate Governance Division reviewed all functional areas and all services provided by the Division. Technology has offered the opportunity for savings and realignment of

work and service delivery for the Division and WorkCover as a whole. The review has been consistent with the Government's Corporate Services Reform Agenda.

WorkCover's personal computer system is now standardised, the rollout program having commenced in July 1998 and achieved within 10 weeks. A major program to utilise electronic transactions for WorkCover's business has commenced. The redesign of WorkCover's Internet page now provides more useful and useable information to stakeholders. The introduction of online processing of staff leave, higher duties and overtime forms has reduced staff time devoted to transactional activities and provided a better service to staff and management.

Consultation with staff and unions regarding the review and restructure programs has continued through the Joint Consultative Committee.

In February 1999 the Premier announced the relocation of WorkCover's head office to Gosford, as part of the Government's post-2000 jobs plan for the Central Coast. WorkCover has worked closely with the Department of Public Works and Services in relation to the organisation's accommodation needs.

All WorkCover job advertisements advise potential staff that WorkCover is scheduled to relocate to Gosford by 2002. WorkCover job advertisements are also placed in Central Coast newspapers. WorkCover staff receive updated information on planning for the relocation on the WorkCover Intranet.

WorkCover's support to the range of its stakeholder management and consultation bodies, including the WorkCover Board, the Workers Compensation Advisory Council and the Occupational Health and Safety Council, has continued in a timely and efficient manner through the provision of secretariat services, and policy and operational advice and recommendations.

I extend a personal thank you to all WorkCover staff who have contributed to our performance over the past year. Your commitment has been essential to our successes during that time.



John Grayson
General Manager

INJURY AND ILLNESS PREVENTION



*To promote the
prevention of injuries
and diseases at the workplace*

CORPORATE OBJECTIVE 1: INJURY AND ILLNESS PREVENTION

To promote the prevention of injuries and diseases at the workplace and the development of healthy and safe workplaces such that there is a downward trend in the incidence of major claims for workplace injuries and illness.

Client focus

Building on work begun in 1997/1998, the Occupational Health and Safety Division (OHS) undertook a program of client consultation, conducted an extensive review of business systems, and trialled new methods of service delivery. This led to the development of a new structure for the Division to be implemented in 1999/2000.

Business systems

To support the work of the new OHS Divisional structure, WorkCover has developed a specification for an IT based recording system for workplace services which will be known as the Workplace Services Management System. A contract for the system is expected to be issued by the end of 1999.

During 1998/1999, WorkCover revised its licensing functions for hazardous activities and established an integrated OHS Licensing Unit which will act as a 'one stop shop' for all OHS licensing functions.

Both these initiatives will improve WorkCover's internal processes used as services to clients.

OHS investigation systems are now documented in the OHS Investigations Reference Manual which has been developed to ensure consistency of approach with all clients.

People

WorkCover has recently completed the identification of competencies for Inspectors and developed them into a comprehensive program to support recruitment and promotion and the identification of ongoing training and development needs.

WorkCover has led development of national competencies in this area.

Focus on Industry Teams approach

Industry Teams were trialled in two industries – construction, and health and community services. The industries were selected because both are large, high profile industries employing thousands of workers, have well-defined industry representative associations and different client groups and needs, and are serviced in different ways by WorkCover. Systems and tools developed during the trials include performance indicators, case management and Service Agreements.

Having these teams focus on specific industries enabled the Teams to provide a far more effective intervention to address serious issues on a statewide basis. The Teams developed systems to centralise data collection which enabled industry wide issues and hazards to be readily identified and more efficiently addressed. The Health and Community Services (HACS) Team, for example, discovered an intractable problem of scabies in nursing homes around the State that had been the subject of complaints for more than three years. During that time the problem was being dealt with by Inspectors from a number of

WorkCover offices across the State. The problem was only effectively addressed when the Team became involved in the issue and was able to collate what was known and develop a coordinated approach.

A pilot program in nine NSW local councils began during the year to evaluate innovative OHS approaches linked to the industry teams concept. Called the Team Merlin project, it involves councils volunteering to sign an

agreement to work closely with WorkCover over 12 to 18 months on the design, development and implementation of occupational health and safety and injury management systems. Councils nominated a 'champion' as the driver within the organisation, but with CEO authorisation and support. The first and second round of desktop audits has been completed and monitoring and feedback sessions conducted with council 'champions'.

Case study

Sydney's storm damage raises safety concerns

In April 1999, Sydney experienced a hailstorm recognised as the most costly natural disaster of its kind in NSW history. The response by WorkCover to this event was co-ordinated by the Construction Industry Team.

WorkCover received more than 700 phone calls in the first week. Callers were concerned about health and safety and workers compensation issues, particularly working with asbestos and working on roofs.

The Construction Industry Team's management immediately developed a contingency plan to deal with issues for the hail-damaged area. The team's primary aims included:

1. Preventing accidents from occurring during the building repairs and clean up.
2. Providing sound practical advice to the State Emergency bodies in respect to the safety of persons conducting initial emergency repairs.
3. Securing the safety of contract labour, ie, preventing exposure to falls from heights,

friable asbestos, and electrical hazards.

4. Securing the safety of members of the public who may have been placed at risk from repair work.
5. Ensuring appropriate workers compensation coverage.

Early communication channels were established with those involved in the clean up and repairs. This was to ensure a clear understanding of the role of WorkCover and a common understanding of the associated occupational health and safety and workers compensation issues. As a result, the Construction Industry Team developed a two-page guideline covering particular hazards involved in the rebuilding process.

The Construction Industry Team formed a taskforce of up to 20 field Inspectors who carried out compliance inspections for a month. The team then maintained a presence in the area, conducting inspections. Follow-up compliance inspections are being conducted to ensure that the legislative provisions are being followed.

Systematic management of OHS

Another key initiative for the year was the development of a model for the systematic management of occupational health and safety. Many of the key recommendations of the Workplace Safety Inquiry Report related to the promotion of the positive role OHS management systems can play in improving OHS performance.

The Occupational Health and Safety Division is trialling a management tool to assist all industry sectors to implement a systematic approach to managing OHS and has particular relevance to small business. The tool aims to assist an organisation to develop and implement fundamentals such as a commitment from management to improved OHS, a risk management approach in managing OHS and a consultative method of developing and implementing its approach.

Year 2000 Best Practice Committee

The Committee was established in late 1997 and is comprised of eminent people with OHS expertise. Its role is to advise WorkCover on reform strategies and best practice initiatives to be undertaken in partnership with industry to improve OHS performance, initially in the construction and hospitality industries.

Memoranda of Understanding were signed in October 1998 by the NSW Government and construction and hospitality industry leaders. The documents were signed by the Attorney General and Minister for Industrial Relations, Jeff Shaw QC MLC, and the then Minister for

Public Works and Services, Ron Dyer, for the Government.

The memoranda are of enormous significance in terms of their potential to change the safety culture of these two industries and lead to very practical tools for the improvement of the management of occupational health and safety.

The construction industry memorandum brings together 17 companies which collectively account for well in excess of \$4 billion a year of activity in the State. Nine companies employing approximately 12,000 people signed the hospitality industry memorandum.

Employer groups and trade unions welcomed the initiative and declared a commitment to work with the Government to improve work safety performance. With their support, the memoranda have the potential to improve OHS management throughout their industries.

Awareness campaign

In August 1998, WorkCover launched its largest ever public awareness advertising campaign on injury prevention. The prime objective was to raise the profile of work safety in the minds of employees and employers and reinforce it as a serious issue.

The campaign ran until June 1999 and used television, radio, outdoor billboards and print media. It emphasised that more people are killed in the workplace than die on the roads to





scope and highlighted the problem to the target audience.

The advertisements featured individuals saying goodbye to their loved ones as they departed for their work with the question being raised, 'Will they return home safely from their workplace?'

The campaign was further developed to add the message that safety is everyone's responsibility, through a fresh set of advertisements featuring a number of occupations and individuals taking personal responsibility for workplace safety.

All advertisements carried the line, 'OK NSW, let's get serious about work safety' and featured a telephone hotline number for additional information.

Each campaign stage generated nearly one thousand hotline enquiries. Each caller was supplied with an information kit. Tracing research of 13 risk industry sectors revealed a significant improvement in the level of concern about workplace safety.

Information centre

The WorkCover Information Centre includes a statewide toll-free telephone hotline for information about all aspects of workers compensation, injury management and occupational health and safety. It also provides information over-the-counter and, increasingly, via the Internet.

The centre was established in April 1996. Since this time it has received 373,000 calls – in 1998/1999 the centre received 125,000 calls. On average the number of calls received has increased by 5.5% each year since opening.

About 50% of calls are from employees, 25% from employers, and the rest of the callers include solicitors, doctors, rehabilitation providers and members of the public.

Key innovations introduced in 1998/1999 have improved service delivery:

- A system was introduced to redirect certain calls (eg. direct orders of publications) before they reach the centre.
- The centre handles 70% of calls. Complex technical questions or matters requiring investigation are transferred to identified experts and duty inspectors.
- Information officers are now supported by a database of 2,000 questions and answers.
- An increasing number of enquiries are received through WorkCover's web site. In March 1998 ten frequently asked questions and answers about workers compensation and injury management were put onto the web site. An additional 50 questions were developed and added in July 1999. The centre is currently developing a set of OHS questions and answers for the web site.

- A recent audit of the centre found a high level of satisfaction from key internal and external clients. A system of regular external customer feedback will be developed next year.
- The centre has received approximately 2000 calls as a result of the OHS awareness campaign which commenced in August 1998.
- The centre's database will soon be enhanced to capture data about the industry which is the subject of the call. This will provide valuable data for the Industry Teams and Industry Reference Groups.

The centre also commenced planning to take up distribution of publications which will integrate its advisory services to create a 'one stop shop' for clients.

Incidence of work related injury and illness

In 1997/98, new major claims declined by 2.5% from the previous financial year to 58,604 (These are claims for which the result of injury was death, permanent disability or temporary disability where five days or more were paid for total incapacity).

Incidence of employment injuries was 25.2 per 1,000 workers exposed to risk, a 3.8% decline in incidence from the previous year.

Deafness claims decreased from 5,979 in 1996/97 to 4,824 in 1997/98, a substantial decline from the peak of 10,684 cases in 1995/96. Much of this fall resulted from Workers Compensation Act amendments restricting deafness claims to a minimum of 6% hearing loss for claims made on or after 10 November 1995.

The number of mental disorder cases (which includes stress related conditions) increased from 1,587 cases in 1996/97 to 1,908 cases in 1997/98, a growth of 20%. The rise of mental disorders was particularly high in the health and community services sector where the increase was approximately 62%.

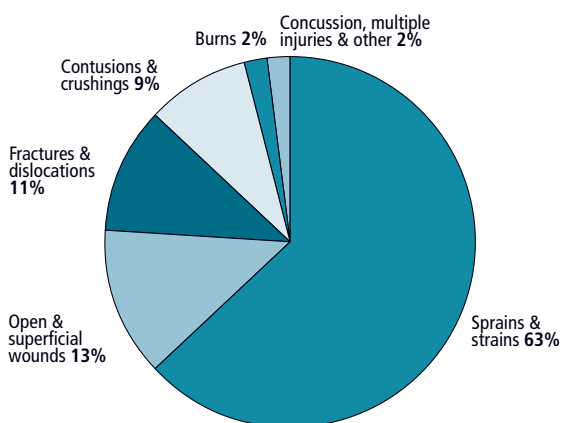
Workplace back injuries accounted for 13,268 or 30.2% of all workplace injuries, a 3.3% decline from the previous year. Incidence figures over the past seven years have been stable but the cost of claims almost doubled in the same period.

INDUSTRY INCIDENCE RATE (EMPLOYMENT INJURIES)

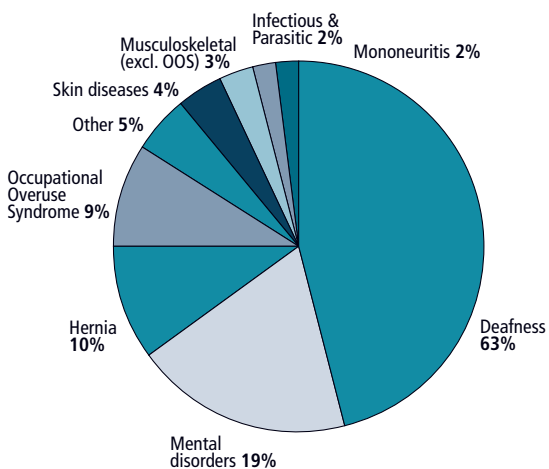
Industry 96/97 (a)	Year 97/98	Year
Agriculture, forestry and fishing	52.8	43.5
Mining	60.7	64.4
Manufacturing	37.2	37.4
Electricity, gas and water supply	29.9	31.1
Construction	47.1	50.3
Wholesale trade	17.8	18.3
Retail trade	17.2	17.5
Accommodation, cafes & restaurants	25.7	22.8
Transport and storage	47.1	43.4
Communication services	5.5	31.2
Finance and insurance	8.5	8.4
Property and business services	14.7	13.5
Government administration & education	21.0	14.8
Health and community services	26.0	24.5
Cultural and recreational services	22.0	22.3
Personal and other services	23.4	28.8
All industry divisions	26.2	25.2

Incidence data is based on final denominator data

INJURY TYPES (WORKPLACE INJURIES) 1997/98



OCCUPATIONAL DISEASES 1997/98



Industry training activities

WorkCover is adopting a strategic approach to OHS education to increase the emphasis on training industry trainers and providing educational resources to maximise the amount of training that can be delivered.

In 1998/99, WorkCover accredited 1921 trainers and 29,758 industry certificates were issued by external trainers through WorkCover. Information resource kits were also developed

during the year for the construction and hospitality industries.

WorkCover is also active in schools and TAFEs to reach young people with health and safety messages before they enter the workforce. A joint project with the National Children's and Youth Law Centre addresses workplace bullying, which is a particular issue for young trainees and apprentices in blue-collar trades.

WorkCover OHS education officers are represented on the major industry training advisory boards to ensure industry based training programs include effective workplace health and safety components.

New regulations and a Code of Practice on induction training in the construction industry were introduced during the year. Since the commencement of the Construction Safety Amendment (Amenities and Training) Regulation 1998 and the Code of Practice on OHS Induction Training for Construction Work in April 1999, WorkCover has accredited some 100 trainers to deliver construction induction training to industry.

The Regulation requires that employers ensure their employees are provided with three types of induction training, general induction; work activity induction; and site-specific induction training.

Grants scheme

The WorkCover NSW Injury Prevention, Education and Research Grants Scheme aims to promote change and improve practice in workplace health and safety, workplace injury management and workers compensation.

Four funding rounds have been completed since the scheme's inception in 1992. Priority areas for the fifth funding round in 1998/99 were to examine the barriers for small employers and injured NSW

workers; research issues related to livestock handling, specific Workplace Injury Management and Workers Compensation Act policy initiatives, and ethnic groups; assess the effectiveness of Workplace Injury Management and Workers Compensation Act policy initiatives; and identify and develop best practice options to maximise OHS compliance by clothing industry employers.

Funding under the Grants Scheme is competitive and merit-based with applications approved by the WorkCover Board of Directors.

Compliance and Prosecution

In 1998/99 WorkCover released a *Compliance and Prosecution Policy* which outlines WorkCover's hierarchical approach to compliance and enforcement.

PROHIBITION AND IMPROVEMENT NOTICES

Improvement notices require a particular hazard or potential risk to be rectified within a specified time. Prohibition notices are issued when an Inspector is of the opinion that a situation is of immediate risk to the health and safety of people in the vicinity.

Workcover issued 13,902 prohibition and improvement notices in 1998/99.

PENALTY NOTICES (ON THE SPOT FINES)

An Inspector may issue a penalty notice to highlight the importance of workplace health and safety. Examples of such situations include

working with live electricity when it can be avoided or when fire exits are blocked (from WorkCover's *Compliance and Prosecution Policy*).

WorkCover issued 2488 penalty notices in 1998/99.

PROSECUTIONS

WorkCover finalised 672 occupational health and safety prosecutions in 1998/99. Convictions were obtained in 95% of all court-determined cases and 650 summonses were laid. Court-imposed fines for safety breaches totalled \$2.97 million. Some examples are:

- A landmark penalty of \$200,000 was awarded against The Broken Hill Proprietary Company Limited after two employees were fatally injured when molten material exploded from the mouth of a furnace at its Port Waratah plant. A further \$10,000 was imposed for failure to report an earlier incident.
- Albury City Council was fined \$80,000 after a truck driver who was working at the back of his truck was fatally injured when crushed against the vehicle by a reversing caterpillar loader being driven by another employee.
- Commonwealth Steel Company Limited was fined \$125,000 after an employee died from burn injuries sustained when picked up by a large front-end loader and placed in a slag dump. The charges related to not providing adequate plant or safe pedestrian access where the vehicle was operating.
- Capral Aluminium Limited was fined \$150,000 for not providing adequate personal protective equipment to an employee who sustained serious burns when molten metal from a burst pot caused an explosion in a concrete floor.

INSURANCE & INJURY MANAGEMENT



*To establish and
maintain a workers
compensation insurance and
injury management framework*

CORPORATE OBJECTIVE 2: INSURANCE

To establish and maintain a workers compensation insurance and injury management framework which provides efficient, reliable and equitable insurance and injury management services to the system's clients: employers and workers.

CLIENT FOCUS

The main clients of the WorkCover Scheme are the workers and employers of NSW. New legislation, the Workplace Injury Management and Workers Compensation Act 1998, established an Advisory Council consisting of employer and worker representatives. The legislation also established Industry Reference Groups in February 1999.

The Advisory Council and the Industry Reference Groups are continuing to develop strategies to improve the injury management and insurance systems, and to provide information to employers and workers in meeting their obligations under these systems.

BUSINESS SYSTEMS

The Division monitors several major business systems, including the performance of the Scheme, the performance of insurers in managing claims and underwriting, and the effectiveness of the injury management system.

The Scheme is evaluated through regular actuarial reports. Additionally, the performance of the 1998 reforms are closely evaluated to assess the extent of their effect on Scheme cost. These systems delivered regular and timely reports as required.

Insurer monitoring is conducted through regular field reviews and financial returns.

Insurer performance is measured against agreed benchmarks and linked to the insurer remuneration package. Of the seven measures, insurers achieved over 90% compliance in five measures and approximately 70% in the other two measures.

Monitoring of the injury management system is focused largely on implementation of the 1998 reforms. In addition to their effect on Scheme cost, the extent of the uptake of the reforms is monitored for quality and timeliness.

PEOPLE

A review of the Insurance Division was completed in January 1999. The review report recommended that the Division re-orient itself to being a more strategic and knowledge based organisation with a stronger focus on value adding and client service. The report's recommendations were accepted and their implementation will lead to the development of a comprehensive set of competencies for staff.



Performance of the WorkCover Scheme

The WorkCover Scheme has reported a surplus for the first time in five years.

A distinct movement to fewer, smaller claims in 1998/99 led to a \$38 million excess of income over expenditure in the WorkCover Scheme's statutory funds. This was a significant turnaround from the loss of \$886 million incurred during the previous year.

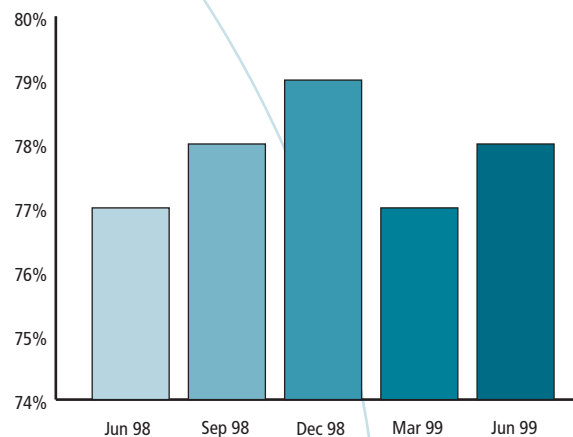
The turnaround indicated that the 1998 reforms to strengthen the Scheme's focus on injury management and return to work have begun to take effect. Lower numbers of new claims were reported and claims duration for active weekly compensation claims fell during the year.

Another significant contribution to improved claims experience was the implementation by licensed insurers of new, pro-active injury management provisions such as a comprehensive injury management program with individual plans for workers with significant injuries.

Private underwriting was scheduled to commence on 1 October 1999. The Government responded to concerns raised by the Workers Compensation Advisory Council and deferred commencement.

The Advisory Council had advised the Government that deferral of private underwriting will provide an opportunity for additional reforms to control compensation costs and give earlier measures such as the 1998 injury management reforms more time to take effect.

WORKCOVER SCHEME ASSETS AS A PROPORTION OF SCHEME LIABILITIES



The WorkCover Scheme assets as a proportion of scheme liabilities stood at 78% at 30 June 1999. This is an increase from 77% the previous year due mainly to an improvement in claims experience.

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:

1. the industry in which the employer operates;
2. the size of the employer's risk, reflected in their aggregate payroll; and
3. for medium and larger employers, an adjustment to reflect the employer's claims record relative to their industry average and which 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 1998/99, base premium rates were maintained at an average target level of 2.8% of wages.

Workers compensation claims payments

The rate of payment growth has slowed significantly in the past year.

Total payments for 1997/98 amounted to \$2,082 million, a 3.2% increase of \$64.8 million on the previous year. The increase was 2.2% when adjusted for the increase in average weekly earnings in NSW. This shows a reduction in the rate of payment growth, which rose by 24% in 1996/97.

The compensation payments include weekly benefits, lump sum payments and medical expenses, and non-compensation payments such as legal costs and investigation expenses.

The proportion of compensation payments was 74.5% and non-compensation 25.5%. Workplace injuries accounted for 76.9% of payments while occupational diseases accounted for 14.3%. The remaining 8.8% was due to non-workplace injuries. Occupational diseases accounted for marginally more of this year's total (up 4.3%) while the proportion of workplace injury payments had decreased (down 6.9%).

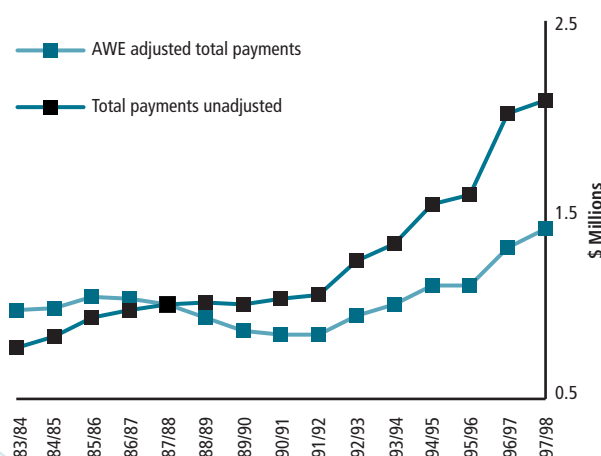
The largest components of both workplace injury payment and occupational disease payment were total incapacity (21% and 19.4% respectively), permanent injury (13% and 16.6%) and legal costs (11.4% and 14.2%).

BREAKDOWN OF PAYMENTS IN 1997/98

Type of payment	%
Medical treatment and ambulance services	8.8
Hospital treatment	2.9
Rehabilitation treatment	2.6
Physiotherapy, chiropractic treatment, and damaged artificial limbs and clothing	3.4
Death payments	1.0
Permanent injury	13.3
Pain and suffering	5.3
Commutations (Redemptions)	6.3
Partial incapacity (S.38 and S40) (Weekly benefit)	9.8
Total incapacity (Weekly benefit)	21.1
Damages and common law	8.6
Investigation expenses, and transport and maintenance	5.1
Legal costs	11.7
Total	100.0

Overall long term trends show a steady rise since 1983 with major increases in the mid-1990s. An encouraging trend has been the levelling out of increases in the late 1990s.

TOTAL PAYMENTS, 1983/84–1997/98



Statutory funds

Statutory funds invested totalled \$5,436 million at 30 June 1999. The relative proportions of liquids/fixed interest and equities/property trusts in the portfolio, indicating the broad risk profile of the fund, stood at 67.9% and 32.1% respectively at 30 June 1999.

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.

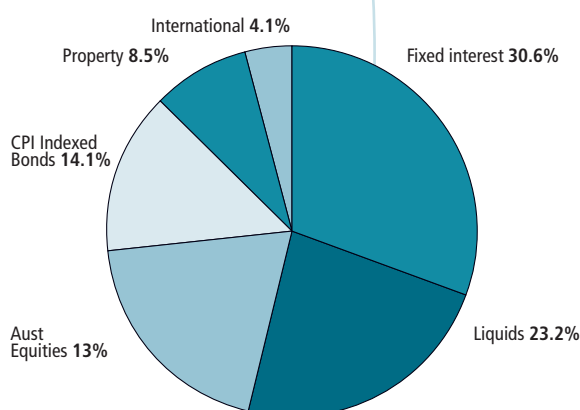
After a comprehensive review of investment monitoring options, WorkCover adopted the recommendation of its investment consultant, Towers Perrin, to appoint a master custodian for the statutory funds. A public tender was held and AMP Investment Administration Pty Limited (AMPIA) was appointed as master custodian in April 1999.

The transition of WorkCover's inhouse monitoring system and transfer of some \$5.5 billion of investment holdings from insurers to AMPIA was completed in June 1999.

The new master custodian arrangements provide enhanced capacity to measure and monitor insurer investment performance, more effective monitoring of insurer compliance with investment mandate, improved quality and timeliness of reporting and information and improved risk management of scheme investments.

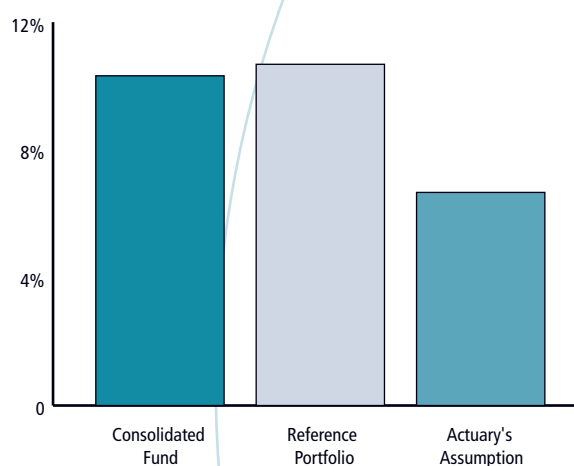
Licensed insurers' investment managers continue to be responsible for investment decisions relating to the statutory fund investments.

STATUTORY FUND ASSET ALLOCATION AS AT 30 JUNE 1999



Licensed insurers' return on investments compared to agreed benchmarks

RETURN ON INVESTMENT ANALYSIS FOR FIVE YEARS (1/7/94 – 30/6/99)



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 consolidated fund returned 10.32 % annually for five years as compared to the reference portfolio of 10.68 %. The statutory fund outperformed the actuarial assumption of 6.67 %.

Overall, the statutory fund investment performance is considered satisfactory with

the investment return comparable to the reference portfolio benchmark and outperforming the actuary's assumption.

Licensing of insurers

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

MARKET SHARE OF LICENSED INSURERS IN NSW 1998/99

Insurer	Insurer's % of 1998/99 policies	Insurer's % of 1998/99 premium
AMP	6.81	4.08
CGU	12.55	6.02
EMI	3.30	4.36
FAI	5.13	5.53
GIO	24.44	17.75
HIH	2.41	10.92
MERCANTILE MUTUAL	7.66	4.87
MMI	19.26	28.81
QBE	13.06	9.73
SUN ALLIANCE & ROYAL INSURANCE	1.17	3.19
ZURICH	4.22	4.72

Self-Insurance

A review of licensing policy for self-insurers has been going on for some time. The review recognises that there is an increased interest in the wider use of self-insurance consistent with the findings and recommendations of reports prepared by the heads of workers compensation authorities and the Grellman Inquiry into workers compensation. WorkCover remains mindful that the interests of workers are to be protected. The review of licensing policy is expected to be finalised during 1999/2000.

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 WorkCover. WorkCover reviews these deposits and guarantees annually to ensure that they are sufficient to cover outstanding claims. At 30 June 1999, WorkCover held \$51.9 million in security deposits and \$547.0 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 claims management, correct rating of employers' business and effective debt collection.

A new area of review was introduced for injury management following the 1998 legislature reform to promote proactive management of injury.

Total outstanding debt as a proportion of premiums has shown continuing improvement and is well within the 2.8% benchmark for 1998/99. Monitoring of performance in debt collection and credit control is one aspect of WorkCover's field reviews.

WorkCover introduced a new remuneration package on 1 July 1998 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 208 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 366 claims were received.

Claims staff liaise with the administration officers of each organisation to ensure overall client satisfaction.

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

EMERGENCY AND RESCUE WORKERS COMPENSATION FUND

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

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

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 390 claims under the ULIS Scheme in 1998/99, a decrease of 17.2% over 1997/98.

The total liability for all claims under the Scheme was \$91.9 million at 30 June 1999. Approximately \$1.74 million was recovered during the year from uninsured employers, an increase of 150% over the previous financial year.

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

Compliance and Prosecutions

Insurance Division, as part of its restructure, is establishing a new Compliance Improvement Branch with an additional ten staff. This is intended to enhance WorkCover's capacity to secure compliance within the workers compensation system. The Branch is developing a strategic approach designed to target systemic non-compliance on non-insurance and, underinsurance obligations, as well as fraud.

This approach will be based on data-analysis and data matching of the workers compensation database with other data sources. Underpinning WorkCover's approach is to promote compliance through deterrence and education, however, prosecution action remains an appropriate response where compliance is not achieved.

Prosecutions

The making of a false claim has always been an offence under workers compensation legislation. In the 1998/9 financial year seven individuals/companies were successfully prosecuted for a total of 34 fraud offences. Penalties ranged from a fine of \$400 against a worker for making a false statement in relation to a workers compensation claim to \$4,000 against an employer for failing to forward workers compensation benefits to an injured employee.

Amendments to the legislation in February 1998 provided stringent measures to

discourage fraudulent workers compensation claims. Prosecutions were not undertaken during this period under the amendments. The amendments provide for a wider range of penalties including community service obligations.

Injury management

The general provisions of the Workplace Injury Management and Workers Compensation Act 1998 came into effect on 1 August 1998 with the injury management provisions of the Act taking effect on 1 September 1998.

The changes were immense and WorkCover undertook a significant information and education program with representatives of workers, employers, injury management specialists and insurers.

All insurers are required to prepare an injury management program detailing how they would assist employers to improve injury prevention and management at their workplaces and how they would facilitate the management of claims and provision of treatment to injured workers.

The Act changed how injured workers were to be treated in several significant ways. For the first time, employers must report all injuries to their insurers. In developing an injury management plan for an injured worker, insurers can approve the payment of treatment expenses without waiting to determine liability. Employers are required to make suitable employment available to injured workers, whenever practicable.

Workers also have obligations placed on them to report injuries and to co-operate in the development of an injury management plan and in returning to their pre-injury employer as soon as possible. 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.

While all of the changes are yet to be fully implemented, there are positive signs that Scheme costs are reducing and the significant parties in the treatment and return to work management of injured workers are beginning to comprehend the extent to which they need to change their response to work related injuries.

Injury Management Education Program

The Workplace Injury Management and Workers Compensation Act came into effect in NSW on 1 August 1998. This new Act evolved from the 1987 Act and includes many revisions and updates such as a series of new responsibilities and obligations for employers, workers, insurers, doctors and other affiliated groups.

WorkCover believed that the changes needed to be communicated to directly affected groups and individuals. A comprehensive statewide marketing strategy identified key stakeholders and planned a timely and cost effective program of activities: public awareness seminars, media targeting, letters, mailouts, posters and brochures.

The program outcomes were:

- 295,000 NSW employers received detailed information kits with a letter from the Minister, poster, brochure, reply-paid card, fact sheet, seminar schedule and corporate brochure
- 42,000 accountants received a letter from the Minister plus a reply-paid card requesting more information
- All NSW insurers and self-insurers received information through direct mail
- All NSW doctors received a letter from the Minister plus information included with the new claims forms
- Workers, unionists and other rehabilitation providers received information through metropolitan and regional newspaper advertising and a 1800 telephone number
- Information kits were sent to all major media
- 3,500 people attended a series of statewide awareness seminars in all metropolitan and major regional areas.

Evaluation sheets from the public seminars indicated huge support for the program and thousands of information kits were mailed out in response to the reply-paid cards.

Information centre

As part of the development of integrated services within WorkCover, calls about all aspects of workers compensation insurance and injury management are handled by WorkCover Information Centre.

CORPORATE GOVERNANCE



*For WorkCover to achieve
organisational excellence by
co-ordinating the administration
of OHS, rehabilitation and
workers compensation*

CORPORATE OBJECTIVE 3: CORPORATE GOVERNANCE

To achieve organisational excellence by co-ordinating the administration of Occupational Health and Safety (OHS), rehabilitation and workers compensation and by facilitating excellence in WorkCover staff, management, operations and systems. This is to be measured through internal and/or external assessment.

Client Focus

WorkCover has internal and external clients together with relationships with the Board, Advisory Council, OHS Council and Industry Reference Groups.

These relationships must be based on an organisational culture that is responsive to achieving outcomes which are valued by the client.

In 1998/99 there has been a high level of client involvement in the design of projects, systems and allocation of resources.

External parties have been involved in the development of WorkCover's advertising programs, IT data systems development and legislation programs.

Internally, strong working relationships have been fostered between the three Divisions to ensure operational initiatives are comprehensive and well supported to provide services to clients. Client/provider relationships have been encouraged and the development of 'business cases' to support major expenditure is an evolving part of the organisation's culture.

Business Systems

In 1998/99 WorkCover introduced major changes across its business systems.

All areas of major expenditure or resource allocation are now controlled by Steering Committees which require both a business case from the relevant business unit and a professional solution from the specialist area. The Committees include external expertise where appropriate.

All service units now have formal client/provider relationships to ensure projects are signed off by Divisional Managers to ensure appropriate allocation of resources.

Service delivery activities have been rebuilt from 'ad hoc' to business systems with management structures.

People

Recruitment, promotional and staff development activities across the organisation have been redesigned around identified competencies.

Staff resourcing is now being co-ordinated into a business system which will result in improved responsiveness to business needs in a changing service delivery and public sector environment.

WorkCover is undertaking an extensive review of both the business risks and social issues associated with the relocation of half its staff establishment to Gosford.

Resource Management

WorkCover has adopted a proactive approach to the public service corporate services reform program.

The Executive and Board are working closely to maintain budget discipline as a mechanism for reconsideration of resource allocation.

The organisation has rebuilt its information technology infrastructure and has commenced an E-commerce program which is facilitating a transfer of staff resources from transactional activities to higher value services.

A range of resources including fleet, mobile communication and office accommodation, has been reviewed and systems are being developed to improve management reporting systems in these areas.

The overall objective of these individual programs is to improve the percentage of budget which is directly linked to corporate outcomes.

Information Management Projects

Internal client forums were established and new procedures (including joint steering committees) were implemented to ensure that systems delivery aligned with business needs.

A major study into information management within WorkCover, starting with radical records management rationalisation, E-business and operational support business systems, has been initiated.

A new computing infrastructure was implemented throughout WorkCover. This infrastructure is state of the art and enables WorkCover to take advantage of technology to service our customers more effectively through our field-based staff and via the Internet.

Major projects have been initiated or completed in the areas of:

- OHS operational support – to provide additional decision support information and will rationalise and integrate 40 existing systems
- IT security thus reducing WorkCover's exposure to unauthorised access to data
- E-business – to streamline and automate internal work flow and our customer interaction
- Internet redesign and development to provide a solid infrastructure to support electronic transactions with WorkCover
- Rationalisation of a plethora of small systems onto a standard operating environment
- The establishment of a solid technical infrastructure to support collaborative work practice, true mobile computing and E-business
- Y2K inventory, rectification and contingency planning
- Workers compensation major system review
- Records management and electronic document management.

Employment relations

Industrial relations in WorkCover has continued to be characterised by a good working relationship with staff, union and central

agencies. This year there have been negotiations with the NSW Nurses Association and the Australian Salaried Medical Officers' Federation (NSW) resulting in two awards covering occupational health nurses and medical specialists.

Other significant accomplishments include the development and Executive endorsement of Violence and Aggression in the Workplace – Policy, Guidelines and Procedures.

Active consultation on major issues, including WorkCover's restructure program and the relocation of WorkCover's head office to Gosford, have characterised the work program of the Joint Consultative Committee.

EEO

The total number of staff in WorkCover decreased from 853 to 834 during the year. Staff numbers will not stabilise until organisational restructuring is completed during 1999/2000. The proportion of women employed remained the same as last year (44%). Of these, the highest proportion were employed at the salary level of \$47,867 - \$61,899 (34%), a significant increase on the previous year when the highest proportion of women (32%) was in the \$30,655 - \$34,269 range. While this increase is due in part to award salary increases, it also reflects an increasing number of women being promoted to middle management positions.

The number of women paid more than \$77,374 a year, and not in the SES, decreased from three to two. The same number of women were in the SES and paid more than \$77,374 (SES) as the previous year – six or

60%. Organisational restructuring will increase the numbers in this group during 1999/2000.

The proportion of people from racial, ethnic or ethno-religious minority groups was 20% (168). From this group, 79% (133) were people whose first language is not English.

The proportion of people with a disability was 7.8% (65), down from 75 the previous year. Of those with a disability, 30.8% (20) were people with a disability requiring workplace adjustment at work.

ATSI employment

The total number of Aboriginal and Torres Strait Islander staff decreased from 16 to eight during the year with two permanent staff resigning and six trainees completing their 12 month traineeships. The proportion of staff identified as Aboriginal and Torres Strait Islander staff during the year was 1%. The offer of new traineeships was affected by restructuring activities throughout the organisation in 1998/99.

Disability strategic plan

WorkCover's disability strategic plan covers five years (1995-2000) and aims to improve:

- access for clients with disabilities to services and facilities provided or funded by WorkCover;
- employment and career development opportunities for people with disabilities; and
- the quality of disability-specific services provided to workers with disabilities, their families and carers.

ACCESS

WorkCover reviews its premises on an ongoing basis to ensure physical access for people with disabilities in accordance with the Building Code of Australia and Australian Standard 1428. Physical access for people with disabilities is a priority issue in the development of plans for the relocation of WorkCover to Gosford by 2002.

All WorkCover mainstream courses contain modules which aim to improve the awareness of staff and managers of their responsibilities in relation to people with disabilities.

EMPLOYMENT

The proportion of people with a disability was 7.8% (65). There were two people with a disability requiring workplace adjustment.

WorkCover also recognised the needs of people with a disability when the designs of the WorkCover corporate uniform were being developed. Working with the clothing designer and maker, WorkCover ensured that no staff member was precluded from purchasing the uniform because of size or physical disability. Clothing styles were modified to accommodate special needs.

Employment of people with disabilities was identified as a major issue for WorkCover's relocation to Gosford.

DISABILITY SPECIFIC SERVICES

WorkCover has been measuring the performance of rehabilitation providers. 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.

Training and development

Educational programs during 1998/99 were designed to support key corporate objectives and competencies addressed a wide range of organisational requirements such as customer service, presentation skills, workplace training, advanced facilitation skills, the capacity to influence change and job seeking skills.

Corporate priority programs conducted during the year included performance development, managing unsatisfactory performance, staff selection techniques, and personal safety strategies against violence and aggression in the workplace.

In 1998/99, 72% of staff participated in formal organisational education programs and 6% of staff were granted study time for undergraduate, postgraduate courses and technical skills training.

WorkCover's ongoing commitment to the enhancement of its staff expertise is demonstrated by the Financial Study Assistance program. During 1998/ 99, 7% of staff received reimbursements or payments totalling \$34,249 for university and certified study.

Intensive training programs to coincide with the introduction of new desktop technology were undertaken during the year. Plans have been developed for organisational education and development systems in 1999/2000 which provide flexible and quality learning for staff.

These are directly related to the competencies identified during the organisational restructuring.

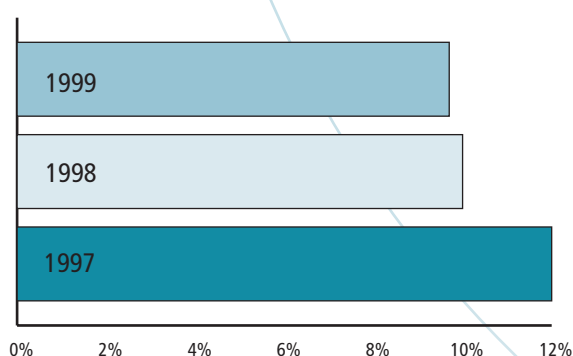
Employee assistance program

The WorkCover Employee Assistance Program aims to provide assistance to all employees and their family members who may have personal problems that may be disrupting their work lives. Professional counselling sessions are offered to staff at no cost and are available in a range of locations throughout New South Wales.

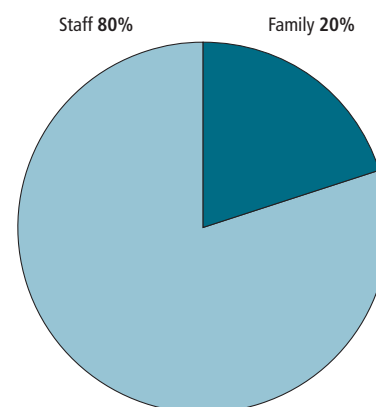
Data available to WorkCover indicates that WorkCover employees have a high level of awareness of the Employee Assistance Program.

Staff and their family members are advised of the program through WorkCover's Employee Assistance Program through the induction and orientation process and by regular advice on the internet.

STAFF USAGE



USAGE BETWEEN STAFF & FAMILY MEMBERS



Staff profile

The total number of full time and part time permanent and temporary staff at 30 June 1999 was 775 (expressed as full time equivalent positions). This compares with total staff of 777 in the previous year, and 826 in 1997. A detailed staff profile is included as Appendix 2.

Internal OHS

Sixty-nine workers compensation claims were lodged during 1998/99. This was a 6% increase on the sixty-five claims lodged in the previous year.

Of the claims lodged, four were journey or recess claims occurring outside of the workplace, twelve were for psychological injury; eight were for being hit by an object; two were for industrial deafness; twenty-four were for body stressing; two were contact with chemicals; eleven were for falls; five were unspecified mechanisms and one was for multiple mechanisms.

During the reporting year, WorkCover commenced the OHS Reform Project aimed at improving OHS and Injury Management performance.

The project specifically focused on the systematic processes for incident prevention, incident minimisation, post incident management and continuous improvement through ongoing evaluation and monitoring. An audit of current OHS processes was completed and a Three Year OHS Improvement Plan was developed and implemented.

INTERNAL AUDIT

The Internal Audit Bureau was appointed in July 1998 to undertake WorkCover's three year internal audit program.

A Board Audit Committee continued to meet regularly through the year to examine audit findings and recommendations. The internal audit function reports to the General Manager and the Audit Committee.

INTERNAL AUDITS UNDERTAKEN DURING 1998/99

- Lifts and Pest Control Licensing
- Investment performance, WorkCover Scheme & WorkCover Authority
- Property, Fleet and Records Management
- Travel, Entertainment and Credit Cards
- Certification Standards Unit Review
- TestSafe Australia Internal Control Review
- IT Risk Assessment and Control Review
- Accounts Payable & Accounts Receivable

INTERNAL AUDITS PLANNED FOR 1999/00

- Information Centre
- Asset Control
- Research Grants Scheme
- Industrial Equipment Licensing
- Insurers/Self-Insurers Licensing
- Prosecutions Procedures
- Payroll
- Purchasing, Tendering and Contracting
- Financial Systems
- OHS Education and Training
- Legal Aid
- Safety Awareness Campaign
- Year 2000 compliance
- Information Security

WorkCover has actively involved audit expertise on a proactive basis in a variety of projects where probity and risk management are key considerations and an independent perspective is considered to add value to the process.

Y2K compliance

In keeping with Government policy and work programs, WorkCover has undertaken an extensive review and rectification process relating to Year 2000 compliance. Legal or contractual exposures have been identified and appropriate actions taken.

WorkCover is confident that it will not be adversely impacted due to any exposure created by Year 2000 problems.

Transport

WorkCover's fleet of motor vehicles was reduced from 345 in December 1998 to 273 in June 1999 as part of a rationalisation program.

WorkCover will continue to manage the fleet to lessen the impact of the Goods and Services Tax on lease costs and minimise Fringe Benefits Tax liability. StateFleet Services is used as a third party service provider for vehicle leasing and disposal and for recording of fuel and running costs.

A project to rationalise and improve mobile communications was commenced.

Relocation to Gosford

In February 1999, the Premier announced that WorkCover's head office would relocate to Gosford. It is scheduled at the end of the current office lease in January 2002.

Expressions of interest for the provision of accommodation were called by the Department of Public Works and Services which will issue a detailed specification to the shortlisted providers. Services in the Sydney CBD will still be required and sites were identified to accommodate the litigation staff, the Board, the Advisory Council, the OHS Council and advisory groups together with WorkCover staff with 'ad hoc' obligations in Sydney.

The relocation will not affect the provision of direct service to the public from regional and district offices.

Funding

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

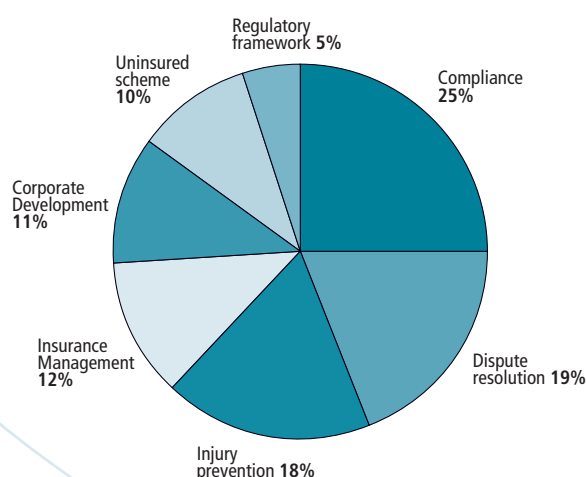
- payments under the Uninsured Liability and Indemnity Scheme (ULIS) which initially meets the cost of workers compensation claims not paid by uninsured employers, and
- payments for the operation of the Compensation Court of NSW and the Workers Compensation Resolution Service.

The rate of contribution by licensed insurers and self-insurers was set at 4.7% of premiums for 1998/99 which was the same in 1997/98. This stability has imposed upon the organisation a discipline in resource allocation and encouraged the use of technology to improve overall productivity.

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

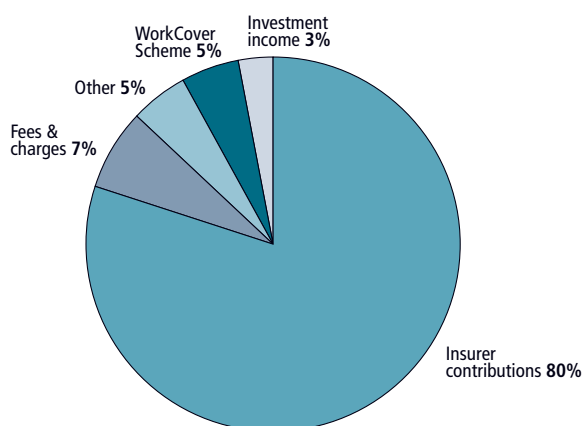
OPERATING ACTIVITIES 1998/99

Total: \$153.1 million in expenditure



FUNDING 1998/99

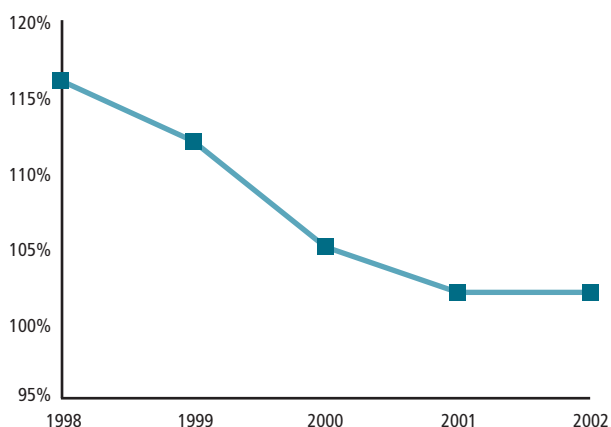
Total \$152.7 million in income



Long term solvency, WorkCover NSW

Liability coverage is a measure of WorkCover's long term solvency. It is based on the availability of sufficient redeemable investments and other selected assets to meet outstanding compensation claims and employee related liabilities.

LIABILITY COVERAGE



The 1999 liability coverage of 112% is planned to reduce to 102% in later years which is a satisfactory variance to the target of 100%.

Operating performance

The operating result (after abnormal items) for 1998-99 of a \$0.4 million deficit was \$12 million higher than the expected deficit of \$12.4 million.

- **Total operating income** was \$6.1 million (4%) higher than budget following higher insurer contributions (\$4.8 million) and prosecution recoveries (\$2.1 million).
- **WorkCover operations** expenditure was \$1.2 million (1%) lower than budget due principally to savings in Salaries and Superannuation (\$2.5 million) as a result of lower than anticipated staff numbers. These savings have been partially offset by over budget expenditure in agency staff (\$0.7 million) and motor vehicle expenses (\$0.6 million) through higher lease fees.
- **WorkCover scheme** total expenditure was \$10.1 million (18%) below budget. Under-expenditure (\$1.2 million) has occurred from a downward revision of the liability for outstanding ULIS claims by the consulting actuaries. Advances to the Compensation Court were \$4.4 million lower than budgeted as was the Workers Compensation Resolution Service at \$3.5 million.
- **Voluntary redundancy** expenditure was \$5.4 million higher than budgeted. The voluntary redundancy was part of WorkCover's major program of organisational redesign and restructure. The program was principally designed to implement efficiencies contained in the Government's corporate services reforms and improve the delivery of OHS, workers compensation and injury management field compliance activities.

OPERATING PERFORMANCE

for the year ended 30 June 1999

	Actual 1998/99 \$m	Budget 1998/99 \$m	Variance \$m	%
INCOME				
Contributions (Levy)	122.8	118.0	4.8	4
Other Income	29.9	28.6	1.3	4
Total Income	152.7	146.6	6.1	4
LESS: EXPENDITURE				
WorkCover Operations	99.5	100.6	1.2	1
WorkCover Scheme	45.2	55.4	10.1	18
Total Operating Expenditure	144.7	156.0	11.3	7
OPERATING RESULT (Before Abnormal Item)	8.0	(9.4)	17.4	—
ABNORMAL ITEM (Voluntary Redundancies)	8.4	3.0	5.4	180
OPERATING RESULT (After Abnormal Item)	(0.4)	(12.4)	12.0	—

PAYMENT OF ACCOUNTS

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

1998/1999	September Quarter	December Quarter	March Quarter	June Quarter
Current	\$192,657	\$84,310	\$739,480	\$779,573
<30 days overdue	\$26,477	\$23,370	\$123,697	\$31,256
>30 & <60 days overdue	\$6,304	\$14,311	\$9,171	\$6,150
>60 days & <90 days	\$1,121	\$12,145	\$1,508	\$17,601
90 days & over	\$2,414	\$18	\$3,590	\$790
%paid on time	88%	92%	94%	90%
Total value of accounts paid on time	\$12,424,320	\$13,648,576	\$12,435,915	\$13,119,707

During the year, WorkCover paid \$55.2 million in accounts of which \$51.6 million or 93.5% of the invoices were paid within the vendors' terms. This performance compared favourably to a minimum performance requirement of 90%.

FINANCIALS

*Audited financial information
commences here*



FINANCIALS

FINANCIAL STATEMENTS

for the year ended 30 June 1999

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 1999 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 (General) Regulation 1995 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 Trowbridge Consulting.



JM Riordan
Chairperson

8 November 1999



JP Grayson
General Manager



BOX 18 GPO
SYDNEY NSW 1521

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

Gentlemen

I have audited the accounts of the WorkCover Authority of New South Wales for the year ended 30 June 1999. The Board of Directors of the Authority 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 the Board of Directors of the Authority based on my audit as required by sections 34 and 41C(1) of the *Public Finance and Audit Act 1983*.

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*;
- the *Public Authorities (Financial Arrangements) Act 1987*; and
- the Authority's policies and procedures in respect of grants made to entities external to the NSW public sector.

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 *Public Finance and Audit Act 1983*, Accounting Standards and other mandatory professional reporting requirements 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 income 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 income derived, in part from non-current assets, is similar to that of insurance entities which are obliged under Australian Accounting Standard AAS26 "Financial Reporting of General Insurance Activities" to include the income in net market value of assets as a component of income for the reporting period. This accounting policy is a departure from Australian Accounting Standard AAS10 "Accounting for the Revaluation of Non-Current Assets". The independent audit report on the financial report for the year ended 30 June 1998 was also qualified accordingly.

In accordance with the requirements of AAS10, as at 30 June 1999 the net income on revaluation of non-current assets amounting to \$4.6m (\$5.6m in 1997-98) should have been credited directly to an asset revaluation reserve. Had this been done, the operating surplus before exceptional items would decrease from \$9.3m (\$4.6m in 1997-98) to \$3.7m (deficit of \$1.4m in 1997-98). Net assets would remain the same under either Standard.

Qualified Audit Opinion

In my opinion, except for the effects of the matter referred to in the qualification paragraph, the financial report of the WorkCover Authority of New South Wales accords 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 1999 and the results of its operations and its cash flows for the year then ended.

R J Scott
Auditor-General

SYDNEY
13 November 1999

Workcover Authority of New South Wales

ACTUARIAL CERTIFICATE

Outstanding Claims Liabilities at 30 June 1999

TROWBRIDGE
CONSULTANTS

WORKCOVER AUTHORITY OF NSW

Actuarial Certificate Outstanding Claims Liabilities at 30 June 1999

Trowbridge Consulting has been requested by the WorkCover Authority of NSW to make estimates of the outstanding claims liabilities as at 30 June 1999 of:

- (1) the WorkCover Scheme Statutory Funds, and
- (2) the following provisions 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 Insurance National Employers' Mutual (NEM), Midcampus and AECM
 - Bank One Flighters Compensation Fund (BOWCF)
 - Emergency and Rescue Workers Compensation Fund (ERWCF).

Data

Data was provided to us by the Authority (the WorkCover Scheme Statutory Funds, ULIS, BOWCF 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 completeness and accuracy. 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 general estimates of the outstanding claims liabilities - this means that our assumptions have been intended 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 claims), and are net of expected recoveries. Our estimates include allowances for future claims handling expenses, although in the case of the Statutory Funds the allowance is only for the costs cover that might be incurred during run-off after the year 2000.

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

- claims handling expenses of \$150 million, which recognises the likelihood of additional claims handling expenses once the Scheme Statutory Funds have gone into run-off from 1 October 2000

 **TROWBRIDGE**



- an assumed debt provision of \$17 million, on the basis that the assumed provision from 1994/95 policies are unlikely to be sufficient to meet the cost associated with them.

We have allowed for the impact of the A/NZIS (A New Tax System) legislation, on the liability of all funds.

Valuation Example

The estimated liability for the WorkCover Scheme Summary Funds as at 30 June 1999, net of reserves, is \$4,708 million. This amount is made up as follows:

WorkCover Scheme Summary Funds	
	\$m
Gross Outstanding Claims	7,079
Less Anticipated Recoveries	(\$13)
Net Outstanding Claims	6,966

The WorkCover Authority has provided \$6,708 million to the Warranted Government of the WorkCover Scheme Summary Funds as at 30 June 1999 for the outstanding claims liability.

Our estimate of the other outstanding claims liabilities at 30 June 1999, net of recoveries, are as follows:

Autistic Funds	
	\$m
LEIS	95.4
NHS	788.7
Police/Police	4.1
AGG	3.2
SWCP	12.3
SWCP	6.2
	129.9

The WorkCover Authority has incorporated the outstanding claims liability of the above Funds in its Financial Statements as at 30 June 1999.

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 claims experience, whether these estimates be revised will be as expected.

Reports

Full details of data, method, assumptions and results for the WorkCover Scheme Summary Funds are set out in our report dated 8 October 1999 and for the other jurisdictions and funds in reports (one for each entity) dated either June or July 1999.

Valuation Standards

Our estimates and reports are prepared in accordance with the existing Australian Accounting Standards (AASB), and with the Institute of Actuaries of Australia's Professional Statement 500 which relates to estimation of outstanding claims liabilities.


Geoff Ashby

Date: 26 October 1999


David Kead

Date: 26 October 1999

Fellow of the Institute of Actuaries of Australia



INCOME & EXPENDITURE STATEMENT *for the year ended 30 June 1999*

	Note	1999 \$'000	1998 \$'000
INCOME			
Contributions	3	131,906	94,249
Fees and Charges	4	9,963	10,681
Investment Income	5	9,855	12,981
Other Income	6	27,039	38,943
Total Income		178,763	156,854
EXPENDITURE			
Workcover Authority Operations			
Salaries and employee payments	7	51,638	49,340
Superannuation		4,590	(2,200)
Office Accommodation	21(b)	10,029	9,842
Depreciation	2(b)	6,267	6,294
Other Operating Expenses	9	29,131	25,482
		101,655	88,758
WorkCover Scheme			
Compensation Court of NSW	24(a)	21,154	19,622
Workers Compensation Resolution Service	24(a)	7,743	2,274
Net Claims Incurred	10	38,209	39,691
Other		1,718	1,893
		68,824	63,480
Total Expenditure		170,479	152,238
Operating Surplus before Abnormal Item		8,284	4,616
Abnormal Item – Voluntary Redundancies	8	8,396	–
Operating Surplus (Deficit) after Abnormal Item		(112)	4,616
Accumulated Funds at the Beginning of the Financial Year		45,731	41,115
Accumulated Funds at the End of the Financial Year	2(g)	45,619	45,731

The accompanying notes form part of these financial statements

BALANCE SHEET

as at 30 June 1999

	Note	1999 \$'000	1998 \$'000
CURRENT ASSETS			
Cash	20	6,972	4,090
Receivables and Prepayments	11	36,132	83,782
Investments	12	40,369	79,323
Total Current Assets		83,473	167,195
NON-CURRENT ASSETS			
Receivables	11	40,999	34,448
Investments	12	172,630	159,284
Property, Plant and Equipment	14	21,160	24,888
Total Non-Current Assets		234,789	218,620
Total Assets		318,262	385,815
CURRENT LIABILITIES			
Creditors	16	9,586	7,529
Provisions	18	7,886	5,488
Outstanding Claims	17	28,049	114,339
Total Current Liabilities		45,521	127,356
NON-CURRENT LIABILITIES			
Creditors	16	9,654	7,793
Provisions	18	8,359	9,283
Outstanding Claims	17	201,436	188,773
Total Non-Current Liabilities		219,449	205,849
Total Liabilities		264,970	333,205
NET ASSETS		53,292	52,610
EQUITY EMPLOYED			
Asset Revaluation Reserve	15	7,673	6,879
Accumulated Funds	2(g)	45,619	45,731
		53,292	52,610

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

for the year ended 30 June 1999

	Note	1999 \$'000 Inflows (Outflows)	1998 \$'000 Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions		124,923	109,345
Investment Income		4,034	5,854
Recoveries		2,702	3,882
Transfer from Statutory Funds		4,632	8,176
Other Receipts		50,218	47,851
Salaries and Employee Payments		(51,206)	(51,306)
Office Accommodation		(9,947)	(9,868)
Compensation Court		(21,138)	(20,500)
Workers Compensation Resolution Service		(7,166)	(2,573)
Compensation Claims Paid		(26,237)	(38,610)
ICF Redemptions to Insurers		(70,226)	—
Other Payments		(29,152)	(25,900)
Net Cash Provided by (Used In) Operating Activities	19	(28,563)	26,351
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Non-Current Assets		(3,011)	(6,475)
Proceeds on Sale of Non-Current Assets		34	111
Purchase of Investments		(154,984)	(191,993)
Redemption of Investments		186,148	169,846
Net Cash Provided by (Used In) Investing Activities		28,187	(28,511)
Net Increase (Decrease) in Cash Held		(376)	(2,160)
Cash at the Beginning of the Financial Year		4,090	6,250
Cash at the End of the Financial Year	20	3,714	4,090

The accompanying notes form part of these financial statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 1999

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.

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.

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.

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS
for the year ended 30 June 1999**

Note 2(a) continued

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

(b) PROPERTY, PLANT 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 and Technical Equipment	14.3
Office Machines and Equipment	20.0
Motor Vehicles	22.5
Computer Software	25.0
Computer Hardware	33.3

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

(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 effective 1 July 2000. 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 2000 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 and motor vehicles 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 remained steady at \$45.6m (\$45.7m - 1998). 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

The Treasurer has granted WorkCover an extension of time to 30 September 1999, 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.

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS**
for the year ended 30 June 1999

Note 2 continued

**(i) CHANGES IN ACCOUNTING
POLICIES**

There were no changes in accounting policies during the year.

(j) YEAR 2000

WorkCover has established a programme to ensure that the impact of the transition to the year 2000 on the Authority and its clients is minimised by seeking to ensure that its significant/core computer hardware, software and systems are Year 2000 compliant.

WorkCover does not expect its activities to be significantly impacted by the date change.

Contributions from the WorkCover Scheme Statutory Funds were made to:

(a) meet the ongoing costs incurred by WorkCover in providing services unique to the management and administration of those funds; and

(b) to fund a WorkCover Grants Scheme to support and promote research into occupational health and safety, injury management and workers compensation related issues.

The contribution rate for the WorkCover Authority Fund in 1999 was 4.7% (4.7% - 1998) of insurers' premium income or self-insurers' deemed premiums.

**Note 3
Contributions**

Contributions to the various funds were:

	1999 \$'000	1998 \$'000
WorkCover Authority Fund		
• Insurers	122,844	105,900
• WorkCover Scheme Statutory Funds		
• Management and Administration Expenses (a)	6,012	5,014
• WorkCover Grants Scheme (b)	1,600	2,087
	130,456	113,001
Insurers' Contribution Fund	(230)	(9,636)
Insurers' Guarantee Fund	(5,776)	(19,447)
Bush Fire Fighters Compensation Fund	5,736	9,105
Emergency & Rescue Workers Compensation Fund	4,194	3,402
Failed Insurers' Funds	(2,474)	(2,176)
	131,906	94,249

**Note 4
Fees and Charges**

	1999 \$'000	1998 \$'000
Certificates of Competency	1,918	1,708
Lift Registration & Inspection	2,456	2,263
Testing & Boiler Inspection	1,279	2,554
Demolition & Pest Control Licences	893	438
Consultancy & Training	427	1,005
Sale of Publications	1,092	1,311
Other	1,898	1,402
	9,963	10,681

Note 5

Investment Income

	1999 \$'000	1998 \$'000
Interest on Call and Term Deposits	3,393	4,153
Movement in Market Values		
• Realised	789	1,368
• Unrealised	5,673	7,460
	9,855	12,981

Note 6

Other Income

	1999 \$'000	1998 \$'000
Fines & Professional Costs Recoveries	3,118	2,360
Legal Aid & Interpreter Scheme Recoveries	357	311
Motor Vehicle & Overtime Recoveries	683	594
Employer Insurance Recoveries	1,981	1,358
Liquidator's Distribution (IGF)	649	33,050
ICF Redemption	18,117	-
Other	2,134	1,270
	27,039	38,943

Note 7

Salaries and Employee Payments

	1999 \$'000	1998 \$'000
Salaries and Allowances	41,796	41,193
Long Service Leave	1,494	1,096
Annual Leave	2,843	2,524
Workers Compensation Insurance	938	501
Payroll Tax	3,359	2,987
Fringe Benefits Tax	1,071	847
Payments to Board Members	137	192
	51,638	49,340

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 OH&S, 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 1998/99 financial year voluntary redundancy was approved for 102 staff.

Note 9

Other Operating Expenses

WorkCover's other operating expenses of \$29.1m (\$25.5m - 1998) contain items of expenditure which are required to be disclosed by the Public Finance and Audit Act. Those items are:

	1999 \$'000	1998 \$'000
Consultancy Fees	1,247	1,624
Audit Fees		
External Audit - NSW Audit Office		
• WorkCover Authority	202	198
• WorkCover Scheme	18	26
Internal Audit - Internal Audit Bureau	137	68
Provision for Doubtful Debts	690	750

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS**
for the year ended 30 June 1999

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.

	Current Year \$'000	1999 Prior Year \$'000	Total \$'000	Current Year \$'000	1998 Prior Year \$'000	Total \$'000
DIRECT BUSINESS						
Gross claims incurred and related expenses – undiscounted	18,684	9,814	28,498	30,513	(85,525)	(55,012)
Reinsurance and other recoveries – undiscounted	(1,930)	18,440	16,510	(2,680)	8,215	5,535
Net claims incurred – undiscounted	16,754	28,254	45,008	27,833	(77,310)	(49,477)
Discount and discount movement – gross claims incurred	(6,961)	6,209	(752)	(8,516)	104,327	95,811
Discount and discount movement – reinsurance and other recoveries	634	(6,681)	(6,047)	879	(7,522)	(6,643)
Net discount movement	(6,327)	(472)	(6,799)	(7,637)	96,805	89,168
Net claims incurred	10,427	27,782	38,209	20,196	19,495	39,691

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

	Claims Paid \$'000	Movement in Claims Liabilities \$'000	Net Claims Incurred	
			1999 \$'000	1998 \$'000
WorkCover Authority Fund – Uninsured Liability & Indemnity Scheme	7,948	6,697	14,645	21,132
Insurers' Contribution Fund	–	–	–	(9,295)
Insurers' Guarantee Fund	11,028	3,102	14,130	16,707
Bush Fire Fighters Compensation Fund	1,950	3,626	5,576	8,980
Emergency & Rescue Workers Compensation Fund	2,662	1,382	4,044	3,287
Associated General Contractors Insurance Co Ltd Fund	(128)	95	(33)	16
Bishopsgate Insurance Australia Ltd Fund	40	(193)	(153)	(1,136)
	23,500	14,709	38,209	39,691

Agreement was reached with Insurers for their Insurers' Contribution Fund liabilities to be redeemed and the fund was liquidated in October 1998.

Note 11 Receivables and Prepayments

	1999 \$'000	1998 \$'000
CURRENT		
Debtors		
Receivables	25,117	71,212
Prepaid Superannuation (Note 18)	10,209	11,609
Other	879	134
	36,205	82,955
Less Provision for Doubtful Debts	(1,792)	(1,086)
Prepayments	1,719	1,913
	36,132	83,782
NON-CURRENT		
Receivables	40,999	34,448
	77,131	118,230

Receivables primarily comprise amounts receivable from licensed insurers being 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	
	1999 \$'000	1998 \$'000
NSW Treasury Corporation	33,417	46,027
Bankers Trust Aust. Ltd	58,664	70,282
AMP	25,730	26,029
UBS Brinson	58,498	57,405
Salomon Smith Barney	36,690	38,864
	212,999	238,607
Current	40,369	79,323
Non-Current	172,630	159,284
	212,999	238,607

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 1999

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.
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 595 days, and effective interest rates of 4.4% to 5.0% (1998: 4.72% to 6.08%).
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 1999 \$'000	Total carrying amount as per the 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	

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 1999 \$'000	Aggregate net fair value 1999 \$'000
FINANCIAL ASSETS		
Cash	6,972	6,972
Receivables	75,412	75,412
Investments	212,999	212,999
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 1999

Note 13 continued

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 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	1999 \$'000	1998 \$'000
Land and Buildings			
Freehold Land – at independent valuation 1998	(a)	3,350	3,350
Total Freehold Land		3,350	3,350
Buildings – At cost		154	—
– At independent valuation 1998	(a)	5,258	5,258
– Accumulated depreciation		(147)	(5)
Total Buildings		5,265	5,253
Leasehold Improvements – at cost		2,683	2,802
– Accumulated amortisation		(1,856)	(1,728)
Total Leasehold Improvements		827	1,074
Total Land & Buildings		9,442	9,677
Office Machines and Equipment			
– At cost		2,355	2,361
– Accumulated depreciation		(1,590)	(1,395)
Total Office Machines and Equipment		765	966
Motor Vehicles			
– At cost		245	204
– Accumulated depreciation		(120)	(53)
Total Motor Vehicles		125	151

	Note	1999 \$'000	1998 \$'000
Furniture and Fittings			
– At cost		121	109
– Accumulated depreciation		(25)	(12)
Total Furniture and Fittings		96	97
Computer Hardware and Software			
– At cost		5,976	17,444
– At valuation 1999	(b)	722	–
– Accumulated depreciation		(2,156)	(11,617)
Total Computer Hardware and Software		4,542	5,827
Computer Software Development			
– At cost		–	10,850
– At valuation 1999	(b)	3,537	–
– Accumulated depreciation		(5)	(5,704)
Total Computer Software Development		3,532	5,146
Scientific and Technical Equipment			
– At cost		201	–
– At independent valuation 1998	(a)	4,960	4,960
– Accumulated depreciation		(2,503)	(1,936)
Total Scientific and Technical Equipment		2,658	3,024
Total Property, Plant and Equipment		21,160	24,888

(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.

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS**
for the year ended 30 June 1999

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).

	1999 \$'000	1998 \$'000
Opening Balance	6,879	-
Revaluation Increments	794	6,879
Closing Balance	7,673	6,879

Note 16
Creditors

	1999 \$'000	1998 \$'000
CURRENT		
Bank Overdraft	3,258	-
Other Creditors	6,328	7,529
	9,586	7,529
NON-CURRENT		
Other Creditors	9,654	7,793
	19,240	15,322

Note 17
Outstanding Claims

	1999 \$'000	1998 \$'000
Expected Future Claims Payments	370,205	431,704
Discount to Present Value	(140,720)	(128,592)
Liability for Outstanding Claims	229,485	303,112
Current	28,049	114,339
Non-Current	201,436	188,773
	229,485	303,112

- (a) The weighted average expected term to settlement from the reporting date of the outstanding claims is estimated to be in the range of 5.2 to 8.0 years (4.9 to 8.6 years - 1998) for the various funds.
- (b) The following average inflation rates and discount rates were used in measuring the liability for outstanding claims:

Claims Expected to be Paid	1999 %	1998 %
NOT LATER THAN ONE YEAR		
Inflation Rate	3.5 - 8.5	3.5 - 8.5
Discount Rate	5.5	5.5
LATER THAN ONE YEAR		
Inflation Rate	3.5 - 8.5	3.5 - 8.5
Discount	5.5	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.

Note 18

Provisions

	1999 \$'000	1998 \$'000
CURRENT		
Employee Entitlements		
Accrued Annual Leave	5,142	4,655
Long Service Leave	2,743	812
Other	1	21
	7,886	5,488
NON-CURRENT		
Employee Entitlements		
Long Service Leave	8,230	9,271
Superannuation	129	12
	8,359	9,283
Total Provisions	16,245	14,771

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 1999 are as follows:

	Assessed Liability \$'000	Reserve Account \$'000	Asset (Liability) 1999 \$'000	1998 \$'000
State Superannuation Scheme	63,739	73,834	10,095	10,932
State Authorities Superannuation Scheme	11,678	11,792	114	677
	75,417	85,626	10,209	11,609
State Authorities Non-Contributory Superannuation Scheme	5,106	4,977	(129)	(12)

This 1999 assessment of liability is based on the results of the 1997 Triennial Valuation where the key assumptions adopted by the actuaries were:

	1998/1999 %	1999/2000 %	Thereafter %
Rate of investment return (after tax and investment-related expenses)	7.0	7.0	7.0
Rate of general salary increase (including re-classification)	4.0	4.0	5.0
Rate of increase in CPI (Sydney, All Groups)	2.0	2.5	3.3

The State Superannuation Scheme and State Authorities Superannuation Scheme reserve accounts both exceed the respective assessed liabilities. The surpluses of \$10.2m (\$11.6m - 1998) are included as a current asset - Prepaid Superannuation.

Further funding contributions for the State Superannuation Scheme have been suspended with approval of the Superannuation Administration Authority of New South Wales. The effect of this will be that no further contributions will need to be made for this Scheme until the balance of the reserve account is less than the assessed liability of members. The asset is primarily dependent upon annual reviews of the superannuation liabilities for the scheme and the effect of investment earnings of the scheme.

As of 30 June 1999 the liabilities in respect of the State Authorities Superannuation Scheme and Non-Contributory Superannuation Scheme are fully provided and have been calculated according to Authority formulae which take into account amounts held by WorkCover in the reserve accounts.

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS**
for the year ended 30 June 1999

Note 18 continued

The First State Superannuation Scheme has established superannuation cover for employees who are not contributing to any other schemes and employer contributions are currently 7% of such employees' salaries. Payments for staff covered by the scheme totalled \$1.156m (\$0.842m - 1998). For this scheme and the Public Sector Executives Superannuation Scheme, WorkCover has no outstanding employer liability as the contributions are fully funded and vested to individual officers.

A number of factors have resulted in an accumulation of funds in the State Superannuation Scheme (SSS) Contributors' Reserve. It has been determined that the residual interest in these funds is with employers. Legislation has been passed to enable the distribution of these funds to the superannuation reserve accounts of eligible employers in the 1999-2000 financial year. The distribution to an eligible employer is expected to be in proportion to the number of SSS contributors employed (as at March 1999), relative to the total number of SSS contributors for all employers (about 45,000 as at 31 March 1999).

If WorkCover receives a distribution of funds from the State Superannuation Scheme (SSS) Contributors' Reserve, the superannuation funding position reflected in these financial statements will be improved accordingly.

Note 19

***Reconciliation of Net
Cash Provided by (Used
In) Operating Activities
to the Operating
Surplus (Deficiency)***

	1999 \$'000	1998 \$'000
Operating Surplus/(Deficiency)	(112)	4,616
Depreciation/Asset Writeback/Loss or Gain on Sale of Assets	6,407	6,313
Unrealised Investment Income	(5,673)	(7,460)
Provisions		
Lease Incentive Costs	(19)	(19)
Long Service Leave	890	262
Annual Leave	487	157
Outstanding Claims	(73,627)	5,727
Doubtful Debts	690	750
(Increase) Decrease in Debtors & Prepayments	39,659	18,321
Increase (Decrease) in Creditors	2,618	(1,318)
Increase (Decrease) in Superannuation Provision	117	(998)
Net Cash Provided by (Used In) Operating Activities	(28,563)	26,351

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:

	1999 \$'000	1998 \$'000
Cash	6,972	4,090
Bank Overdraft	(3,258)	-
	3,714	4,090

Note 21

Expenditure Commitments

(a) CAPITAL EXPENDITURE COMMITMENTS

	1999 \$'000	1998 \$'000
Equipment Purchases and Computer Software Development	308	620
Payable:		
not later than one year	308	620

(b) LEASE COMMITMENTS

	1999 \$'000	1998 \$'000
Payable:		
not later than one year	8,002	7,968
later than one year but not later than two years	6,686	6,511
later than two years but not later than five years	4,244	9,698
later than five years	–	–
	18,932	24,177

(c) YEAR 2000 COMMITMENTS

WorkCover anticipates that its Year 2000 Compliance expenditure will be \$2.1m and directed to the rectification phase including hardware upgrading and testing of systems.

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 1999, WorkCover held deposits and bank guarantees to the value of \$599m (\$541m - 1998). 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 the 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 1999 was \$0.07m (\$0.07m - 1998).

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS
for the year ended 30 June 1999**

**Note 23
Insurances**

WorkCover is insured for the following risks:

Risk Covered	Insurance Company
Public Liability	QBE Insurance Ltd
Property	QBE Insurance Ltd
Motor Vehicles	MMI General Insurance Ltd
Workers' Compensation	GIO Australia Ltd
Group/Personal/ Accidental/Travel	QBE Insurance Ltd
Crime and Computer Crime	Chubb Insurance Co of Aust
Errors and Omissions	QBE Insurance Ltd
Industrial Special Risks	QBE Insurance Ltd

**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. There is one insurer's payment of \$0.4m being withheld due to the need to clarify entitlement. It is anticipated the matter will be resolved prior to December 1999.

(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) which was declared insolvent during the reporting period. Claims liabilities at the time of insolvency were \$0.4m.

(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 are 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.

The AGCI Act contains provision dealing with entitlements after dissolution of the company and steps are proposed during 1999/2000 to arrange closure of the fund. In that event, entitlements will be met by the Insurers' Guarantee Fund.

(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.

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS**
for the year ended 30 June 1999

Note 25
Contingent Liabilities

WorkCover has identified all material contingent liabilities in respect of year 2000. Preparation for these contingencies is estimated to cost \$13,000 and a further \$344,000 will be incurred if all contingency plans have to be invoked. The main risks are information technology, communications, electricity, building issues and financial processing.

There are no other known material contingent liabilities.

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 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.

Workcover Scheme Statutory Funds

INCOME AND EXPENDITURE STATEMENT

for the year ended 30 June 1999

	Note	1999 \$'000	1998 \$'000
INCOME			
Premiums Written		1,991,675	1,701,126
Less: Statutory Levies			
Insurers' Contribution Fund		45,402	–
Insurers' Guarantee Fund		–	142
WorkCover Authority Fund		95,781	85,851
Dust Diseases Contributions		50,026	48,686
		191,209	134,679
Net Premiums Written		1,800,466	1,566,447
Increase in Unearned Premiums Provision	2	51,666	15,119
Net Earned Premiums		1,748,800	1,551,328
Claims Paid		1,811,025	1,467,737
Increase in Claims Provision	3	206,000	1,407,000
Claims Expense		2,017,025	2,874,737
Recoveries Revenue	4	101,357	157,626
Net Claims Incurred	5	1,915,668	2,717,111
Underwriting Result		(166,868)	(1,165,783)
Other Income			
Investment Revenue	6	341,289	413,560
Interest on Overdue Premiums		5,920	5,516
Other		3,918	2,818
		351,127	421,894
EXPENSES			
Insurers' Management Fees	7	163,400	146,653
Audit Fees Paid to Auditors of Insurers	7	646	647
Bad Debts Written-Off		11,666	13,074
Doubtful Debts Provision		2,948	(2,818)
Wage Audit Fees		4,142	3,798
Debt Collection Fees		6,897	6,285
Bank Charges		3,666	3,546
Other Expenses		3,592	2,255
		196,957	173,440
Other Provisions	8		
Insurers' Guarantee Fund Provision		(5,782)	(19,457)
Insurers' Contribution Fund Provision		(45,400)	(12,200)
		(51,182)	(31,657)
Excess/(Deficiency) of Income Over Expenditure			
Transferred to Accumulated Funds		38,484	(885,672)

The accompanying notes form part of these financial statements

Workcover Scheme Statutory Funds

BALANCE SHEET

as at 30 June 1999

	Note	1999 \$'000	1998 \$'000
CURRENT ASSETS			
Cash		2,839	1,593
Receivables	9	235,758	227,081
Investments	10	1,038,233	1,053,604
Total Current Assets		1,276,830	1,282,278
Non-Current Assets			
Receivables	9	258,100	238,800
Investments	10	4,383,211	4,167,917
Total Non-Current Assets		4,641,311	4,406,717
Total Assets		5,918,141	5,688,995
CURRENT LIABILITIES			
Creditors and Borrowings	12	142,727	158,549
Outstanding Claims	3&13	1,652,400	1,477,200
Unearned Premiums Provision	2	312,153	260,487
Other Provisions	8&14	–	45,400
Total Current Liabilities		2,107,280	1,941,636
NON-CURRENT LIABILITIES			
Outstanding Claims	3&13	5,420,600	5,389,800
Other Provisions	8&14	26,318	32,100
Total Non - Current Liabilities		5,446,918	5,421,900
Total Liabilities		7,554,198	7,363,536
Net Liabilities		(1,636,057)	(1,674,541)
EQUITY EMPLOYED			
Accumulated Deficit	1a	(1,636,057)	(1,674,541)

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

for the year ended 30 June 1999

	Note	1999 \$'000 Inflows (Outflows)	1998 \$'000 Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Premiums Received		1,941,156	1,691,004
Statutory Levies Paid		(185,096)	(141,934)
Claims Paid		(1,811,025)	(1,467,737)
Recoveries Received		78,257	65,626
Interest Received		161,870	140,348
Dividends Received		77,211	73,134
Other Receipts		17,981	8,455
Insurers' Management Fees		(167,759)	(137,676)
Other Payments		(20,598)	(15,785)
Net Cash Provided by Operating Activities	17	91,997	215,435
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Investments		(6,153,716)	(6,844,158)
Proceeds from Investments		5,987,998	6,613,579
Net Cash Used in Investing Activities		(165,718)	(230,579)
Net Decrease in Cash Held		(73,721)	(15,144)
Cash at the Beginning of the Financial Year		987,672	1,002,816
Cash at the End of the Financial Year	18	913,951	987,672

The accompanying notes form part of these financial statements

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS**
for the year ended 30 June 1999

**1. STATEMENT OF SIGNIFICANT
ACCOUNTING POLICIES**

- (a) These financial statements have been prepared as a general purpose financial report in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and applicable insurance 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 an excess of income over expenditure of \$38.5m (deficiency of \$885.7m in 97/98) resulting from an improvement in 98/99 claims experience as compared with previous years. The government introduced legislation in June 1999 to defer private underwriting until 1 October 2000 or on an earlier date as may be appointed by proclamation. 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 WorkCover Scheme policies 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 deferral of private underwriting is intended to give the additional reforms the opportunity to control compensation costs and give earlier measures, such as the 1998 legislative reform to encourage pro-active management of injury, greater time to have effect.

To continue the reform process to address the scheme deficit, the Attorney General and Minister for Industrial Relations has requested that the Advisory Council carry out a review of the scheme and report back with strategies to further reform the scheme.

The Workplace Injury Management and Workers Compensation Act 1998 provides for the funding of any overall deficit that may arise in the WorkCover Scheme by the payment of a contribution by employers as part of future premiums. Consequently, these financial statements have been prepared on a going concern basis which takes into account relevant financial factors for the changed status of the WorkCover Scheme resulting from the pending private underwriting.

- (b) The financial statements are based on audit 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 1999 is given in Note 16.
- The outstanding claims (Note 3), recoveries receivable (Note 4) and other provisions (Note 8) are based on estimates provided by WorkCover's consulting actuary, Trowbridge Consulting.
- (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.

- (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 1999 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:

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS
for the year ended 30 June 1999**

- (a) \$54m (1998 : \$nil) for the impact of the goods and services tax under A New Tax System;
- (b) \$160m (1998 : \$120m) for any additional claims handling expenses that may be incurred after the scheme moves into run-off; and
- (c) \$17m (1998 : \$47m) 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. The details of discount and inflation rates applied are set out in Note 13.

5. NET CLAIMS INCURRED

	Current Year \$m	1999 Prior Year \$m	Total \$m	Current Year \$m	1998 Prior Year \$m	Total \$m
DIRECT BUSINESS						
Gross claims incurred & related expenses – undiscounted	2,472	(490)	1,982	2,570	201	2,771
Reinsurance & other recoveries – undiscounted	(105)	(13)	(118)	(101)	(88)	(189)
Net claims incurred – undiscounted	2,367	(503)	1,864	2,469	113	2,582
Discount & discount movement – gross claims incurred	(540)	575	35	(567)	671	104
Discount & discount movement – reinsurance & other recoveries	25	(8)	17	22	9	31
Net discount movement	(515)	567	52	(545)	680	135
Net claims incurred	1,852	64	1,916	1,924	793	2,717

EXPLANATION OF MATERIAL VARIANCES

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

6. INVESTMENT REVENUE

	1999 \$'000	1998 \$'000
Dividends	79,263	74,979
Interest	163,294	140,509
Foreign Exchange (Loss)/Gain*	(11,610)	50,956
Unrealised Loss	(76,285)	(93,279)
Realised Gain on Sale of Investments	186,627	240,395
	341,289	413,560

* The above foreign exchange (loss)/gain has resulted from the investment in the international trust (Note 10(b)).

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. Audit fees charged by the Audit Office of NSW amounting to \$29,500 (1998 : \$27,500) are paid by WorkCover directly and are not included in the income and expenditure statement of the WorkCover Scheme Statutory Funds.

8. OTHER PROVISIONS

WorkCover has made a commitment to provide funding for liabilities which have arisen from the failure of National Employers' Mutual General Insurance Association Ltd and from legislative changes. These provisions are based on inflated and discounted values and are shown as separate provision accounts:

(a) Insurers' Guarantee Fund Provision

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.

(b) Insurers' Contribution Fund Provision

The Insurers' Contribution Fund compensates 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.

Further details of these provisions are set out in Note 14.

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS**
for the year ended 30 June 1999

9. RECEIVABLES

	1999 \$'000	1998 \$'000
(A) CURRENT		
Premiums Receivable	187,200	148,347
Recoveries Receivable	55,000	51,200
Interest and Dividends Receivable	11,134	7,658
Trade Debtors	976	35,480
	254,310	242,685
Less : Provision for Doubtful Debts	18,552	15,604
	235,758	227,081
(B) NON-CURRENT		
Recoveries Receivable	258,100	238,800

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.

	1999 \$'000	1998 \$'000
(A) CURRENT		
Money Market Deposits	211,166	152,781
Bank and Non-Bank Bills	741,579	871,159
Fixed Interest Securities	85,488	29,664
	1,038,233	1,053,604
(B) NON-CURRENT		
Fixed Interest Securities	1,782,068	1,604,806
CPI Indexed Bonds	793,129	680,720
Convertible Notes	3,571	7,441
Australian Equities	1,128,021	1,135,325
International Trust	223,702	270,290
Australian Property Trusts	460,620	477,474
Exchange Traded Options	(1)	(1,294)
Exchange Traded Futures	63	2,292
	4,391,173	4,177,054
Less : Estimated Costs of Realisation	7,962	9,137
	4,383,211	4,167,917
Total Investments	5,421,444	5,221,521

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 unrepresented 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 1999*

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:

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 Interest Rate (%)		6.29%	15.39%		
FINANCIAL LIABILITIES					
Bank Overdraft	12			41,633	41,633
Other Creditors	12			101,094	101,094

Investments

The custody of statutory fund investments was transferred to AMP Investment Administration Pty Limited under a master custodian arrangement during June 1999. 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.

1998	Note	Floating Interest Rate \$'000	1 Year or Less \$'000	1 to 5 Years \$'000	More than 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
FINANCIAL ASSETS							
Cash		1,593					1,593
Receivables	9		14,407			161,474	175,881
Investments	10	957,893	895,028	682,443	802,707	1,883,450	5,221,521
Interest Rate (%)		3%-6%	5%-15%	5%-6%	5%-6%		
Financial Liabilities							
Bank Overdraft	12					37,861	37,861
Other Creditors	12					120,688	120,688

A sampling approach was adopted in arriving at the range of interest rates for 1998.

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:

- (a) Bond Futures contracts.
- (b) Bill Futures contracts.
- (c) Share Price Index (SPI) Futures contracts.
- (d) Any security issued or guaranteed by the Commonwealth or State or Territory of Australia which has an unsecured credit rating of A- or better status in the S&P Australian Rating survey.
- (e) Any securities issued by a public company which is quoted on the main board of an Australian Stock Exchange and which has a minimum market capitalisation of \$50 million.

Exchange Traded Futures

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

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

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

- (a) Bond Futures contracts.
- (b) Bill Futures contracts.
- (c) Share Price Index (SPI) Futures contracts.
- (d) Share futures contracts on any securities

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS**
for the year ended 30 June 1999

issued by a public company which is quoted on the main board of an Australian Stock Exchange and which has a minimum market capitalisation of \$50 million.

- (e) The market value of derivatives held is shown in the table below. The market value represents the amount of unrealised gains and losses.

	1999 \$'000	1998 \$'000
Australian Fixed Interest Futures	(110)	101
Australian Interest Rate Futures	15	120
Australian Share Price Index Futures	158	2,071
Australian Options on Futures	137	—
Australian Exchange Traded Options	(138)	(1,294)
	62	998

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

	1999 \$'000	1998 \$'000
Bank Overdraft	41,633	37,861
Management Fees Payable	60,365	64,724
Statutory Levies Payable	20,460	14,347
Other Creditors	20,269	41,617
	142,727	158,549

13. OUTSTANDING CLAIMS

	1999 \$'000	1998 \$'000
(a) Expected Future Gross Claims Payments (Undiscounted)	9,078,500	8,906,800
Discount to Present Value	(2,005,500)	(2,039,800)
Liability for Outstanding Claims	7,073,000	6,867,000
Current	1,652,400	1,477,200
Non-Current	5,420,600	5,389,800
	7,073,000	6,867,000
(b) Expected Future Recoveries (Undiscounted)	420,900	381,000
Discount to Present Value	(107,800)	(91,000)
	313,100	290,000
(c) Net Outstanding Claims	6,759,900	6,577,000

The outstanding claims liability of the scheme statutory funds is calculated using a standard actuarial, aggregate-based approach. Due to the continuing volatile nature of claims experience, actuarial reliance has necessarily been placed on a significant number of judgemental assumptions. 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 :

	1999 \$'000	1998 \$'000
FOR THE FIRST SUCCEEDING YEAR		
Inflation rate	3.5	3.5
Discount rate	6.0	6.0
FOR SUBSEQUENT YEARS		
Inflation rate	3.5	3.5
Discount rate	6.0	6.0

The average inflation and discount rates assumed for future recoveries are the same as those used above.

- (e) The weighted average expected term from the balance date to settlement of the outstanding claims is estimated to be 3.8 years (1998: 4.0 years).

14. OTHER PROVISIONS

	1999 \$'000	1998 \$'000
(a) Insurers' Guarantee Fund Provision	26,318	32,100
Insurers' Contribution Fund Provision	–	45,400
	26,318	77,500
(b) Current	–	45,400
Non-Current	26,318	32,100
	26,318	77,500

15. 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).

16. LICENSED INSURERS

The insurers licensed to operate under the WorkCover Scheme Statutory Funds system during the year ended 30 June 1999 were as follows:

- A.M.P. Workers' Compensation Services (N.S.W.) 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 (N.S.W. Workers Compensation) Limited
- MMI Workers Compensation (NSW) Limited
- NZI Workers' Compensation (NSW) Limited (licensed to 31 May 1999)
- QBE Workers Compensation (NSW) Limited
- Royal & Sun Alliance Workers Compensation (NSW) Limited
- Zurich Australian Workers Compensation Limited

HIH Winterthur Workers Compensation (NSW) Pty. Limited changed its name to HIH Workers Compensation (NSW) Pty. Limited on 20 August 1998.

**NOTES TO AND FORMING PART OF
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for the year ended 30 June 1999

**17. RECONCILIATION OF NET CASH
PROVIDED BY OPERATING
ACTIVITIES TO EXCESS/
(DEFICIENCY) OF INCOME OVER
EXPENDITURE**

	1999 \$'000	1998 \$'000
Excess/(Deficiency) of Income Over Expenditure	38,484	(885,672)
DECREASE/(INCREASE) IN OPERATING ASSETS		
Premiums Receivable	(38,853)	2,952
Recoveries Receivable	(23,100)	(92,000)
Interest and Dividends Receivable	(3,476)	(2,006)
Trade Debtors and Prepayments	143	121
(DECREASE)/INCREASE IN OPERATING LIABILITIES		
Provision for Doubtful Debts	2,948	(2,818)
Management Fees Payable	(4,359)	8,977
Statutory Levies Payable	6,113	(7,255)
Other Creditors and Accruals	6,345	746
Provision for Outstanding Claims	206,000	1,407,000
Unearned Premiums Provision	51,666	15,119
Other Provisions	(51,182)	(31,657)
Realised Gain on Sale of Investments	(181,210)	(250,363)
Unrealised Loss on Investments	82,478	52,291
Net Cash Inflow from Operating Activities	91,997	215,435

18. 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:

	1999 \$'000	1998 \$'000
Cash at Bank	2,839	1,593
Money Market Deposits	211,166	152,781
Bank and Non-Bank Bills	741,579	871,159
Bank Overdraft	(41,633)	(37,861)
	913,951	987,672

19. CONTINGENT LIABILITIES

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

**20. EVENTS OCCURRING AFTER
BALANCE DATE**

The Workplace Injury Management and Workers Compensation Act 1998 provides for WorkCover to direct the allowance of a rebate by licensed insurers to employers to offset the amount by which average premiums for the year 1 October 1999 to 30 September 2000 exceeds 2.8% of the wages in respect of which those premiums are calculated. A rebate may be payable in respect of any period for which private underwriting commences before 1 October 2000. Any such rebate will be paid out of the WorkCover Scheme Statutory Funds.

***End of audited financial
information.***

ANNEXURE A

Workcover Authority of NSW COMPARATIVE INCOME AND EXPENDITURE STATEMENT for the year ended 30 June 1999

	Main Funds											
	WorkCover Authority Fund		Insurers' Contribution Fund		Bush Fire Fighters' Compensation Fund		Insurers' Guarantee Fund		OTHER* FUNDS		TOTAL **	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
INCOME												
Contributions	130.50	113.00	(0.20)	(11.80)	5.70	9.10	(5.80)	(19.50)	1.70	1.20	131.90	94.20
Investment Income	4.90	5.90	0.90	3.00	—	—	3.40	3.00	0.70	1.10	9.90	13.00
Other	17.40	17.10	—	—	—	—	18.80	33.30	1.70	—	37.00	49.60
Total Income	152.80	136.00	0.70	(8.80)	5.70	9.10	16.40	16.80	4.10	2.30	178.80	156.80
EXPENDITURE												
WorkCover Operations	99.50	86.50	0.40	0.50	0.10	0.10	2.30	2.30	0.20	0.10	101.70	88.70
Compensation Court	21.20	19.60	—	—	—	—	—	—	—	—	21.20	19.60
Cost of Claims	14.60	21.10	—	(9.30)	5.60	9.00	14.10	14.50	3.90	2.20	38.20	39.70
Other	17.80	4.20	—	—	—	—	—	—	—	—	17.80	4.20
Total Expenditure	153.10	131.40	0.40	(8.80)	5.70	9.10	16.40	16.80	4.10	2.30	178.90	152.20
Operating Surplus (Deficit)	(0.30)	4.60	0.30	—	—	—	—	—	—	—	(0.10)	4.60

* OTHER FUNDS comprise :

- Associated General Contractors Insurance Co Fund
- Bishopsgate Insurance Australia Ltd Fund
- Emergency and Rescue Workers Compensation Fund

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

ANNEXURE B

Workcover Authority of NSW COMPARATIVE BALANCE SHEET as at 30 June 1999

	Main Funds											
	WorkCover Authority Fund		Insurers' Contribution Fund		Bush Fire Fighters' Compensation Fund		Insurers' Guarantee Fund		OTHER* FUNDS		TOTAL **	
	1999 \$'m	1998 \$'m	1999 \$'m	1998 \$'m	1999 \$'m	1998 \$'m	1999 \$'m	1998 \$'m	1999 \$'m	1998 \$'m	1999 \$'m	1998 \$'m
ASSETS												
Investments	117.40	111.30	—	41.60	—	0.10	80.00	70.80	15.60	14.80	213.00	238.60
Receivables	29.70	26.30	—	45.60	11.80	8.60	26.30	32.10	8.40	5.60	76.20	118.20
Other	27.50	26.60	0.70	1.60	0.50	—	0.20	0.30	0.10	0.60	29.00	29.00
Total Assets	174.60	164.20	0.70	88.80	12.30	8.70	106.50	103.20	24.10	21.00	318.20	385.80
LIABILITIES												
Outstanding claims	96.40	89.70	0.40	88.80	12.30	8.70	105.90	102.80	14.50	13.20	229.50	303.10
Other	25.30	21.90	—	—	—	—	0.60	0.40	9.60	7.80	35.50	30.10
Total Liabilities	121.70	111.60	0.40	88.80	12.30	8.70	106.50	103.20	24.10	21.00	265.00	333.20
Equity Employed	52.90	52.60	0.30	—	—	—	—	—	—	—	53.20	52.60

* OTHER FUNDS comprise :

- Associated General Contractors Insurance Co Fund
- Bishopsgate Insurance Australia Ltd Fund
- Emergency and Rescue Workers Compensation Fund

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

ANNEXURE C

Workcover Authority of NSW COMPARATIVE STATEMENT OF CASH FLOWS for the year ended 30 June 1999

	Main Funds											
	WorkCover Authority Fund		Insurers' Contribution Fund		Bush Fire Fighters' Compensation Fund		Insurers' Guarantee Fund		OTHER* FUNDS		TOTAL **	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
OPERATING ACTIVITIES												
INFLOWS												
Contributions	119.90	105.20	—	0.10	2.50	1.00	—	—	2.50	3.00	124.90	109.30
Investment Income	2.30	4.20	0.90	1.00	—	—	0.80	0.60	0.10	0.10	4.00	5.90
Other	11.30	24.50	45.40	—	0.40	—	18.80	36.00	0.60	0.20	57.60	59.90
(OUTFLOWS)												
WorkCover Operations	(61.20)	(60.90)	(0.40)	(0.40)	(0.20)	(0.10)	(0.10)	(0.40)	(0.20)	(0.10)	(61.10)	(61.20)
Compensation Court	(21.10)	(20.50)	—	—	—	—	—	—	—	—	(21.10)	(20.50)
Claims	(9.70)	(8.60)	—	(11.50)	(2.30)	(2.70)	(11.10)	(13.90)	(3.20)	(2.00)	(26.20)	(38.60)
Other	(34.20)	(26.40)	(88.30)	—	—	—	(2.10)	(2.00)	—	(0.10)	(106.70)	(28.50)
Net Cash	7.30	17.50	(42.40)	(10.80)	0.40	(1.80)	6.30	20.30	(0.20)	1.10	(28.60)	26.30
INVESTING ACTIVITIES												
Net Cash	(6.60)	(18.50)	41.60	12.10	—	—	(6.60)	(22.30)	(0.10)	0.20	28.20	(28.50)
NET INCREASE												
(DECREASE) CASH	0.70	(1.00)	(0.80)	1.30	0.40	(1.80)	(0.30)	(2.00)	(0.30)	1.30	(0.40)	(2.20)

* OTHER FUNDS comprise :

- Associated General Contractors Insurance Co Fund
- Bishopsgate Insurance Australia Ltd Fund
- Emergency and Rescue Workers Compensation Fund

** 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 1998/99 \$m	Actual 1998/99 \$m	Budget 1999/00 \$m
INCOME			
Contributions	116.1	131.9	140.7
Investment Income	10.3	9.8	8.9
Other	36.3	37.1	16.5
Total Income	162.7	178.8	166.1
EXPENDITURE			
WorkCover Operations	104.1	101.7	107.5
Compensation Court	25.6	21.2	24.0
Net Claims Incurred	28.4	38.2	25.3
Workers Compensation Resolution Service	11.2	7.7	8.5
Other	2.8	1.7	2.2
Total Expenditure	172.1	170.5	167.5
Operating Surplus (Deficit) Before Abnormal Item	(9.4)	8.3	(1.4)
Abnormal Item - Voluntary Redundancy	3.0	8.4	4.5
Operating (Deficit) After Abnormal Item	(12.4)	(0.1)	(5.9)

1998/1999

The operating deficit (after abnormal item) of \$0.1m was \$12.3m higher than the budgeted deficit of \$12.4m.

The abnormal item of \$8.4m consists of WorkCover's redundancy costs in 1998/1999. Voluntary redundancy was part of WorkCover's major programme of organisational redesign and restructure. The programme was principally designed to implement efficiencies contained in the Government's corporate services reforms and improve the delivery of OH&S, workers compensation and injury management field compliance activities.

Income was \$16.1m (10%) higher than budget following increased contributions from licensed insurers and higher

contributions from NSW Treasury to meet bush fire fighters' and emergency & rescue workers' compensation claims.

Savings in staffing costs were achieved. These savings were partially offset by higher agency staff costs and motor vehicle lease fees. Higher legal professional costs also resulted in favourable prosecution income collections.

Under-expenditure by the Compensation Court (\$4.4m -17%) and the Workers Compensation Resolution Service (\$3.5m - 31%) were partially offset by the higher cost of compensation claims.

1999/2000

A deficit (after abnormal item) of \$5.9m is planned for 1999/2000 due to the higher than necessary level of reserves held by WorkCover.

Income is expected to reduce \$12.7m (7%) to \$166.1m in 1999/2000 due to lower distributions expected from the liquidators of a failed insurer.

Expenditure is expected to reduce \$3m (2%) to \$167.5m in 1999/2000. Consulting actuaries have assessed lower costs of outstanding claims liabilities for the uninsured scheme in 1999/2000 (\$12.2m).

WorkCover Operations costs are expected to increase \$5.8m (6%) which provides for wage increases of 5% and to support initiatives arising from the 1998 legislative changes and reforms. Compensation Court expenditure is budgeted to increase \$3.8m (18%) to \$24.0m in 1999/2000 to reflect a full complement of staff including a contingency for acting judges and added resourcing for information technology improvements.



A P P E N D I C E S

APPENDIX 1

WorkCover NSW access

HEAD OFFICE

Office Hours 8:30am - 5:00pm

Monday to Friday

400 Kent Street, SYDNEY NSW 2000 Australia

Phone:+61 2 9370 5000 Fax:+61 2 9370 5999

Postal Address

WorkCover NSW, GPO Box 5364, SYDNEY
NSW 2001 Australia

WorkCover Information Centre

Ground Floor, 400 Kent Street,
SYDNEY NSW 2000 Australia

Phone:+61 13 10 50 Fax:+61 2 9370 6150

Uninsured Liability & Indemnity Scheme

400 Kent Street, SYDNEY NSW 2000 Australia

Phone:+61 2 9370 5000 Fax:+61 2 9272 5267

APPENDIX 2

Principal officers and branch managers as at 30 June 1999

Office of General Manager

Manager – John Garbutt

Policy, Research & Projects Branch

Manager – Peter McMahon

Legislation Development & Review Branch

Manager – Kevin Bennett

Legal Services Branch

Manager – Bill Clinton

Finance Group

Manager – Peter Burrows

Human Resources Branch

Manager – Brian Mortimer

Corporate Relations Branch

Manager – Ric Purcell

Information Management Branch

Director – Judy Holmes

Premiums, Actuarial & Statistics Group

A/Manager – Robert Lloyd

Premiums & Actuarial Branch

Co-ordinator – Ron Mitchell

Statistics Branch

A/Manager – Sriyani Dias

Licence & Insurance Administration Group

Manager – Siew Kiang

Investment Review Branch

Manager – John Hromin

Licensing & Financial Review Branch

Managers –

Ross McDougall, Robert McCarthy

Operations Review Branch

Manager – Brian Jamieson

APPENDIX 3

Range of services provided

Workplace Injury Management Branch

Manager – Mary Hawkins

Claims Branch

A/Manager – Stan Zabkar

Fraud Referral & Investigation Unit

Co-ordinator – Ken Shearing

Insurance Strategic Management Group

Manager – Helen L'Orange

OHSD Liaison Unit

Co-ordinator – Joanne Miniter

Field Services Group

A/Manager – John Watson

Strategic Operations Group

Director – Bryan Russell

Engineering Services Branch

A/Manager – Ron Keelty

Scientific Services Branch

A/Manager – Peter Dunphy

OHS Prosecutions Branch

Manager – Greg McCann

Londonderry Occ. Safety Centre

Director – Jim Munro

Metro East Region

Centre Manager – Ian Low

Metro West Region

A/Regional Manager – Robert Stobo

Regional Office North

Manager – Alan Kemp

Regional Office South

A/Regional Manager – Peter Harley

Construction Industry Team

Team Leader – Les Blake

Health Industry (HACS) Team

Team Leaders –

Natalie Pelham, Anne Gardiner

WorkCover NSW is a self-funded government agency responsible for administration of occupational health and safety, injury management and workers compensation. It operates under the WorkCover Administration Act 1989 and is responsible to the Minister for Industrial Relations.

WorkCover 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 New South Wales. 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;
- enforcement of the OHS and workers’ compensation legislation through inspections, investigation of incidents and complaints, mediation of disputes and where necessary, penalties and prosecutions;
- licensing and certification of defined premises, activities and operation of hazardous equipment; and

In addition, WorkCover:

- provides testing facilities and services to assist NSW industry and to support the work of the Inspectorate;

APPENDIX 6

- 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.
- assistance in resolving occupational health and safety disputes.

APPENDIX 4

Code of Conduct

No changes were made to the Code of Conduct during the reporting period. Copies of the Code of Conduct are available on request from WorkCover's Corporate Relations Branch.

APPENDIX 5

Guarantee of Service

WorkCover's Guarantee of Service is currently under review. Copies of the revised Guarantee of Service can be obtained on request from WorkCover's Corporate Relations Branch when completed.

Consumer response

A complaints co-ordinator is nominated annually to administer WorkCover's complaints handling policy. A register of complaints is maintained to address complaints, obtain feedback and measure customer satisfaction.

Customer dissatisfaction with specific guidelines, regulations or legislation administered by WorkCover NSW, expressed during the course of general enquiries, is dealt with according to the complaints handling policy and resolved where possible.

APPENDIX 7

Legislation Administered by WorkCover

1. List of Acts, Regulations and Codes of Practice administered by WorkCover as at 30 June 1999

Acts

SCHEME ADMINISTRATION

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

OCCUPATIONAL HEALTH AND SAFETY

- Occupational Health and Safety Act 1983
- Construction Safety Act 1912
- Dangerous Goods Act 1975
- Factories, Shops and Industries Act 1962 (except Parts IV and VI)
- Rural Workers Accommodation Act 1969

WORKERS COMPENSATION

- Workplace Injury Management and Workers Compensation Act 1998
- Workers Compensation Act 1987
- Workers' Compensation (Brucellosis) Act 1979
- Workers Compensation (Bush Fire, Emergency and Rescue Services) Act 1987
- Workers' Compensation (Dust Diseases) Act 1942
- Workmen's Compensation (Lead Poisoning – Broken Hill) Act 1922
- Associated General Contractors Insurance Company Limited Act 1980
- Bishopsgate Insurance Australia Limited Act 1983

- The Standard Insurance Company Limited and Certain Other Insurance Companies Act 1963

OTHER

- Sporting Injuries Insurance Act 1978

Regulations

OCCUPATIONAL HEALTH AND SAFETY ACT 1983

- 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 1984
- 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

FACTORIES, SHOPS AND INDUSTRIES ACT 1962

- 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
- 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

- Construction Safety Regulations 1950
- Construction Safety Amendment (Amenities & Training) Regulation 1998
- Construction Safety Amendment (Amusement Devices) Regulation 1998

DANGEROUS GOODS ACT 1975

- Dangerous Goods Regulation 1978
- Dangerous Goods (Gas Installations) Regulation 1998
- Dangerous Goods (Gas Installations) Amendment Regulation 1999

JUSTICES ACT 1902

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

WORKPLACE INJURY MANAGEMENT AND WORKERS COMPENSATION ACT 1998 AND WORKERS COMPENSATION ACT 1987

- Workers Compensation (General) Regulation 1995
- Workers Compensation (Insurance Premiums) Regulation 1995
- Workers Compensation (Workplace Injury Management) Regulation 1995
- Workers Compensation Transitional Regulation 1997
- Insurance Premiums Order 1999-2000

WORKERS COMPENSATION (BUSH FIRE, EMERGENCY AND RESCUE SERVICES) ACT 1987

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

WORKERS' COMPENSATION (DUST DISEASES) ACT 1942

- Workers Compensation (Dust Diseases) Regulation 1998

SPORTING INJURIES INSURANCE ACT 1978

- Sporting Injuries Insurance Regulation 1994
- 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.

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.
- 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.

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.

APPENDIX 8

RURAL INDUSTRY

- Code of Practice: Safety Aspects in the Design, Manufacture and Installation of On-Farm Silos and Field Bins - Commenced 1 August 1992, Government Gazette No. 112 of 2 August 1991.

CODE PUBLISHED BY WORKCOVER IN CONJUNCTION WITH THE WINE INDUSTRY

(not a s. 44A Approved Code of Practice).

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

2. ASSOCIATED ORGANISATIONS

Two organisations associated with WorkCover are also responsible for legislation.

WORKERS' COMPENSATION (DUST DISEASES) BOARD

- Workers' Compensation (Dust Diseases) Act 1942
- Workers Compensation (Dust Diseases) Regulation 1998
- Workmen's Compensation (Lead Poisoning - Broken Hill) Act 1922

SPORTING INJURIES COMMITTEE

- Sporting Injuries Insurance Act 1978
- Sporting Injuries Insurance Regulation 1994
- Sporting Injuries Insurance Rule 1997

Summary of Legislative Changes 1998/99

A. CHANGES TO ACTS

1. Enactment of Workplace Injury Management and Workers Compensation Act 1998

This Act introduced major workers compensation legislative reforms:

- Established the Workers Compensation Advisory Council of NSW to monitor and report to the Minister for Industrial Relations on scheme performance and operation and effectiveness of workers compensation and ohs legislation. Commenced 1 August 1998.
- Established the Workers Compensation Premiums Rating Bureau to determine annual premium assessment methods on which (subject to WorkCover approval) insurers must base their rates, provide advice on scheme performance and assist in developing workers compensation insurance industry standards. Commenced 1 August 1998.
- Introduced provision for the Workers Compensation Advisory Council to establish Industry Reference Groups to develop industry specific strategies to improve injury prevention, injury management and workers compensation outcomes, and to give practical advice to workers and employers. Commenced 1 August 1998.
- Introduced workers compensation private underwriting from 1 October 1999 (subsequently amended to commence

1 October 2000 or such earlier date as proclaimed), with premium rates charged competitively on an approved full-funding basis.

- Licensed insurers required to establish injury management programs that integrate all aspects of injury management. Commenced 1 September 1998.
- Requirement that injured workers and employers participate and cooperate in the establishment and compliance with the injury management plan for the worker. Commenced 1 September 1998.
- Injured workers required to notify employer as soon as possible and employers required to notify the insurer within 48 hours (for significant injuries resulting in incapacity for 7 days) or within 7 days for other injuries. Commenced 1 September 1998.
- Insurers to initiate action under their injury management program, through consultation with workers, employers and doctors, within 3 days of being notified of a significant injury and to establish an injury management plan for the worker. Commenced 1 September 1998.
- Required employers' return-to-work programs (previously called workplace injury management programs) to be consistent with the injury management program of the insurer. Commenced 1 September 1998.
- Sanctions introduced for non-compliance with injury management provisions by insurers, employers and injured workers. Commenced 1 September 1998.

2. Amendments to Workers Compensation Act 1987

Workers Compensation Legislation
Amendment Act 1998 No. 85

This amending Act made changes which:

- Reduced rate of weekly benefits for partially incapacitated workers who unreasonably reject offers of suitable employment or unreasonably discontinue suitable employment. Rate limited to award-based rather than gross comparison of pre-injury and post-injury earning ability.
- Removed requirement for WorkCover to approve final lump sum commutations of weekly compensation benefits, however Compensation Court's role in approving commutations retained.
- Introduced provisions requiring:
 - termination of liability to be in the best interests of the worker;
 - worker to fully understand the effects of the termination of liability;
 - worker to receive adequate advice as to consequences of termination before Compensation Court can determine a lump sum commutation.
- Inserted a provision providing for discontinuation of weekly benefits for partially incapacitated workers after 2 years in situations where worker is not suitably employed and either not seeking suitable employment or has previously unreasonably rejected suitable employment or failed to obtain suitable employment primarily because of the state of the labour market.
- Reduced maximum period of entitlement to compensation for partially incapacitated

workers seeking suitable employment from 104 weeks to 52 weeks.

- Inserted provisions for commencement of private underwriting insurance arrangements under the Workplace Injury Management and Workers Compensation Act 1998 on 1 October 1999 (Deferred by later amendment to 1 October 2000 or earlier proclaimed date).
- Imposed requirement that workers and employers must comply with obligations imposed under the Workplace Injury Management and Workers Compensation Act 1998 with respect to workplace injury management programs. (Commenced 1 September 1998)
- Introduced provision for closure of Contribution Fund.
- Strengthened time limits for making a claim. Claims must be made within 3 years, with later claims allowed only in cases of serious and permanent disablement or death.
- Amendments commenced 1 August 1998 (unless otherwise specified).

Workers Compensation Legislation Amendment (Dust Diseases and Other Matters) Act 1998 No. 130

This amending Act:

- Extended provisions of the Workers Compensation Act 1987 by incorporating same sex partners in the definition of 'de facto spouse or other family member' thereby allowing same sex de facto dependents to receive weekly and lump sum compensation benefits where workers are injured or deceased.

- Provided a mechanism to identify (by reference to coverage at point of worker's last dust exposure) which insurer, out of several who covered the employer over the period of the worker's dust exposure, is liable for a worker's damages.
- Improved current provisions by ensuring that disputes between insurers about who is liable are resolved in separate arbitration following determination of worker's damages claim with the worker having access to interim damages during any associated delay.
- Removed current time limits on common law claims for dust diseases.
- Amendments commenced 1 December 1998.

Insurance Premiums Order 1999-2000

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 1999.
- Commenced 30 June 1999.

Workers Compensation Legislation Amendment Act 1999 No. 24

This amending Act:

- Temporarily deferred the commencement of the private underwriting insurance scheme to 1 October 2000, or such earlier date as may be proclaimed, to provide an opportunity for additional reforms to be adopted to control premium levels, enable a

smoother transition to the new scheme; minimise associated cost fluctuations for individual employers; and address the accumulated deficit in current WorkCover scheme funds.

3. Amendments to Workplace Injury Management and Workers Compensation Act 1998

Statute Law (Miscellaneous Provisions) Act (No 2) 1998 No. 120

This amending Act:

- Provides for certain existing and prospective licensees to make contributions to the cost of operation of the Workers Compensation Premiums Rating Bureau, thereby maximising benefits and minimising associated costs of the scheme. Commenced 26 November 1998.

Workers Compensation Legislation Amendment (Dust Diseases and Other Matters) Act 1998 No. 130

Amendments made by this Act include:

- Extension of the provisions of the Workplace Injury Management and Workers Compensation Act 1998 by incorporating same sex partners in the definition of 'de facto relationship'. This amendment addresses an entitlement gap which existed by which same sex partners were previously not included in the definition of 'de facto relationship'. Commenced 1 December 1998.

Workers Compensation Legislation Amendment Act 1999 No. 24

This amending Act made changes which included:

- Deferral of the commencement of private underwriting until 1 October 2000, or such earlier date as may be proclaimed. The deferral is intended to provide an opportunity for additional reforms to be adopted to control premium levels; enable a smoother transition to the new premium calculation system; minimise associated cost fluctuations for individual employers caused by procedural changes and address the accumulated deficit in current WorkCover scheme funds.

4. Amendments to Workers Compensation (Bush Fire, Emergency and Rescue Services) Act 1987

Workers Compensation Legislation Amendment Act 1998 No. 85

This Act:

- Amended the Workers Compensation (Bush Fire, Emergency and Rescue Services) Act 1987 in connection with the enactment of the Workplace Injury Management and Workers Compensation Act 1998 so as to facilitate consistent regulatory administration and practice.
- Amendments commenced 1 August 1998.

5. Amendments to Workers' Compensation (Dust Diseases) Act 1942

Workers Compensation Legislation

Amendment Act 1998 No. 85

This Act:

- Amended the Workers' Compensation (Dust Diseases) Act 1942 in connection with the enactment of the Workplace Injury Management and Workers Compensation Act 1998, thereby facilitating consistent regulatory practice through the streamlining of court procedures with resulting savings in time and resources of the Dust Diseases Tribunal.
- Amendments commenced 1 August 1998.

Workers Compensation Legislation

Amendment (Dust Diseases and Other Matters) Act 1998 No. 130

This amending Act:

- Improved coverage under the Workers' Compensation (Dust Diseases) Act 1942 for dependents of workers who contract dust diseases by extending to dependent same sex partners entitlements to lump sum and/or weekly compensation.
- Abrogated the common law rule that release of a joint tortfeasor releases all tortfeasors, so as to permit the sequential settlement of claims in cases involving multiple defendants.
- Enabled the Dust Diseases Board to recover from a negligent third party who is wholly or partly liable for a worker's dust disease an amount to reimburse the Board for any workers compensation paid on the employer's behalf to the worker.
- Removed current time limits on common law claims thereby removing requirement

to comply with technical and arbitrary provisions in recognition of the special circumstances applicable to dust disease cases.

- Amendments commenced 1 December 1998.

6. Amendment of the Occupational Health and Safety Act 1983

Workers Compensation Legislation

Amendment Act 1998 No. 85

This Act:

- Amended the Occupational Health and Safety Act 1983 to be consistent with the Workplace Injury Management and Workers Compensation Act 1998 thereby facilitating consistency in regulatory practice. Commenced 1 August 1998.

Administrative Decisions Tribunal Legislation

Amendment Act 1998 No. 48

This Act:

- Amended the Occupational Health and Safety Act 1983 to enable regulations to be made under the Act to provide for applications to the Administrative Decisions Tribunal for review of certain decisions. The amendments enable best practice in administration of appeals by ensuring consistency in regulation and transparency of process. Commenced 1 January 1999.

**7. Amendment to Dangerous Goods Act 1975
Administrative Decisions Tribunal Legislation
Further Amendment Act 1998 No. 156**

This Act:

- Enables the Administrative Decisions Tribunal to review certain decisions concerning licences and permits that can be issued under the Dangerous Goods Act 1975, thereby promoting best practice in administration of appeals and ensuring consistency and transparency of process. Commenced 1 January 1999.

Statute Law (Miscellaneous Provisions)
Act (No 2) 1998 No. 120

This Act:

- Updates a reference to a repealed Act referred to in the Dangerous Goods Act 1978. The amendment omits reference to the former Firearms and Dangerous Weapons Act 1973 in s. 27A and inserts reference to the current Firearms Act 1996. Commenced 26 November 1998.

**8. Amendment to Sporting Injuries Insurance
Act 1978**

Workers Compensation Legislation
Amendment Act 1998 No. 85

This Act:

- Amends the Sporting Injuries Insurance Act 1978 in connection with the enactment of the Workplace Injury Management and Workers Compensation Act 1998, thereby maintaining consistency of terminology. Commenced 1 August 1998.

**9. Repeal of WorkCover Administration
Act 1989**

Workplace Injury Management and Workers
Compensation Act 1998 No 86

Section 249 of this commencing Act:

- Repealed the WorkCover Administration Act 1989.
- Repeal effective from 1 August 1998.

**10. Repeal of Workers Compensation
Amendment Act 1997**

Statute Law (Miscellaneous Provisions)
Act (No 2) 1998 No. 120

This Act:

- Rationalised the legislation by repealing the Workers Compensation Amendment Act 1997, the provisions of which had been included in a reprint of the legislation.
- Repeal effective from 26 November 1998.

B. CHANGES TO REGULATIONS

Workers Compensation Act 1987

1. Workers Compensation (General) Amendment (Savings and Transitional) Regulation 1998

This Regulation:

- Amended the Workers Compensation (General) Regulation 1995 to be consistent with the commencement of the Workplace Injury Management and Workers Compensation Act 1998 and the Workers Compensation Legislation Amendment Act 1998.
- Inserted provisions requiring employers to pay workers compensation conciliation costs incurred by workers, with limits on the amounts payable based on current amounts payable to legal practitioners and agents.
- Government Gazette No. 115 of 31 July 1998.
- Commenced 1 August 1998.

2. Workers Compensation (General) Amendment Regulation 1998

This Regulation:

- Amended the Workers Compensation (General) Regulation 1995.
- Specified the indexation number to be used in the indexation of benefits on 1 October 1998 in line with movements in award rates of pay.
- Government Gazette No. 126 of 28 August 1998.
- Commenced 1 September 1998.

3. Workers Compensation (Workplace Rehabilitation Programs) Amendment Regulation 1998

This Regulation:

- Amended the Workers Compensation (Workplace Injury Management) Regulation 1995.
- Specify, with respect to self-insurers, various modifications to the workplace injury management provisions of the Workplace Injury Management and Workers Compensation Act 1998. For example provide that certain references to “insurer” in the context of workplace injury management obligations are to be read as the Insurance Ministerial Corporation in situations where Government employers are covered by the Government’s managed fund scheme.
- Amendments provide for flexibility in administrative arrangements for self-insurers.
- Government Gazette No. 126 of 28 August 1998.
- Commenced 1 September 1998.

4. Workers Compensation (General) Amendment (Savings) Regulation 1999

This Regulation:

- Amended the Workers Compensation (General) Regulation 1995.
- Section 51 of the Workers Compensation Act 1987 provides that an employer’s liability to pay weekly compensation to an injured worker may be commuted by the employer by the payment of a lump sum. Section 51(9) of the Act was added in 1995 to clarify that once the employer makes the payment the amount paid is compensation for the purposes of various sections of the Act.

- The amendment seeks to continue the long established procedure whereby an employer may pay an amount determined by the Compensation Court to commute or redeem a liability to pay weekly compensation if the worker consents; and clarify that a worker is not entitled to payment of such a lump sum.
- Government Gazette No. 27 of 5 March 1999.
- Commenced 5 March 1999.

5. Workers Compensation (General)

Amendment (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 on 1 April 1998, in line with movements in award rates of pay.
- Government Gazette No. 27 of 5 March 1999.
- Commenced 1 April 1999.

Workers Compensation (Dust Diseases)
Act 1942

Enactment of Workers' Compensation
(Dust Diseases) Regulation 1998.

- Enactment of Workers' Compensation (Dust Diseases) Regulation 1998 to repeal and remake with no substantive changes the Workers' Compensation (Dust Diseases) Regulation 1993.
- The 1998 Regulation is made in connection with the staged repeal of subordinate legislation under the Subordinate Legislation Act 1989.

- Government Gazette No. 126 of 28 August 1998.
- Commenced 1 September 1998.

Occupational Health and Safety Act 1983

An Order pursuant to the Subordinate Legislation Act 1989, Government Gazette No. 126 of 28 August 1998, p 6930 postponed the staged repeal of the following Regulations until 1 September 1999:

- Occupational Health and Safety (Administration) Regulation 1992.
- Occupational Health and Safety (Committees in Workplaces) Regulation 1984.
- 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.

CONSTRUCTION SAFETY ACT 1912

Construction Safety Amendment (Amenities and Training) Regulation 1998

- This Regulation amends the Construction Safety Regulations 1950.
- The objects of this Regulation are to:
- Repeal Part 10 of the Construction Safety Regulations 1950 dealing with the provision of shelter, sanitary conveniences and washing facilities for persons engaged in building work, compressed air work or excavation work. Those matters are covered by a code of practice approved under section 44A of the OHS Act 1983.
- Insert a new Part in the Construction Safety Regulations 1950 requiring:
 - (a) principal contractors and employers to ensure that OHS induction training is undertaken by construction workers and to keep records of such training; and
 - (b) self-employed construction workers to undertake ohs induction training.
- The induction training requirements aim to encourage workplace training compliance, thereby reducing workplace injury and cost.
- Government Gazette No. 165 of 27 November 1998.
- Commenced 1 December 1998.

DANGEROUS GOODS ACT 1975

1. Dangerous Goods (Gas Installations) Regulation 1998

- The Dangerous Goods (Gas Installations) Regulation 1998 was made in connection with the staged repeal of subordinate legislation under the Subordinate Legislation Act 1989. The Regulation repealed and remade the provisions of the Dangerous Goods (Gas Installations) Regulation 1982.
- Government Gazette No. 123 of 21 August 1998.
- Commenced 1 September 1998.

2. Dangerous Goods (Gas Installations) Amendment Regulation 1999

This Regulation:

- Amended the Dangerous Goods (Gas Installation) Regulation 1998 by introducing penalties for non-issue of certificates of inspection for the installation of gasfitting work, thereby remedying gap within the existing Regulations.
- Government Gazette No. 27 of 5 March 1999.
- Commenced 5 March 1999.

3. Repeal postponement of the Dangerous Goods Regulation 1978

- An Order pursuant to the Subordinate Legislation Act 1989, Government Gazette No. 93 of 22 August 1997, p 6532, postponed the staged repeal of the Dangerous Goods Regulation 1978 until 1 September 1998.

C. CHANGES TO WORKCOVER CODES OF PRACTICE

The following new Approved Industry Codes of Practice have been gazetted pursuant to s.44A of the Occupational Health and Safety Act 1983.

All 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: occupational health and safety induction training for construction work

- The Code was introduced to provide employers, self employed persons and employees with practical advice on the provision of ohs induction training to persons engaged in construction work in accordance with the obligations imposed by the Construction Safety Regulations.
- Implementation of induction training requirements remedies identified problems in the construction industry and promotes workplace safety thereby maximising benefits and minimising costs to workers, employers and the community.
- Commenced 1 April 1999.
- Government Gazette No. 165 of 27 November 1998.

2. Code of Practice For The Amenity Tree Industry

- The Code provides practical guidance to the public and private sectors of the amenity tree industry on safety requirements for pruning, trimming, repairing, maintaining, transplanting and removing trees, wood chipping and stump grinding and for

equipment used in such operations, as specified under the OHS Act 1983.

- Commenced 8 August 1998.
- Government Gazette No. 115 of 31 July 1998.

3. Code of Practice for the Safe Use and Storage of Chemicals (including Pesticides and Herbicides) in Agriculture

- The Code provides practical guidance on the safe use, storage and disposal of chemicals, including pesticides, herbicides and other agricultural chemicals, and the protection of the health of workers through assisting users to achieve safe systems of work and compliance with health and safety legislation.
- Commenced 1 September 1998.
- Government Gazette No. 126 of 28 August 1998.

4. Code of practice for the safe use of pesticides including herbicides in non-agricultural workplaces

- The Code provides practical guidance on the safe use, storage and disposal of pesticides (including herbicides) used to control pests in the activities of green keeping, maintenance of parks, gardens and public places, retail nurseries and urban pest control, thereby assisting employers, self-employed persons and employees to achieve safe systems of work and compliance with health and safety legislation.
- Commenced 1 September 1998.
- Government Gazette No. 126 of 28 August 1998.

APPENDIX 9

5. Wine Industry Code of Practice for Workplace Health and Safety

- The Code covers both vineyards and wineries and provides guidance on occupational health and safety matters such as risk management, chemical safety, plant, electrical hazards, confined spaces, noise, manual handling and public safety as they occur in the wine industry.
- The Code was developed by WorkCover in conjunction with the Hunter Valley Vineyard Association Winecare Committee and the Wine Industry Association of NSW. It is not a s.44A approved Industry Code of Practice.
- Published January 1999.

Workcover Authority

LICENSED INSURERS AS AT 30 JUNE 1999

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 1999

Bankstown City Council
BOC Gases Australia Limited
Bonds Industries Limited
Council of the City of Blacktown
Council of the City of Lake Macquarie
Council of the City of Newcastle
Council of the City of 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
 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
 Mayne Nickless Limited
 Mobil Oil Australia Limited
 National Australia Bank Limited
 Pacific Power
 Pasminco Cockle Creek Smelter Pty Limited
 Qantas Airways Limited
 Rail Services Australia
 Rocla 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
 Warringah Council
 Westpac Banking Corporation
 Wyong Shire Council

GROUP SELF-INSURERS AS AT 30 JUNE 1999

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 1999

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 1999

AMP General Insurance Limited
 Ansvar Australia Insurance Limited
 CIC Insurance Limited
 CGU Insurance Limited
 Chubb Insurance Company of Australia
 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 10

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 recommendation to the Minister for Industrial Relations, the Hon Jeff Shaw QC 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 whom is the chairperson.

The Advisory Council members as at 30 June 1999 were:

CHAIRPERSON

John Grayson
General Manager
WorkCover Authority of NSW

EMPLOYER REPRESENTATIVES

Garry Brack – Employers' Federation
Mark Fogarty – Australian Industry Group
Mr Bill Healey – Retail Traders' Assn of NSW
Greg Pattison – Australian Business Limited
Ken Young – Chairperson, 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

Michael Taig – ICA

Robert Thomson – Zurich Workers Compensation

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 were: rural; construction; mining; industrial manufacturing; consumer manufacturing; wholesale; retail; transport and storage; consumer services; government administration and education; health and community services; business services; utilities.

OCCUPATIONAL HEALTH AND SAFETY COUNCIL OF NSW

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 the NSW Workers Compensation Advisory Council and WorkCover NSW. In addition WorkCover

NSW must refer to the OHS Council any matter requested by the Minister. The OHS Council works with WorkCover NSW and the Advisory Council to ensure the provision of sound OHS advice for NSW workplaces.

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 working parties as appropriate.

During 1998/99 Council provided advice on numerous draft regulations and draft codes of practice including: the proposed Consultation Regulation and Code of Practice; the Draft Code of Practice and Guidelines on Pregnancy and Work; Draft Occupational Health and Safety (Committees in Workplaces) Regulation 1999; the Draft Code of Practice: Excavation and the Draft Dangerous Goods (General) Regulation 1999.

Council also provided advice on a range of matters such as proposed amendments to the Occupational Health and Safety Act 1983 emanating from the Law and Justice Committee's Report Workplace Safety; and advice on repeals and amendments of certain OHS legislative provisions and the making of codes of practice based on Australian Standards. Comment was also provided on the Industry Reference Groups' (IRGs) Work Plans.

At WorkCover's invitation, Council participated in an inspector-training program for the 1998/99 intake of inspectors and provided advice on appropriate information forums for the proposed Occupational Health and Safety Regulation.

Throughout the year the Chairperson, Sylvia Kidziak, continued to provide the opening address at WorkCover's Accredited Medical Practitioners Training Program. The Chairperson also undertook a number of speaking engagements during the year including a presentation at the Labor Council Conference "OHS Education vs Prosecution" and at the Aged Care Association's Annual Conference.

OHS&R COUNCIL MEMBERSHIP 1998/99

CHAIRPERSON

Ministerial Appointee

Sylvia Kidziak
Managing Director, SL Engineering

MEMBERS

Ministerial Appointee

Suzanne Jamieson
Senior Lecturer in Industrial Relations,
University of Sydney

Minister for Health Nominee

Ros Fidge (from December 1998,
resigned July 1999)
Human Resources Policy Analyst,
NSW Department of Health

Labor Council of NSW Representative

Trish Butrej
OHS Adviser, NSW Nurses' Association
Terry Hannan
Industrial Officer, Public Service Association
of NSW
Mary Yaager
OHS and Workers Compensation Coordinator,
Labor Council

Employer Representatives

Alan Garner
Senior Safety Officer, Master Builders'
Association of NSW
Ann Taylor (resigned May 1999)
National OHS Manager Woolworths,
Australian Retailers Association, NSW
Division
Hugh Howell
OHS representative, Australian Industry
Group

DEPUTY MEMBERS

Ministerial Appointee

Geoffrey Sexton
Engineering Consultant, Malgam Pty Ltd

Labor Council of NSW Representatives

Ian Gavin
OHS representative CFMEU, OHS Advisor
Comet Training
Sue Nolan
Industrial Officer, Health and Research
Employees' Association of NSW
Rob Wilkie (resigned September 1998)
Senior OHS Officer, Australian Workers
Union

Employer Representatives

Geoffrey Stevenson (resigned October 1998)
Industrial Director, NSW Farmers' Association
Alistair Tomlinson (invitee from February
1999)
Industrial Director, NSW Farmers' Association
Deborah Hall
OHS Adviser, Australian Business Limited
Garry Brack
Chief Executive Officer, Employers' Federation
of NSW

MASTER CUSTODIAN COMMITTEE

PURPOSE:

This committee was formed to facilitate implementation of a master custodian arrangement for the WorkCover Scheme Statutory Funds.

The main purpose of the committee is to formulate service specifications for a master custodian arrangement, to evaluate tender responses from the public tender process and to select a master custodian.

COMMITTEE MEMBERS:

Siew Kiang (Chairperson)
Manager, Licence and Insurance
Administration Group – WorkCover NSW

John Hromin
Manager, Investment Review Branch –
WorkCover NSW

David Spruell
CEO, MMI Investment Management Ltd.
(Insurer Representative)

Mark Hams
Manager, Settlements and Custody, GIO Asset
Management (Insurer Representative)

Angus Gluskie
Investment Manager, Employers Mutual
Indemnity (Insurer Representative)

Helen Durham
Hour Glass Manager, T-Corp (Independent
Expert Member)

Margaret Bishop
Consultant, Towers-Perrin (Expert Adviser to
Committee)

MEDICAL ADVISORY COMMITTEE

PURPOSE:

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

COMMITTEE MEMBERS:

John Grayson (Chairperson)
General Manager, WorkCover NSW

Rod McInnes
Assistant General Manager, 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
Sydney Water

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

Lorraine Jones
Australian Faculty of Rehabilitation Medicine

Robin Chase
Occupational Health Professionals

Lyn Lee
Director, Clinical Services, South Eastern
Sydney Area Health Service

Ian Adair
Alliance of NSW Divisions of General Practice

Arthur Chesterfield-Evans MLC

APPROVED MEDICAL SPECIALISTS

PURPOSE:

The committee, consisting of representatives from all medical colleges and faculties, develops selection criteria and selection process for Approved Medical Specialists as per 1998 Act amendments.

APPROVED MEDICAL SPECIALIST MEMBERS

Garry Brack
Advisory Council Member for Employers
Federation of NSW

Mary Yaager
Advisory Council Member for Labor Council

Don Swinbourne
CEO, Royal Australasian College of Physicians

Dudley Hill
President, Australasian College of
Dermatologists

Professor Michael Besser
President, Neurosurgical Society of Australasia

Julian Parmegiani
Chairperson, NSW Section of Forensic
Psychiatry

Brett Courtenay
NSW State Chairman, Australian Orthopaedic
Association

David Crocker
Australian Faculty of Occupational Medicine

Stephen Quain
Royal Australian College of Surgeons

John Farlow
Australian Association of Surgeons NSW

Paul Lendvay
Australian Society of Plastic & Reconstructive
Surgeons

Lorraine Jones
Australasian Faculty of Rehabilitation
Medicine

Don Burrows
Director Clinical Services, Wentworth Area
Health Service

Ken Young
Sydney Water

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 members of 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 Scheme provides similar protection for student 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 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 and prevent injuries in sport.

The Committee consists of six members. The chairperson is the General Manager of the WorkCover Authority 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.

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 current chairperson is the General Manager of the WorkCover Authority.

APPENDIX 11

Publications

Code of Practice: Formwork	of chemicals (including pesticides and herbicides) in agriculture
Code of Practice: Amenity Tree Industry	Fatality in the workplace: information for family and friends
Gender Differences in the OHS experiences of NSW workers	Manual handling for cleaners
Health & safety at work : Hairdressing	Checklist for evaluating mobile hoists (in the health care industry)
Due diligence at work: a checklist for action on workplace health & safety	Checklist: evaluating beds for the health care industry
Health & safety at work: Kitchens	Guidance note on preventing slips, trips and falls
Hospitality industry: making the workplace safe	Avoiding slips, trips and falls: information for workers
Wine industry code of practice for workplace health & safety	Cashiers: health & safety at work
Guidelines for writing work method statements in plain English	Checkout safety: a guide for cashiers, shop assistants and their supervisors
Preventing aggression in residential aged care facilities	Health and safety for cleaners: selecting the right mopping equipment
Code of Practice: OHS induction training for construction work	Lifting and moving people: choosing the right equipment
Health hazards of solvents in the construction industry	Guide to certification
Cement and your health	
Stay alive by working dead	
Guide to electrical worker's safety practices(for up to 1000 volts)	
Dangerous goods information leaflets (series of 24)	
Code of practice for the safe use of pesticides including herbicides in non-agricultural workplaces	
Code of practice for the safe use and storage	

APPENDIX 12

Overseas Travel

Robert Kenyon

Senior Occupational Physician

19-30 April 1999

Attend International Course of Molecular Epidemiology, Torina, Italy; Attend Second International Symposium on Occupational and Environmental Allergy and Immune Diseases, Chieti, Italy

Jim Munro

Director, Londonderry Occupational Safety Centre

5-13 July 1998

Discussions with Japanese authorities regarding acceptance of Londonderry Occupational Safety Centre (LOSC) as a designated foreign testing body: Ministry of Labour; Department of Technology Institute of Industrial Safety; National Institute for Resources and Environment; National Institute for Technology and Evaluation

14-15 July 1998

Signing of reciprocal declaration of intent for LOSC to accept Physikalisch-Technische Bundesanstalt test results, Germany

16-19 July 1998

Development of formal reciprocal testing agreement between LOSC and SIRA Certification Services, United Kingdom

11-29 October 1998

Chairing of International Electrotechnical Commission technical committee for development of standards for intrinsic safety

in coal mining, Houston; visits to Factory Mutual, Boston, and Mines' Safety and Health Administration, West Virginia to develop existing reciprocal testing arrangements with LOSC; discussions with Underwriters' Laboratory, Chicago, for mutual recognition for coal testing

11-21 June 1999

Chairing of International Electrotechnical Commission technical committee; Visit to Canadian explosive research laboratory, Toronto, and discussions on formal agreements with LOSC

Kelvin Wooller

Senior Occupational Physician

11-15 September 1998

Address occupational health private practitioners at University of Auckland on invitation from Department of Labour, New Zealand; address meeting of Department of Labour's Senior Departmental Medical Practitioners in Wellington, New Zealand

23-30 April 1999

Attend American Occupational Health Conference in New Orleans organised by American College of Occupational and Environmental Medicine.

APPENDIX 13

Consultants 1998/1999

PROJECT TITLE	CONSULTANT	COST \$
Expenditure on consultants costing equal to or more than \$30,000 each		
Corporate Services Review	Milliways Pty Ltd	297,000
Master Custodian Review	Tilinghast-Towers Perrin	167,398
Selection of Safety Inspectors	Price Waterhouse Coopers	114,500
Advise on Master Custodian Arrangements	Phillips Fox	112,099
Feasibility Review of IT Support and Data Centre Facilities	Opticon Australia	69,500
Anzsis Project	Pacific Bridge (Aus) Pty Ltd	60,104
Insurance Division Restructure	Bill Godfrey & Associates Pty Ltd	60,000
Premium Rating Approval Process Rebate/ Deficit Reduction	Eric Chalmers	43,740
Year 2000 Compliance	Axis Technology	31,540
Expenditure on consultants costing less than \$30,000 each -28 projects		290,649
TOTAL CONSULTANTS		1,246,530

APPENDIX 14

Performance Statement for John Grayson

GENERAL MANAGER, WORKCOVER NSW SES LEVEL 7

John Grayson was appointed to the position on 11 August 1997. As Chairperson of the Workers Compensation Advisory Council of NSW (Advisory Council), Mr Grayson has played a key role in the drafting and subsequent passage of the Workplace Injury Management and Workers Compensation Act 1998 (the Act). The Act provides a strong emphasis on pro-active injury management and seeks to achieve optimum results in terms of the timely and safe return to work of workers following workplace injuries.

Thirteen (13) Industry Reference Groups (IRG's) have been established under the Act. The role of the IRG's is to develop industry specific solutions for significant workplace occupational health and safety problems, so as to reduce the frequency and severity of workplace accidents and reduce the costs of workers compensation. The Groups have been meeting since February 1999 and have commenced work on several high priority projects. The Business Services IRG is developing a tool for cleaners (an employment category largely filled by people from culturally diverse communities) on how to avoid trips and falls. The Government Administration and Education IRG has identified a multicultural work site to trial a tool currently being developed by WorkCover to assist workplaces to identify their OHS system needs.

The second stage of reforms proposed from 1 October 1999, namely the move to private underwriting of workers compensation insurance and the setting of premium rates through the NSW Workers Compensation Premiums Rating Bureau, have been deferred.

Management awareness in handling OHS responsibilities in contracting arrangements was a major focus of a Memorandum of Understanding (MOU), signed in October 1999, between the NSW Government and the managers of 17 leading construction contractors. Initiated by WorkCover, the MOU outlines seven (7) undertakings aimed at improving OHS which are supported by performance indicators. This is the first time that construction companies have publicly committed to such an undertaking.

The Year 2000 Best Practice Committee, established last reporting year to identify best practices initiatives and identify and sponsor strategies to reform the safety culture of industry, continued to meet quarterly to progress its charter. Included in its achievements to date is the sponsorship of the MOU referred to above and the establishment of the OHS Ambassadors Program. The Program aims to raise awareness of OHS issues among undergraduate students undertaking architecture, engineering and business management degrees and of professional associations, focusing on the importance of OHS at the design stage.

Also during 1998/99, WorkCover continued with its organisational and structural change program. The Corporate Governance Division review of functions and activities is now

complete and a new Division structure is in place. The Industry Team trial in the Occupational Health and Safety Division has been completed and work has begun to restructure the Division along Industry Team lines. The review of functions and activities in the Insurance Division is also well progressed and is due for completion in the next reporting year.

Significant achievements as part of the Corporate Services reform agenda have been made. A rationalisation of WorkCover's motor vehicle fleet has seen vehicle numbers reduced from 345 to 300 with estimated savings of \$1.4M. Further savings are anticipated in future years despite rises in lease fees and the impact of the Goods and Services Tax. WorkCover's "contracting - out" of site and support services has resulted in significant savings and a greater level of service. It has also meant that staff have been moved from menial jobs, with little or no opportunity for career advancement to jobs with greater responsibility and defined career paths.

The Hon. J.W.Shaw QC MLC
Attorney General and
Minister for Industrial Relations

Performance Statement for Rod McInnes

ASSISTANT GENERAL MANAGER, WORKCOVER NSW, INSURANCE DIVISION, SES LEVEL 5

Rod McInnes has occupied the position of AGM Insurance since 28 March 1998. During 1998/99, Mr McInnes has overseen the implementation of the Workplace Injury Management and Workers Compensation Act 1998, and continued to actively support the ongoing reform of the Scheme undertaken by the Workers Compensation Advisory Council.

Mr McInnes 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. He continues to enjoy a productive and cordial relationship with all key WorkCover stakeholders including unions, employer associations, insurers and service provider groups.

Mr McInnes has also instituted an organisational review of the Insurance Division to enable it to meet key objectives under the reformed scheme. The Division is currently being restructured in line with the recommendations arising from the review, with the objective of being well positioned to meet the strategic and regulatory challenges of the future.

As a member of the Executive of WorkCover, he has shown leadership across a range of issues and made a valuable contribution in assisting the General Manager with shaping the future direction of WorkCover.

The Hon. J.W. Shaw QC MLC
Attorney General and
Minister for Industrial Relations

Performance Statement for Michele Patterson

ASSISTANT GENERAL MANAGER, OCCUPATIONAL HEALTH & SAFETY DIVISION, WORKCOVER NSW, SES LEVEL 5

Michele Patterson was appointed to the position on 30 September 1998 following the amalgamation of the former Regional Operations and Risk Management Services Divisions. Since her appointment, Ms Patterson has managed the Division through a period of extensive planning and review in preparation for a new Divisional structure with an industry focus.

Fundamental to this was a review of every business process within the previous Divisions and a redefining of the Division's aims and core business. This included the elimination of non-core activities and the redirecting of resources to priority core business functions.

Ms Patterson has also provided strong leadership to the 500 staff of the Division, initiated career progression and new training and development strategies and established extensive communication channels within the Division, and between the OHS Division and the other WorkCover Divisions.

At the same time, Ms Patterson has strengthened the Division's relationship with industry and encouraged their participation and feedback on service delivery. She has also overseen the development of Memoranda's of Understanding with the construction and hospitality industries and local government, which have developed and progressed

strategies to improve OHS performance in their areas.

Ms Patterson has implemented an improved reporting system to the WorkCover Board and Occupational Health & Safety Council. She has provided expert advice on occupational health and safety issues to these bodies as well as to the Workers Compensation Advisory Council and the WorkCover Executive.

The Hon. J. W. Shaw QC MLC
Attorney General and
Minister for Industrial Relations

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 following the restructure of the former Corporate Services Division to form the Corporate Governance Division. Since her appointment, Ms Garland has managed the Division through a period of extensive planning and review. The restructure of the Division has been accomplished without industrial action and resulted in a reduction in staff numbers of approximately 70.

Specifically, Ms Garland has initiated significant change in line with the Government's corporate services reform agenda. A partnership between the Information Management and Human Resources Branches resulted in a number of business transactions previously done manually, being computerised. Leave, higher duties and overtime claims are among the transactions now processed through a computerised on-line service centre. The Division is now the NSW Government leader in the utilisation of electronic transactions and is a reference site for Human Resources use of "On-Line" technology.

In July 1998, WorkCover commenced a new (computer) desktop rollout which achieved a standardised system of over 800 personal computers in under ten weeks. The result is

a better service to users and a high level of reliability of service with downtime now undetected by users. WorkCover is now regarded as a benchmark organisation in this area.

WorkCover's site and support services are now provided through contract with an external provider, Outsource Australia, resulting in service level agreements which will be modelled across the public sector. This has resulted in significant savings to WorkCover, a greater level of service and ended reliance on "agency" staffing in PABX, Mailroom, Security and Warehouse Services.

In February 1999, the Premier announced that WorkCover's head office would relocate to Gosford by 2002. Ms Garland has been given responsibility for ensuring that the relocation is achieved and while planning is only in the early stages, she has met all timeframes to date.

While the primary focus may have been on the reform process, Ms Garland has ensured that her Division has continued to meet key objectives, operate within budget and improve productivity. As a member of the WorkCover Executive, she has shown leadership across a range of issues and made a valuable contribution in assisting the General Manager with shaping the future strategic direction of WorkCover.

The Hon. J. W. Shaw QC MLC
Attorney General and
Minister for Industrial Relations

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The Hon. J. W. Shaw QC MLC
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Minister for Industrial Relations

APPENDIX 15

EEO Statistics

PERCENT OF TOTAL STAFF BY LEVEL

1 Subgroup as Percent of Total Staff at each Level					2 Subgroup as Estimated Percent of Total Staff at each Level				
Level	Total Staff (Number)	Staff responding to EEO data form (Respondents)	Men	Women	Aboriginal & Torres Strait Islander People	People from Racial, Ethnic, Ethno-Religious Minority Groups	People whose Language First Spoken as a child was not English	People with a disability	People with a disability requiring Adjustment at work
<\$25,761	0	0	0	0	0%	0%	0%	0%	0%
\$25,761-\$33,835	26	62%	31%	69%	3.8%	35%	31%	11%	3.8%
\$33,836-\$37,825	132	58%	7%	93%	3.8%	25%	20%	7%	1.5%
\$37,826-\$47,866	87	67%	41%	59%	0%	15%	11%	7%	3.4%
\$47,866-\$61,899	419	70%	70%	30%	0.2%	19%	15%	7%	1.9%
\$61,900-\$77,374	152	75%	70%	30%	0.7%	20%	16%	11%	3.9%
>\$77,374 (non-SES)	8	88%	75%	25%	0%	0%	0%	12%	0%
>\$77,374 (SES)	10	50%	40%	60%	0%	10%	0%	0%	0%
TOTAL	834	68%	55%	45%	1%	20%	16%	8%	2.4%
ESTIMATED SUB-GROUPS TOTAL		569	461	373	8	168	133	65	20

PERCENT OF TOTAL STAFF BY EMPLOYMENT BASIS

1 Subgroup as Percent of Total Staff at each Level					2 Subgroup as Estimated Percent of Total Staff at each Level				
Level	Total Staff (Number)	Staff responding to EEO data form (Respondents)	Men	Women	Aboriginal & Torres Strait Islander People	People from Racial, Ethnic, Ethno-Religious Minority Groups	People whose Language First Spoken as a child was not English	People with a disability	People with a disability requiring Adjustment at work
Permanent									
Full-Time	698	71%	62%	38%	0.7%	21%	17%	8.6%	2.6%
Part-Time	36	86%	6%	94%	0.0%	25%	19%	8.3%	2.8%
Temporary									
Full-Time	78	41%	22%	78%	2.6%	12%	9%	2.6%	1.3%
Part-Time	12	50%	17%	83%	8.3%	17%	0.0%	0.0%	0.0%
Contract									
SES	10	50%	40%	60%	0.0%	10%	0.0%	0.0%	0.0%
Non SES	0	-	-	-	-	-	-	-	-
Casual	0	-	-	-	-	-	-	-	-
TOTAL	834	68%	55%	45%	1%	20%	16%	8%	2.4%
ESTIMATED SUB-GROUPS TOTAL		569	461	373	8	168	133	65	20

APPENDIX 16

FOI Statistics

The number of FOI requests processed by WorkCover in 1998/99 was 23% greater than in 1997/98. The statistical data shown below covers all reporting requirements relevant to WorkCover's processing of FOI requests in 1998/99.

In accordance with statutory requirements, the WorkCover Statement of Affairs and two WorkCover Summaries of Affairs were published in 1998/99.

FOI Request	Personal		Other		Total	
	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99
New (incl. transferred in)	378	401	24	92	402	493
Brought forward	25	37	7	7	32	44
Total to be processed	403	438	31	99	434	537
Completed	366	390	24	88	390	478
Transferred out	0	0	0	0	0	0
Withdrawn	0	8	0	3	0	11
Total processed	366	390	24	88	390	478
Unfinished (carried forward)	37	40	7	8	44	48

Result of FOI 1998/99	Personal	Other
Granted in full	159	35
Granted in part	127	27
Refused	119	11
Deferred	0	0
Completed	405	73

WorkCover did not receive any applications regarding the issue of Ministerial Certificates or requests for the amendment of personal records, nor were there any requests requiring formal consultation.

Type of Discount Allowed	Personal	Other
Public Interest	0	0
Financial Hardship- Pensioner/Child	7	0
Financial Hardship - Non profit organisation	0	0
Total	7	0

	Assessed Costs	Fees Received
All completed requests	\$14,600	\$14,600

Basis of disallowing or restricting access	Personal	Other
S19 - application incomplete/ wrongly directed	0	0
S22 - deposit not paid	0	0
S25(1)(a1) - diversion of resources	0	1
S25(1)(a) - exempt	141	26
S25(1)(b)(c)(d) - otherwise available	0	0
S28(1)(b) - documents not held	104	11
S24(2) - deemed refused - over 21 days	0	0
S31(4) - released to medical practitioner	0	0
Total	245	38

Elapsed time	Personal		Other	
	1997/98	1998/99	1997/98	1998/99
0-21 Days	308	144	22	37
22 - 35 Days	52	86	2	20
Over 35 Days	6	160	0	31
Total	366	390	24	88

Processing hours	Personal		Other	
	1997/98	1998/99	1997/98	1998/99
0-10 Hours	364	390	24	86
11-20 Hours	2	0	0	0
21-40 Hours	0	0	0	2
Over 40 Hours	0	0	0	0
Total	366	390	24	88

Reviews Finalised	
Internal Reviews	3
Ombudsman's reviews	0

Basis of Internal Review	Personal		Other	
Grounds on which Internal Review Requested	Upheld	Varied	Upheld	Varied
Access Refused	2			1
Deferred	0			0
Exempt Matter	0			0
Unreasonable charges	0			0
Charge unreasonably incurred	0			0
Amendment refused	0			0
Total	2			1

APPENDIX 17

List of Contracted Projects signed between 1 July 1998 and 30 June 1999

WORKCOVER NSW INJURY PREVENTION, EDUCATION AND RESEARCH GRANTS SCHEME

Health and Safety Management Systems in the Community Sector

Improve the capacity of the non-government community service sector in New South Wales to develop and implement workplace health and safety systems to reduce risks and improve workers' compensation claims management practices. (\$181,664)

- Council of Social Service of NSW (NCOSS)

PLASCARE - Implementation of Plascare by NSW plastics manufacturers

Identify and manage all hazards in plastics manufacturing thereby protecting peoples' health and safety and continuously reducing the frequency, consequences and total costs of incidents. (\$43,000)

- Plastics and Chemicals Industry Association

Strengthening OHS Capability in the NSW VET Sector

Develop and test strategies for building the capability of the NSW vocational education and training (VET) sector to deliver and assess high quality OHS training, that is, to more effectively integrate OHS within the VET sector. Primarily this will be achieved through closer links between WorkCover and the NSW VET Sector. (\$118,550)

- Shaw Idea Pty Ltd

Investigative study for the development of an Injury Prevention Program for volunteer members of surf life saving

Analyse injury statistics, survey volunteer surf life savers and conduct an ergonomic analysis of their tasks which will result in the development of recommendations for an industry specific injury prevention program which will include education of Surf Life Saving Volunteers. (\$29,189)

- Fit for Work Australia Pty Ltd

Club Zero

Develop and test a model for implementing OHS best practice within fabricated metal products manufacturers, which can be implemented in other regions and industries. (\$250,000)

- University of Western Sydney, MacArthur

Guidelines for the Prevention and Management of Workplace Aggression

Assist public and private sector health service management and staff meet their OHS obligations in relation to workplace aggression/violence risk management and training by the preparation and distribution of relevant and very practical guidance material. (\$181,885)

- Central Sydney Area Health Service

Health and Workplace Safety in the Sex Industry

Measure the usefulness of existing information resources by canvassing and analysing the views and opinions of the target group in OHS in the sex industry. Based on the results of the needs assessment,

information and training resources will be developed that are aimed at increasing the capacity of the sex industry to formulate and implement workplace health and safety systems. (\$163,890)

- Sex Workers Outreach Project

Hazardous Substance Management Performance

Determine a baseline of chemical safety use and risk management practices in a number of industry workplaces in NSW. Information gained on current practices in industries will provide the basis on which specific programs that assist obligation bearers meet their duties under the Hazardous Substances Regulation could be developed. (\$175,000)

- Symonds Henderson Pty Ltd

Local Government Occupational Noise Management Implementation Strategy

Develop and trial a workshop for hazard management in the local government workplace. The workshop will encompass the roles and responsibilities for OHS (including employees, supervisors and managers) and a process for hazard management using noise as a worked example. (\$27,362)

- Warringah Council

Management Loss and Grief in the Aged Care Industry

Reduce stress among health workers who care for the aged in facilities and in at-home programs, through the development of best practice guidelines in the management of loss and grief. (\$60,150)

- Jane Elkington & Associates

Manual Handling in Aged Care Program for Ancillary Staff

Reduce the risk of manual handling injury to ancillary staff working in aged care facilities through the development of a comprehensive manual handling training package. (\$187,600)

- Louise Whitby & Associates Pty Ltd.

APPENDIX 18

Funds granted to non-government organisations

See Appendix 17.

APPENDIX 19

Research and development projects

See Appendix 17.

APPENDIX 20

Business Risk Management

During 1998/99 WorkCover undertook a number of activities associated with business risk management.

WorkCover continued with the year 2000 project which identified and documented all major business processes and disaster recovery plans are being progressively developed and tested.

WorkCover's internal audit program is being progressively refocussed from financial to operational audits. WorkCover's business processes are all being considered for a rolling review program to identify potential risk and ensure strategies are introduced to refine work practices. Emphasis has been placed on areas where new processes have been introduced or weaknesses have been identified in similar systems in the private or public sector.

Consistent with the Governments corporate service reform initiatives WorkCover has reviewed the insurance coverage with a view to effect savings over previous year's expenditure. It is anticipated that these savings will become evident next financial year.

With the relocation of WorkCover's Head Office to Gosford risk management assessment will focus on any risk associated with the relocation project and operational risks resulting from the Gosford relocation.

Workcover continued to review its Occupational Health and Safety program, to identify any workplace issues and provide

a basis for improved work practices particularly those associated with office fit-out and technology changes.

The review identified the need to develop a driver training program and a review of accident rates associated with fleet usage.

APPENDIX 21

Disclosure of Controlled Entities/Subsidiaries

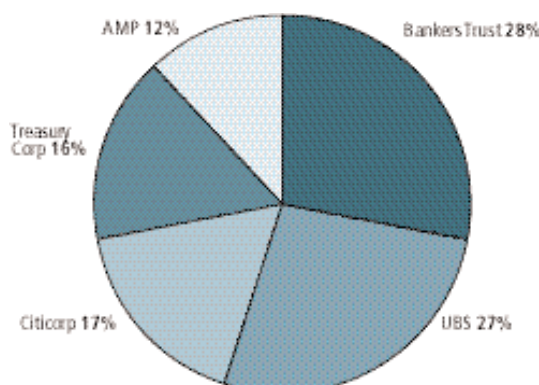
The WorkCover Authority has no controlled entities or subsidiaries.

APPENDIX 22

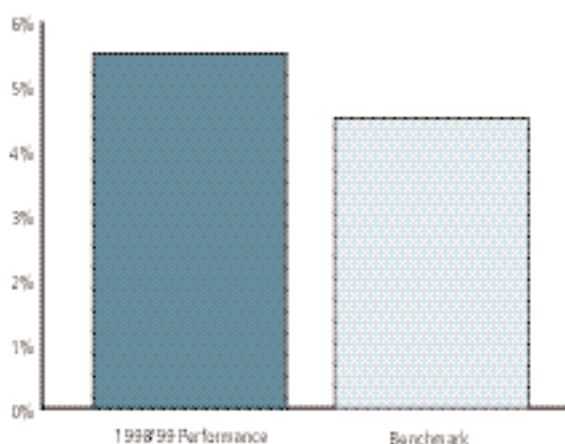
Investment Management Performance

WORKCOVER AUTHORITY

Investments at 30 June 1999 of the WorkCover Authority of \$213m (\$238m – 1998) represent 67% (62% – 1998) of total assets and comprise the following securities:



Investment returns exceeded benchmark during the year. The benchmark includes Warburg Dillon Read Bank Bill and Composite Bond indices and all Ordinaries Accumulation Index.



APPENDIX 23

Land Disposal

The WorkCover Authority did not dispose of any land during the period.

APPENDIX 24

Extension of time for annual report and financial statements

The preparation of the annual report and financial statements depends on the lodgement of audited returns by licensed insurers. Extensions of time have been approved 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 30 September 1999 for the submission of the Authority's 1999 financial 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 1999 for the submission of the Authority's annual report, in terms of section 13(3) of the Annual Reports (Statutory Bodies) Act 1984.

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