



10098 WORKCOVER

n e w s o u t h w a l e s
annual report



WORKCOVER
NEW SOUTH WALES

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WorkCover offices	inside back cover

This report contains information required by the Annual Reports (Statutory Bodies) Act 1984 and the regulations under the Act, as well as information on WorkCover's performance in Key Result Areas identified in the WorkCover 1997-2000 Corporate Plan.

COVER

VISION

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

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.

CHARTER

WorkCover NSW is a government agency which operates under the **WorkCover** administration act 1989

under that act, WorkCover's functions are: promoting the prevention of injuries and diseases at the workplace and the development of health and safe workplaces • ensuring the efficient, effective and equitable rehabilitation and compensation of persons injured at work • ensuring the financial viability and efficient operation of the workers compensation insurance arrangements • ensuring the co-ordination of the administration of occupational health and safety, rehabilitation and workers compensation arrangements.

WorkCover is responsible to the Hon Jeff Shaw QC MLC, Attorney General and Minister for Industrial Relations. The Board of Directors, which is appointed by the Governor on the recommendation of the Minister is responsible for determining **WorkCover's** policies and for ensuring that its activities are carried out properly and efficiently. The Board is subject to the control and direction of the Minister.

KEY RESULT AREAS

injury and illness prevention and management • regulatory framework • insurance management • client service • compliance services • corporate development

CORPORATE VALUES

quality in client service • **teamwork** across the organisation and with industry • **commitment** to making a difference • **integrity** and impartiality in everything we do • **people** and their capacity to contribute

WORK

18 November 1998

The Hon Jeff Shaw QC MLC

Attorney General
Minister for Industrial Relations and
Minister for Fair Trading
Parliament House
SYDNEY 2000



Dear Minister

In accordance with the Annual Reports (Statutory Bodies) Act 1984, the Board is pleased to forward to you for presentation to Parliament the following report on the activities and financial statements of the WorkCover Authority of NSW, incorporating WorkCover Scheme Statutory Funds, for the year ended 30 June 1998.

The preparation of financial statements of the WorkCover Scheme Statutory Funds is dependent upon the lodgement of audited returns by licensed insurers. In order to synchronise the reporting of the Scheme's financial results with the release of WorkCover's Annual Report, extensions of time have been granted by the Treasurer. The terms of the Treasurer's approval include an extension of time to 30 November each year for the submission of the Authority's Annual Report, as required by section 13(3) of the Annual Reports (Statutory Bodies) Act 1984.

A summary report highlighting the year's achievements is also being produced.



Yours faithfully

A handwritten signature in black ink, appearing to read 'John Grayson'. The signature is written in a cursive, flowing style.

John Grayson
General Manager
WorkCover NSW

COVER

GENERAL MANAGER'S REPORT

WorkCover has, throughout 1997 and 1998, faced the most significant period of change and renewal in its organisational history. During the past twelve months, WorkCover has responded to the need to address the ongoing viability of the NSW workers compensation scheme, and the delivery of appropriate occupational health and safety services, including the raising of occupational health and safety awareness generally. In order to do this, WorkCover has undertaken a major program of organisational reform.

As General Manager since August 1997 it has been my privilege to guide WorkCover through this challenging and exciting process.

Worker's compensation

The intensive effort to address the deteriorating state of the NSW Workers Compensation Scheme commenced in November 1997 when the Attorney General and Minister for Industrial Relations, Hon Jeff Shaw QC MLC established the Interim Workers Compensation Advisory Council. One of its first main tasks was to review the report developed by Mr Richard Grellman, *Inquiry into Workers Compensation System in NSW*.

An historic reform package was developed by the Interim Advisory Council between November 1997 and April 1998. The package was acknowledged by the Minister as a credit to the tenacity and patience of all concerned. This intensive work provided a basis for the development by Parliamentary Counsel of the *Workplace Injury Management and Workers Compensation Bill*. The Bill was approved by Parliament on 3 July 1998.

I acknowledge with appreciation the members of the Interim Advisory Council and WorkCover staff who gave of their time and expertise to ensure the successful outcomes of the consultative and legislative development processes.

The new *Workplace Injury Management and Workers Compensation Act* has as its central elements:

- establishment of the permanent Workers Compensation Advisory Council and Industry Reference Groups comprising employer and employee representatives to return the Scheme to its primary stakeholders
- reduction of Scheme costs through integrated injury management programs to encourage earlier return

to work of injured workers. This includes early reporting of injuries, intervention of insurers to ensure effective rehabilitation and return to work, and stronger obligations for treating doctors

- enhanced dispute resolution, including an expansion of the Workers Compensation Resolution Service
- provision to maintain premiums at an average of 2.8% of wages for the next financial year and, if necessary, to 1 October 2000
- the transfer of underwriting risk from the statutory funds to the private sector from 1 October 1999.

Under the new approach, WorkCover NSW will continue to perform its advisory, regulatory and enforcement functions in relation to workplace injury and illness prevention, management and compensation. Further, the organisation will provide secretariat and policy advice to the recently established Advisory Council, and work closely with Industry Reference Groups to develop industry-specific and practical injury prevention and management strategies and programs.

WorkCover has, since the approval of the legislation, moved ahead to develop and implement the new workplace injury management and claims administration protocols which form the centrepiece of the new approach.

The challenge now before WorkCover is to work together creatively and effectively to implement the agreed changes. We will work closely with our key stakeholders and service providers to further our ultimate aim of achieving best practice in workplace health and safety and the care, support and return to work of injured workers.

Occupational health and safety

WorkCover has implemented an innovative workplace safety strategy to more effectively target and deliver our occupational health and safety services. The strategy concentrates on prevention by assisting business to implement safe systems of work. It involves working with industry and union representatives to address occupational health and safety issues to develop realistic solutions to workplace problems and to minimise the impact of the costs of workers compensation.

WORK

The main aim of the strategy has been to maximise the quality and efficiency of WorkCover's delivery of frontline services. This has been backed up by appropriate enforcement strategies that place emphasis on the responsibility of the workplace participants for occupational health and safety.

Throughout the year, WorkCover has implemented and expanded a range of initiatives to improve awareness of occupational health and safety at work. These have included: Work, Health and Safety Week; the establishment of the OHS Best Practice Committee; active promotion of work, health and safety through seminars, conferences and community festivals; and substantial community education components in our various prevention programs.

In August 1998 WorkCover commenced the first major public work health and safety awareness program in NSW. With the slogan '**OK NSW, let's get serious about work safety**', the campaign includes television, print and radio advertisements. Its first phase has aimed to raise general awareness, with the second 'responsibility' phase targeted more specifically with information on workplace dangers and solutions.

The Workplace Safety Inquiry by the Legislative Council Standing Committee on Law and Justice has provided the opportunity for WorkCover to participate in the debate on, and reform of, occupational health and safety in NSW.

The Committee's Interim Report, released in December 1997, makes specific and significant recommendations for legislative, policy and operational change aimed at improving and strengthening the occupational health and safety performance of NSW workplaces. WorkCover is progressing a number of the recommendations including the redrafting, clarification and simplification of the *Occupational Health and Safety Act* to more effectively provide for occupational health and safety in the state.

WorkCover officers participated in the Committee's two rounds of public hearings. They gave evidence on a range of matters arising from the Interim Report and from the *Issues Paper on Workplace Safety* released by the Committee in February 1998.

The Government is currently considering and implementing recommendations from the Inquiry's Interim Report, in consultation with key stakeholders. The Occupational Health and Safety Council has provided advice on specific proposals for OHS legislative reform.

Organisational reform

A number of reviews have been conducted of operational functions of the organisation to more effectively use the expertise, knowledge and commitment of WorkCover staff. Management and staff, together with external experts, have been involved in the process of realigning structures and resources to achieve improved organisational performance.

The reviews are also in response to the Government's public sector reform program and previous reports on WorkCover by the Council on the Cost of Government. Staff and unions have been consulted throughout the process through regular meetings between senior managers and workplace union representatives and WorkCover's Joint Consultative Committee.

The major areas of reform have included:

- Review of all corporate services and policy functions across WorkCover
- Closer alignment of the inspectorate/prosecution process
- Review of WorkCover's involvement in commercial OHS consultancies
- Review and restructure of information management and technology services
- Improved alignment of functions within the Insurance Division
- Amalgamation of corporate communications and the information/education function

These reforms have resulted in a more carefully aligned and less fragmented organisation which I am confident will be able to meet the challenges of ensuring that NSW has the best possible framework for the provision of workers compensation and occupational health and safety programs and services.

May I thank all those expert, knowledgeable and committed staff who have contributed to WorkCover's successes during the past twelve months. I look forward to the year ahead.



John Grayson
General Manager
WorkCover NSW

COVER

KEY PERFORMANCE INDICATORS

WorkCover's 1997-2000 Corporate Plan adopted a new set of Corporate Performance Indicators (CPIs). The CPIs below are key indicators from the larger set reported in the performance summary of the key result areas.

Key result area 1

INJURY AND ILLNESS PREVENTION AND MANAGEMENT

1.1 Incidence of claims

- (a) Workplace injury;
- (b) Occupational disease.

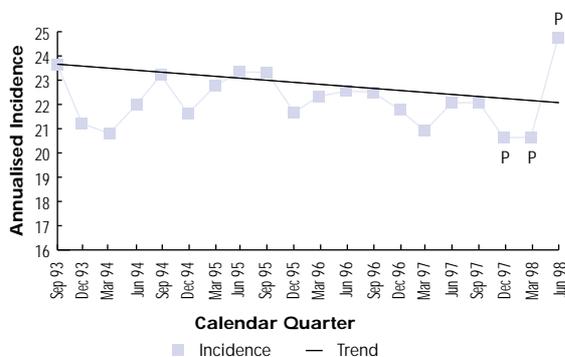
1.1 (a) The incidence of workplace injuries per 1,000 employees.

The graph below shows that the incidence of injury has decreased slightly since June 1993.

A workplace injury is caused by an accident occurring at the workplace either during work or during a work break, where the worker's activity is under the control of an employer. This definition includes accidents occurring on premises away from the worker's base of operations. It excludes journey accidents.

Major claims are claims with a result of injury of death, permanent disability, or temporary disability for which five or more days have been paid for total incapacity.

Incidence - Workplace Injuries



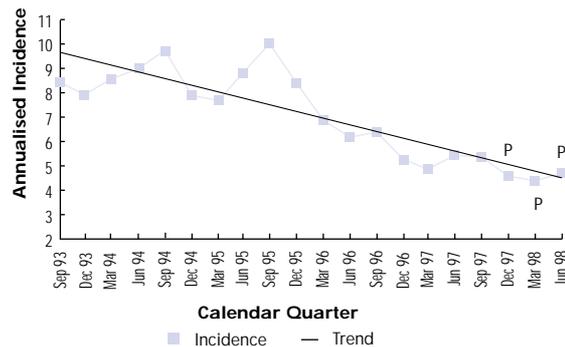
1.1 (b) The incidence of major claims of illness per 1,000 employees.

The incidence of occupational disease claims has declined substantially over the period September 1993 to June 1998.

This reduction has followed legislative amendments in 1995 which imposed restrictions on stress and industrial deafness claims.

An occupational disease is a disease which is contracted or aggravated in the course of employment, and to which the work performed was a contributing factor.

Incidence - Occupational Diseases



1.3 Number and incidence of reported traumatic injury fatalities.

The number and incidence of traumatic injury fatalities are of fundamental significance for WorkCover's occupational health and safety prevention role. WorkCover vigorously addresses the problem of workplace fatalities by undertaking major awareness campaigns and implementing targeted intervention strategies in high risk areas.

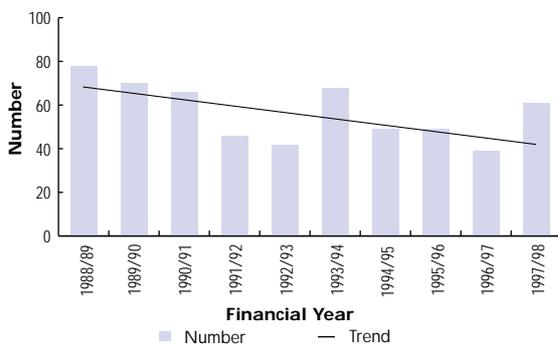
This indicator monitors the number and incidence (per 100,000 workers) of fatalities reported to WorkCover.

Not included in the figures are deaths arising from occupational disease. The figures however, include fatalities for which workers compensation has not been claimed, in particular, self employed persons such as farmers, and children who are not covered by the WorkCover scheme.

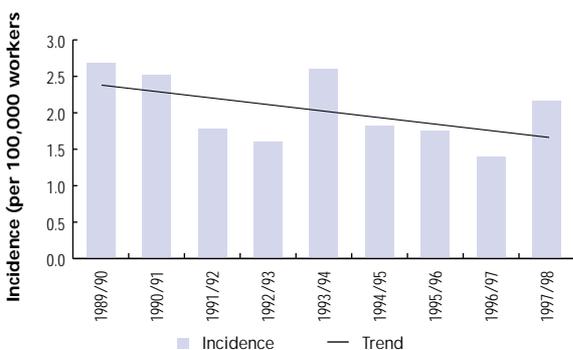
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The number and incidence of reported traumatic injury fatalities has shown a declining trend in recent years but the 1997/98 figures are higher than the trend projections.

Number of Reported Traumatic Injury Fatalities 1988/89 to 1997/98



Incidence (per 100,000 workers) of traumatic work related fatalities



Key result area 2

REGULATORY FRAMEWORK

2.1 Awareness among employers and workers of their regulatory responsibilities as a result of specific campaigns and strategies.

Industry Seminars

Over 1997 WorkCover conducted a statewide seminar program to alert NSW workplaces to new regulatory obligations. The 1997 seminars, entitled "Managing Safety at Work", were directed toward providing employers and workers with practical guidance on

applying OHS risk management in an easily understood and cost effective way. The seminars built upon a similar program in 1996 which alerted workplaces to new hazardous substances and plant obligations.

A total of 19 seminars were held in Sydney, Parramatta and throughout the state. The seminars are provided at no cost to industry and are designed to cater for diverse business activities ranging from very large to small employers. Each seminar involved representatives from employer and employee associations as nominated by the Occupational Health, Safety and Rehabilitation Council of NSW. The presence of employer and employee representatives demonstrates a tripartite commitment to OHS and encouraged positive interaction from workers, supervisors and employers at the seminars.

The 1997 seminar program was an outstanding success with over 3,000 persons attending. A particularly pleasing feature was the strong support for the program in regional NSW with attendances at regional seminars averaging 145 persons. In response to a WorkCover survey on the value of the program, over 90% of respondents indicated that the seminars were either very useful or useful.

Client Survey

As a prelude to the WorkCover Community Awareness Campaign a survey was commenced to identify the level of awareness among employers and workers of regulatory responsibilities.

Key result area 3

INSURANCE MANAGEMENT

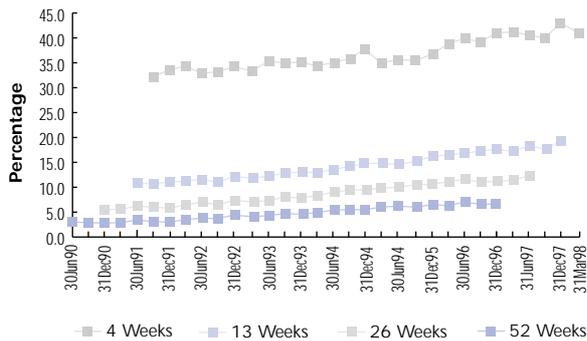
3.1 Proportion of claims which exceed:

- 4 weeks duration
- 3 months duration
- 6 months duration
- 12 months duration

The duration of claims is a fundamental factor influencing the cost of the WorkCover Scheme. The proportion of managed fund insurer claims for each duration category specified is showing a sustained upward trend. Thus a higher percentage of total claims are falling into each of the four duration categories.

COVER

Percentage of claimants still on weekly benefits after specified duration period.



The graph above indicates that an increasing percentage of clients are maintaining benefits for 4 weeks or longer.

This is a major contributor to the financial pressure on the WorkCover Scheme.

3.3 Average premium rate compared to Scheme Cost as a proportion of wages.

This indicator compares the costs of claims with the revenue from premiums.

This indicator shows whether premiums collected are sufficient to meet the costs of claims under the WorkCover Scheme.

An actuarial assessment is made of the ultimate claims costs, the revenue from premiums, and the wages paid by employers.

The costs and revenue are expressed as premium rates by dividing them by wages. The Projected Scheme Cost is the cost of claims as a percentage of wages, and the Average Premium Rate is the premium revenue expressed as a percentage of wages.

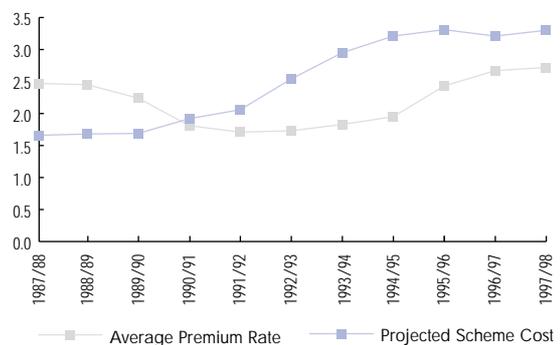
For the first four years of the scheme the premium rate exceeded scheme costs by a considerable margin and over this time the scheme built up a surplus.

The graph shows the very steep growth in scheme costs from 1990/91 to 1994/95 with scheme costs stabilising since that time through the cumulative effect of legislative reforms.

The premium rate increases in 1995/96 and 1996/97 initially brought the premium rate closer to

the scheme costs, however, scheme costs have increased again, exacerbating the shortfall between the costs of claims and the revenue from premiums.

Premium rate compared to scheme cost as a proportion of wages (Annual)



Key result area 4

CLIENT SERVICE

4.1 Quality Service: Client Satisfaction measure of WorkCover overall and for individual programs and services.

Industry Teams Trial

In response to client feedback and the establishment of the industry reference groups recommended in the Grellman report, the OHS Division commenced an industry team trial in February 1998. WorkCover's current OHS structure is based largely around hazards and regions. The aim of the trial was to develop, implement and evaluate new methods of service delivery, which are industry-based and have been agreed to by industry stakeholders. The trial also provided an opportunity for staff from formerly separate Divisions (e.g. inspectors, ergonomists, engineers) to work together as an integrated team.

Two industries, construction and health, were selected for the team trial because:

- Both are large, high profile industries employing thousands of workers
- Both have well-defined industry representative associations

WORK

- Each industry has different client groups and needs
- Each is currently serviced in different ways by WorkCover (while WorkCover possessed a defined construction inspectorate, no specialised client delivery mechanisms existed for the health industry).

Hence the two industries provided a good contrast to gauge the effectiveness of the team approach for client service.

The teams handed down an interim report in June 1998. The trial will continue until June 1999 and will be independently evaluated to determine the effectiveness of the team structure for improved client satisfaction.

Key result area 5

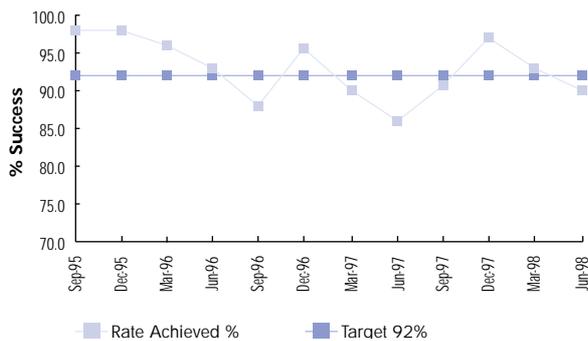
COMPLIANCE SERVICES

5.1 Prosecution success rate.

The indicator shows the percentage of prosecutions taken to hearing for which there is a finding in favour of WorkCover.

The indicator relates to WorkCover's statutory obligation to administer and enforce the provisions of the Occupational Health and Safety legislation.

Currently over 40% of prosecutions are commenced in the Industrial Court of NSW (maximum penalty available is \$500,000 or \$750,000 for a repeat offence) and the remainder are commenced in the Industrial Magistrate's Court/Local Court (maximum penalty available is \$50,000).

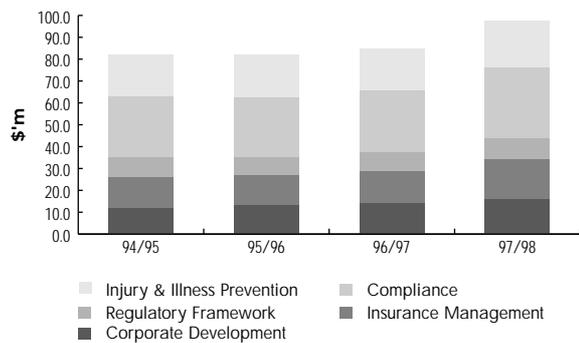


The June 1998 figure is below the target success rate of 92%. However the average success rate over the period Sept 1995 – June 1998, at 92.9%, is above the target figure.

Key result area 6

CORPORATE DEVELOPMENT

6.2 Trends in allocation of resources to key WorkCover functions.



This indicator provides data on the resources used for major functions.

The indicator is being developed to improve the linkage between resourcing and corporate objectives.

The above graph provides indicative allocation of WorkCover's resources to the five functional areas. WorkCover's corporate planning process has placed greater emphasis on the measurement of resources allocated to objectives.

Total resourcing has increased by 3% since 1995/96. Within that total, additional resources allocation has occurred for compliance and insurance management functions which have increased by 11% and 6% respectively.

WORKCOVER OPERATIONS.

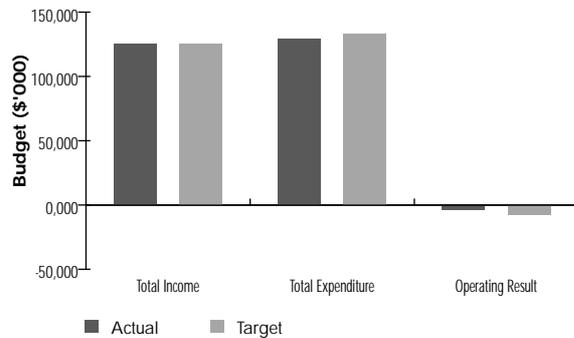
The positive result has come primarily from under expenditure for WorkCover operations of \$10.9m (12%) and for the WorkCover Scheme of \$5.2m (10%). The savings are partly off-set by Operating

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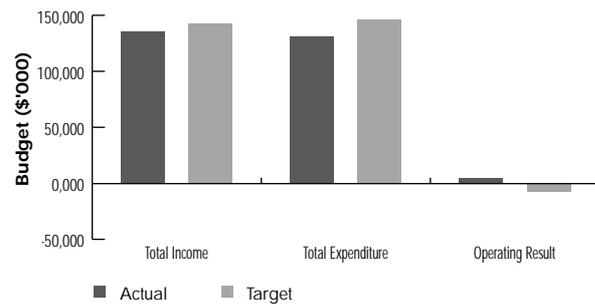
Income being \$1.8m (1%) below budget due mainly to a lower than anticipated transfer from Statutory Funds.

Significant expenditure savings have arisen from “one-off” gains in Superannuation (\$7.1m) and the Compensation Court (\$5.7m). Savings were committed to funding the WorkCover Community Awareness campaign (\$4m) and computer replacement program (\$3.8m).

Operating result compared to budget 1996/97



1997/98



NSW ORGANISATIONAL STRUCTURE



COVER

STRUCTURE & FUNCTIONS OF THE AUTHORITY

WorkCover is comprised of the following three Divisions:

Corporate governance division

Corporate Governance Division provides specialist services to the Minister, Board, General Manager and the two operational Divisions:

- the development, implementation and review of policy and legislation;
- corporate and business planning, budgeting and reporting;
- information technology, management and records;
- communications and marketing;
- human resource management;
- corporate governance and executive/secretariat services; and
- property, purchasing and fleet management.

Insurance division

The Insurance Division provides advice and services mainly directed at ensuring the viability and performance of the WorkCover Scheme and the delivery of appropriate workers' compensation and rehabilitation services to employees and employers. The Division is the major interface between the Authority and insurers, self-insurers and specialised insurers by setting the standards of performance for the key operations of the Scheme and legislation.

The Division assists in improving the injury management function and the performance of insurers, accredited providers and the Authority's rehabilitation services. It also manages claims made against uninsured employers and is responsible for prosecution of such employers and prosecution of fraudulent workers' compensation claims.

Occupational health and safety division

The role of the Occupational Health and Safety Division is to promote safer and healthier workplaces for employees and provide "one stop shop" information and assistance on occupational health and safety, workers' compensation and rehabilitation to employers, workers and the public through its network of offices located throughout New South Wales. The Division's major activities are:

- services to employers and employees to assist them to improve occupational health and safety;
- specialist support, information and other services to staff of the Division to assist them to carry out their role effectively;
- the provision of advice, assistance and specialist referral on occupational health and safety, workers' compensation and rehabilitation;
- the enforcement of the OHS and workers' compensation legislation through inspections, investigation of incidents and complaints, mediation of disputes and where necessary, penalties and prosecutions;
- the licensing and certification of defined premises, activities and operation of hazardous equipment; and
- the implementation of targeted prevention and education programs.

Associated organisations

See Appendix 4 for details of associated organisations.

WORK

BOARD OF DIRECTORS & SENIOR MANAGEMENT

The Board of Directors of the WorkCover Authority was constituted under the *WorkCover Administration Act 1989*, which also defined the functions of the Board.

UNDER THE ACT:

- the Board of Directors was responsible for determining the policies of WorkCover and ensuring that the activities of WorkCover 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 ceased on 30 June 1998.

The members of the Board as at 30 June 1998 were:

Members

CHAIRPERSON AND PART TIME DIRECTOR

Hon Joe Riordan AO, Presiding Member, NSW Schools Appeals Tribunal, and freelance mediator, facilitator and consultant to companies and corporations in the private and public sectors.

Mr Riordan was appointed Chairman of the Board of the WorkCover Authority on 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. He 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 Mr Riordan was Chairman of the National Occupational Health and

Safety Commission (Worksafe Australia).

PART TIME DIRECTORS

Michael Costa, Assistant 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 was a director of the Board of the WorkCover Authority from 1992-95. He has a Bachelor of Arts degree.

Anne Keating, General Manager, Australia, United Airlines. She was previously Account Executive, Human Resources Manager and Airport Manager for the company.

Ms Keating has served on the boards of the Tourism Task Force, the Board of Airline Representatives of Australia, Ausflag, Radio 2CH, the American Chamber of Commerce, John Singleton Advertising, the Victor Chang Cardiac Research Institute Ltd., and the NRMA.

Jennifer Neary, National Workers Compensation Manager, FAI Insurance. She is a Fellow of the Australian Institute of Company Directors, and of the Australian Institute of Management. She has a Bachelor of Arts degree and a Diploma of Education.

Ms Neary's previous positions have included National General Manager, Risk Management and Compensation Insurance, GIO Australia, CEO of Comcare Australia and Deputy CEO of Worksafe Australia.

Dr Edward Price, registered and practising medical practitioner, consulting in medico-legal and occupational medicine. 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 *Health outcomes: a new way of defining and managing health*. 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

COVER

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 was appointed General Manager of the WorkCover Authority on 11 August 1997. He is Chairman of the NSW Sporting Injuries Committee and Chairman of the Dust Diseases Board. 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 1997/98

Name	Number of meetings attended	Date/s absent
Mr J Riordan	10	
Mr BJ Unsworth	1	
Mr M Costa	9	11/5/98; 9/6/98
Ms A Keating	10	11/8/97
Ms J Neary	10	11/5/98
Dr E Price	11	
Mr D Wright	9	8/9/97; 13/10/97
Mr J Grayson	10	
Mr J Horder	1	

MEETINGS OF COMMITTEES OF THE BOARD OF DIRECTORS 1997/98

Accident Prevention Committee

Membership: Dr E Price
Mr D Wright
Meetings held on: Wednesday 27 August 1997
Wednesday 3 September 1997
Wednesday 26 November 1997

Audit Committee

Membership: All Board members
Meetings held on: Monday 11 August 1997
Monday 13 October 1997
Monday 10 November 1997
Tuesday 3 February 1998
Monday 11 May 1998

Grants Committee

Membership: Mr M Costa
Mr J Grayson
Ms J Neary
Meetings held on: Monday 13 October 1997
Thursday 7 May 1998

WORK

SENIOR MANAGEMENT

Each of WorkCover's three (3) Divisions is headed by an Assistant General Manager 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 Interim NSW Worker's Compensation Advisory Council, Chairperson of the Sporting Injuries Committee and of the Dust Diseases Board, and a member of the WorkCover Board of Directors.

ROD MCINNES

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

MICHELE PATTERSON

Acting Assistant General Manager of the Occupational Health & Safety Division, joined WorkCover from the South Australian Department for Industrial Relations on 29 September 1997. Michele has a Master of Science degree majoring in Health Policy and Management and has been involved in occupational health and safety for over fifteen years.

STEPHANIE GARLAND

Assistant General Manager of the Corporate Governance Division, has legal and management qualifications. Stephanie has wide experience in public sector management having held a variety of senior legal and management positions.



injury & illness prevention & management

To influence industry to achieve world's best practice
in injury and illness prevention and management.
(WorkCover Corporate Plan 1997-2000)

WORK

Incidence of work related injury & illness

In the 1996/97 financial year, 60,109 new major claims were reported (ie claims for which the result of the injury was death, permanent disability, or temporary disability where five days or more days were paid for total incapacity). The incidence of employment injuries was 26.2 per 1,000 workers exposed to risk.

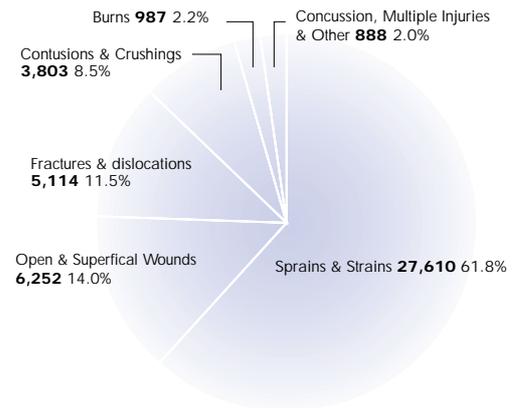
Deafness claims decreased from 10,684 in 1995/96 to 5,979 claims in 1996/97. This was a decrease of 4,705 claims (44%). Amendments to the *Workers Compensation Act* in 1995 restricted deafness claims to a minimum of 6% hearing loss for claims made on or after 10 November 1995.

Between 1995/96 and 1996/97, there was a reduction of 3.7% (2360) in the number of new major claims reported. During the same period, there was a 4.4% fall in the incidence of employment injuries.

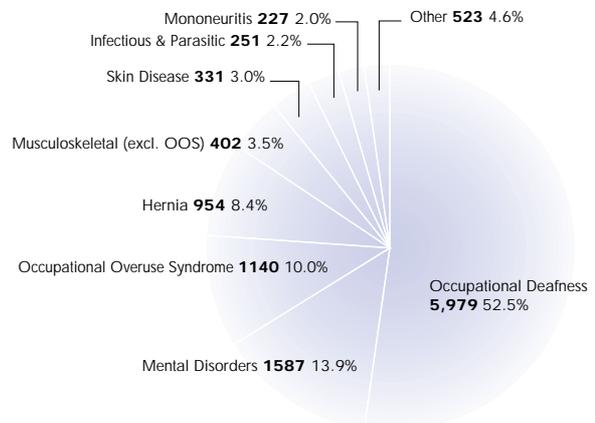
Industry Incidence Rates (Employment Injuries)

Industry	1995/96	1996/97
Mining	76	59
Agriculture, forestry & logging etc	52	55
Construction	54	49
Public Administration	45	52
Manufacturing	44	37
Transport & Storage	47	46
Electricity, Gas & Water	28	29
Recreation Personal & other services	23	24
Community Service	21	19
Wholesale & Retail Trade	17	19
Finance, properties & business service	13	12

Injury Types (Workplace injuries) 1996/97



Occupational Diseases 1996/97



COVER

Raise community awareness of work health & safety

During 1997/98 WorkCover NSW used three major events to raise community awareness of Work Health and Safety – BackWatch Showcase, the WorkCover display at the Sydney Royal Easter Show and Work Health and Safety Week.

BACKWATCH SHOWCASE 1997 - DARLING HARBOUR, 25-26 SEPTEMBER

WorkCover's BackWatch Showcase 1997, was held at the Darling Harbour Convention Centre on 25 and 26 September 1997. This Showcase aimed to alert the public to the high cost of back injury and to show them how to prevent back injury and manage back pain.

The BackWatch Showcase 1997 comprised a two day exhibition, a two day conference and the inaugural BackWatch Innovation Awards Gala Presentation Dinner.

4,500 members of the public viewed the 82 displays over the two days of the exhibition. Displays included back injury prevention programs, services and products such as manual handling aids, ergonomic furniture and computer software. Back injury management displays including rehabilitation services, acupuncture, osteopathy and physiotherapy. Visitors could have free massages or participate in interactive stage activities or the *BackMan!* computer game. Visitor and exhibitor evaluations were very positive, with both groups indicating their willingness to participate in similar events in the future.

A total of 383 delegates from the ten BackWatch target industries participated in the BackWatch conference which featured a sharing of innovative solutions to back injury problems and reports from the BackWatch Action Committees, working in partnership with WorkCover. The *BackWatch* Scoreboard, a guide for back injury risk management, was launched at the conference.

The response to the inaugural BackWatch Innovation



Workcover staff at the BackWatch Showcase 1997

Awards was very strong, with 75 entries for the four categories. 40% of entries were from country NSW and the 16 award winners came from large companies, hospitals, manufacturing industry, small business and public sector. The General Manager of WorkCover NSW, Mr John Grayson, presented the awards at the Gala Presentation Dinner. Major category winners were:

- **Back Injury Prevention Program (Sponsored by NatCover)**
Mercy Hospital, Albury: Watching Its Back
- **Back Injury Prevention Equipment Award (Sponsored by HIH Winterthur Insurance)**
BOC Gases (Australia PTY)
- **Rehabilitation/ Back Injury Management (Sponsored by FAI Workers Compensation)**
Capral Aluminium Ltd – Smelter Division, Kurri Kurri
- **WorkCover NSW Display – Sydney Royal Easter Show, Homebush, 3-18 April 1998**

The Sydney Royal Easter Show's move to the new Homebush Bay site provided WorkCover NSW with an excellent opportunity to promote Work Health and Safety awareness to an estimated audience of 1 million visitors.

WORK

The display's slogan was "Why Risk A Life Making A Living?" and mirrored WorkCover's industry approach to hazard identification, risk assessment and risk control in four hazard areas - chemicals, manual handling, machinery and noise, as well as basic information on workers' compensation and rehabilitation.

The Information Centre's frequently asked questions database was trialed for the first time in an external environment and proved highly successful. 200,000 WorkCover NSW information products were distributed at the show.

The Royal Agricultural Society presented WorkCover NSW with a highly commended award for the display in the NSW Government Pavilion. The visitor evaluations rated the display as bright, informative, user friendly and having a high impact.

WORK HEALTH AND SAFETY WEEK

The State's second Work Health and Safety Week, a joint initiative of WorkCover NSW and the Occupational Health, Safety and Rehabilitation Council of NSW, was held from 18-24 May 1998.

The slogan for the week was "Why Risk a Life Making a Living?" The objective of the week was to actively involve companies in promoting work health and safety to their employees by having them conduct appropriate activities during the week and distributing work health and safety materials.

A Ministerial launch of *Work Health and Safety Week* was conducted at Parliament House on 18 May. The launch also featured the presentation of the Council's OHS Performance Recognition Award and the launch of WorkCover's Aged Care in Manual Handling Training Package.

When the Attorney General and Minister for Industrial Relations, Jeff Shaw, QC, launched *Work Health and Safety Week* he warned that WorkCover would be targeting the State's injury black spots. He released a list of the 50 worst NSW areas by postcode and said that safety inspectors would be conducting random inspections with serious offenders facing maximum penalties of \$825,000 or imprisonment.

WorkCover conducted two other major events. The *Workplace First Aid Update Seminar* was held on

21st May 1998 at the Sydney Boulevard Hotel and the *WorkCover Accredited Trainers Conference* was held at the Novotel Northbeach, Wollongong on 22 May 1998.

The main thrust of *Work Health and Safety Week*, however, was industry participation, with over 680 companies (with 159,108 employees) conducting events during the week.

Post event evaluation surveys were sent to all companies that participated in *Work Health and Safety Week*. The response rate was 75% with all companies indicating their willingness to participate in the 1999 event. 97% of respondents stated that *Work Health and Safety Week* had increased awareness and 97% rated the information sent as clear and easy to understand.

BEST PRACTICE SAFETY INNOVATION AWARD

WorkCover NSW with John Holland Construction and Engineering Pty Ltd was awarded the Australian Institute of Building's Inaugural Safety Innovation Award for Best Practice for the new Sydney Showground site at Homebush Bay. The Award was presented by the Governor of NSW, his Excellency the Honourable Gordon Samuels AC at the Award Dinner held at Randwick Racecourse in May 1998.

The multi-million dollar Homebush Bay Showground project began in September 1996 and was completed in February 1998 with a lost time injury rate (people injured per million hours worked) of only 4.9 compared with the NSW construction industry rate for 1996/97 of 52.3

COVER

PUT WORK HEALTH AND SAFETY EDUCATION IN TO SCHOOLS AND TAFE EDUCATION

As part of it's young worker campaign WorkCover NSW distributed leaflets and *Workwize* comics to secondary schools through NSW. 50,000 copies of the comic were distributed by TAFE to its students.

In order to reduce the incidents of farm injury and illness, WorkCover targeted specific work health and safety information products for primary schools and secondary schools in rural centres.

WorkCover NSW has again sponsored production of *A Child's Guide to Farm Safety*, the FarmSafe Central West booklet for primary school students in rural areas. Copies of the booklet which features drawings and stories by students, and teachers notes have been sent to 150 rural primary schools.

Version 2.0 of *Don't Kick the Tractor*, WorkCover's multimedia farm safety computer game for secondary school and TAFE students, now includes teacher's notes. The game was awarded first place in the Educational Programs category of the Australian Farm Software competition 1998.

WorkCover and CADRE Design have developed an innovative multimedia work health and safety Internet module for use by secondary school and TAFE students. It features animations of work situations in which the student has to apply the principles of hazard identification, risk assessment and control. The information is supported by case studies, and students who achieve an overall score of 75% or more are able to print themselves a work ready certificate.

WorkCover NSW sponsored the production of the video, *Workshop Safety*, which was produced by Classroom Video and has been distributed to secondary schools throughout NSW. Another video, *Educating for a Safe Work Culture*, is aimed at young people hoping to enter the construction industry and was produced under a WorkCover NSW Education and Research grant by the CFMEU and Summer Hill Films.



A streetwize comic on health & safety in the workplace

WORK

Awareness of OHS Responsibilities

Successful management of OHS is dependent upon the understanding of OHS responsibilities by employers and workers. To elicit the extent of OHS knowledge among NSW industry, in 1997 WorkCover commenced a coordinated client survey. The Client Survey is aimed at determining the level of awareness of OHS responsibilities among WorkCover clients. The Survey will also determine the effectiveness of key WorkCover programs and services in meeting client needs.

WorkCover NSW injury prevention, education and research grants scheme

The purpose of the WorkCover NSW Injury Prevention, Education and Research Grants Scheme is to improve practice in the areas of workplace health and safety, workplace injury management and workers compensation. This is achieved by funding prevention, education and research initiatives that promote WorkCover objectives and priorities, and have practical relevance to industry.

The Grants Scheme has been operating since 1992. Three funding rounds have been completed since the Scheme's inception and funding priority areas for the fourth round were developed during the year. The priority areas were determined by undertaking statistical analysis which identified the top 15 high risk industries based on 1995/96 claims data and other areas of concern. The results of this analysis were considered in the context of the Corporate Plan and comment was provided by the Occupational Health, Safety and Rehabilitation Council of New South Wales.

The funding priority areas for the fourth round are:

1. Develop industry capacity to formulate and implement Work Health and Safety systems based on risk management principles and devise appropriate audit programs to evaluate such systems in the following high risk industries:

Wood, Wood Products and Furniture Manufacture (including Log Sawmilling)
Fabricated Metal Products Manufacture
Non-Building Construction
Health/Human Services
Agriculture

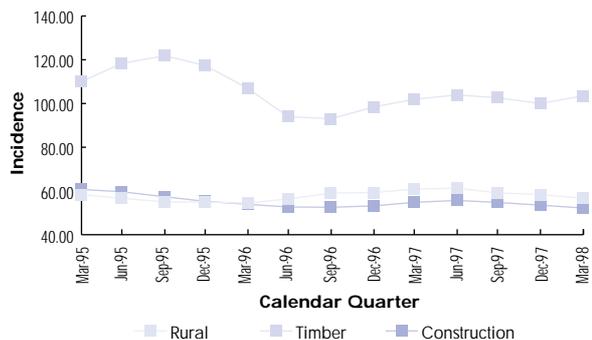
2. Develop guidance material for dealing with violence in the workplace, including related psychosocial issues.
3. Identify industry specific problems related to noise and develop and promote solutions to enable employers' compliance with the Regulation and Code of Practice on Noise.
4. Develop and implement strategies that introduce Work Health and Safety into the curricula of schools and vocational training institutions.
5. Research and develop best practice options for manual handling injury prevention in manufacturing industries.

A description of each of the grants contracted during 1997/98 financial year is included in Appendix 11.

High-risk industries: the construction, rural & timber industries

This indicator deals with the industry-sectors which exhibit the highest risk to safety and health in the workplace. It is based on the incidence of claims for accidents and illnesses.

Rate of injuries and illness



COVER

TIMBER

The incidence of claims for the timber sector shows a minimum incidence to have occurred in September 1996 and incidences to be higher before and after September 1996.

In 1995 WorkCover engaged in extensive consultation with the timber industry seeking to address its high safety risks. This led to adoption of a code of practice in May 1997.

Whilst care is needed in any casual linkage with the trend displayed on the graph, a reduction in incidence of injuries and illnesses in the timber industry co-incided with the period of *consultation* with the industry as distinct from finalisation and adoption of the code.

RURAL

The incidence of claims for injury and illness in the rural industry in New South Wales increased since a minimum figure in March 1996.

CONSTRUCTION

WorkCover launched its building and construction strategy in June 1994 with a three-year, \$10 million package known as Safer Site.

The incidence data for construction (see graph above) show a decline in values over the period March '95 to September '96 with reasonably steady trends since that time.



regulatory framework

To maintain a continually relevant regulatory framework and supporting guidance documents which assist industry to achieve world's best practice in injury and illness prevention and management.

(WorkCover Corporate Plan 1997-2000)

COVER

WorkCover reform package

An historic reform package was developed by the Interim Advisory Council between November 1997 and April 1998.

The new Workplace Injury Management and Workers Compensation Bill has as its central elements:

- establishment of the permanent Workers Compensation Advisory Council and Industry Reference Groups comprising employer and employee representatives to return the Scheme to its primary stakeholders
- reduction of Scheme costs through integrated injury management programs to encourage earlier return to work of injured workers. This includes early reporting of injuries, intervention of insurers to ensure effective rehabilitation and return to work, and stronger obligations for treating doctors
- enhanced dispute resolution, including an expansion of the Workers Compensation Resolution Service
- provision to maintain premiums at an average of 2.8% of wages for the next financial year and, if necessary, to 1 October 2000
- transfer of the fund risk from the government to the private sector from 1 October 1999.

Under the new approach, WorkCover NSW will continue to perform its advisory, regulatory and enforcement functions in relation to workplace injury and illness prevention, management and compensation. Further, the organisation will provide secretariat and policy advice to the soon to be established Advisory Council, and work closely with Industry Reference Groups to develop industry-specific and practical injury prevention and management strategies and programs.

INJURY MANAGEMENT

Injury management is a key component of the new scheme. The term "injury management" encompasses

all the activities associated with ensuring the early, safe and durable return to work of an injury worker following a workplace injury.

The insurer is obliged to prepare an injury management program which will identify and draw together all aspects of injury management – treatment, rehabilitation, retraining, claims management and employment management practices that will ensure the safe and early return to work of workers. The injury management program is to be developed by insurers for use by them and employers so that the process is in place before any injury occurs.

Another aspect of this injury management regime is early notification of injuries by the worker to the employer and by the employer to the insurer. This aims to have the injury management program activated as soon as possible.

PRIVATE UNDERWRITING

The workers compensation system in New South Wales will be privately underwritten. There will be a Rating Bureau which will develop methodology for the setting of premiums and there will be a process for review of that methodology by WorkCover. The premium payable by employers is to be set on a basis which fully funds claims liabilities. There is provision to keep the average premium rate at an average of 2.8% of wages for a period of up to 12 months after private underwriting is introduced.

The new workers compensation scheme is expected to improve the financial viability of workers compensation in NSW by the use of injury management and without disadvantaging workers by reducing benefits.

OCCUPATIONAL HEALTH AND SAFETY REGULATION

WorkCover is currently involved in an extensive reform of occupational health and safety legislation in NSW. Part of this reform process is driven by the need to implement nationally uniform OHS legislation to reduce regulatory barriers to goods and services between states and territories. To this end, WorkCover

WORK

has adopted National Standards for Manual Handling, Certification of Operators of Industrial Equipment, Hazardous Substances and Noise.

A second, more comprehensive reform is driven by the need to reform NSW's antiquated and prescriptive regulatory regime. To create a more streamlined regulatory framework for OHS in NSW, WorkCover is currently developing a consolidated OHS Regulation that will consolidate all current regulatory requirements within the one piece of legislation. When completed, the OHS Regulation will replace two Acts and over 40 separate regulations.

It is anticipated that the OHS Regulation will be released for public comment in March/April 1999 with an expected commencement date of December 1999.

Codes of Practice Program

In parallel with the OHS Regulation WorkCover continues to develop codes of practice providing industry with plain English guidance in meeting legislative obligations. All codes are developed by tripartite working parties consisting of unions, employer representatives and relevant industry parties. Over 1997/98 progress was made on the following codes of practice:

FORMWORK

The Code of Practice for Formwork was developed and approved under section 44A of the Occupational Health and Safety Act. The Code assists employers and contractors to comply with existing legislation governing formwork erection and dismantling, and the provision of safe systems when working at heights.

To alert workplaces to the introduction of the new code and to assist in understanding principles contained in the code, a series of public seminars on the code were held in Gosford, Parramatta, Wollongong, Lismore, Orange, Newcastle, Wagga and Sydney.

EXCAVATION

The Code of Practice for Excavation was developed and released for public comment.

OHS INDUCTION TRAINING FOR CONSTRUCTION WORK

The Regulation and Code of Practice for induction training in the construction industry received in-principle endorsement from industry. The proposed Code has been finalised pending completion of the Regulation by Parliamentary Counsel.

This package of Regulation and Code represents a cornerstone in the reform of standards of OHS induction training and instruction provided in the construction industry. They will provide for mandatory induction training and set out the OHS issues that such training should address. An implementation program that includes public seminars is being developed to assist industry in meeting these obligations.

Significant amendments to workers compensation act 1987

This WorkCover Legislation Amendment Act 1997 made changes which:

- increased from 20 penalty units (currently \$2,200) to 40 penalty units (currently \$4,400) the existing maximum fine for a failure by a worker who is receiving weekly payments of compensation to notify a commencement of employment or a business or a change of employment that affects earnings.
- amended the provision requiring a claim for weekly payments of compensation to include a medical certificate with an opinion as to whether employment is a substantial contributing factor to the injury to clarify it does not apply to situations where the worker is not engaged in actual employment duties.
- increased the existing maximum penalty of 50 penalty units (currently \$5,500) and imprisonment

COVER

for 12 months for the offence of making a false or misleading statement in a notice, claim for compensation or medical certificate. The maximum penalty will be increased to 100 penalty units (currently \$11,000) and 2 years imprisonment.

- inserted a new provision that will permit a court to make a compensation refund order when it convicts a person of an offence under the Act for making a false or misleading statement that resulted in an overpayment.
- inserted a new provision to enable regulations to be made to require an insurer to provide a copy of any report obtained by the insurer in relation to a claim by a worker, such as an investigator's report or rehabilitation provider's report, to the worker or another person (such as the worker's legal representative).
- made amendments to authorise the making of regulations to specify cases and circumstances in which a conciliation officer to whom a party to a dispute provides information or documents is required to provide the information or documents concerned to another party to the dispute. A new provision specifically authorises conciliation officers to provide any party to a dispute with any relevant information and documents provided to the conciliation officer by any other party to the dispute and also provides for the regulations to create exceptions to this.
- made an amendment to provide that conciliation officers are competent but not compellable in legal proceedings to give evidence or produce documents in respect of matters that relate to the exercise of their functions.
- amended the provision that prevents a claimant for weekly payments of compensation from lodging an application for conciliation until a period allowed for insurers to assess and, if applicable, dispute the claim has elapsed. The period allowed for insurers is 21 days after the claim is made, but that may be extended to a maximum of 42 days subject to there being a reasonable excuse (such as necessity for further medical examination) for the delay in commencement in payments. The amendment makes

it clear that conciliation applications are prevented not only during the initial 21 day period but also during such an extension of that period.

- amended a provision that authorises the making of regulations to fix maximum costs recoverable by legal practitioners in workers compensation matters. The amendments extend the provision to costs recoverable by agents in workers compensation matters.



Pictured at a seminar on the new code of Practice, Les Blake of WorkCover NSW & Alan Garner, of the Master Builder's Association



insurance management

To manage the WorkCover Scheme to ensure its long term financial viability and its capacity to contribute to best practice in injury and illness management. (WorkCover Corporate Plan 1997-2000)

COVER

Performance of the WorkCover Scheme

During the 1997/98 year the WorkCover Scheme Statutory Funds incurred a loss of \$886 million, increasing the accumulated deficit to \$1,675 million as at 30 June 1998. This represents a funding ratio (total assets to total liabilities) of 77 percent.

Claims cost continued to escalate, particularly in weekly benefit payments resulting from a trend of increasing claims duration.

To continue the reform process to address the scheme deficit, the Government commissioned an inquiry by Richard Grellman which resulted in a report released in September 1997 and the establishment of an Interim Advisory Council to consider the Grellman recommendations for reform. The Interim Advisory Council comprising the key stakeholders (ie employer and worker representatives) of the WorkCover Scheme was empowered by Government to achieve consensus on wide ranging reforms which address the scheme deficit and meet stakeholder objectives and expectations.

The Interim Advisory Council, after a comprehensive review, made recommendations on scheme reforms to the Government which culminated in a new Workplace Injury Management and Workers Compensation Act 1998 being passed by Parliament on 3 July 1998. The new 1998 Act contains two phases for reforms to address the scheme deficit.

The first phase comprises provisions commencing August and September 1998 to strengthen the injury management and return to work focus of the scheme.

Significant reforms were introduced for injury management such as early notification of injuries by employers, the requirement for insurers to have a comprehensive injury management program and individual injury management plans for workers with significant injuries and an enhanced role for treating doctors. It is intended that better injury management will see injured workers returning to work earlier thus producing savings in payments for weekly benefits.

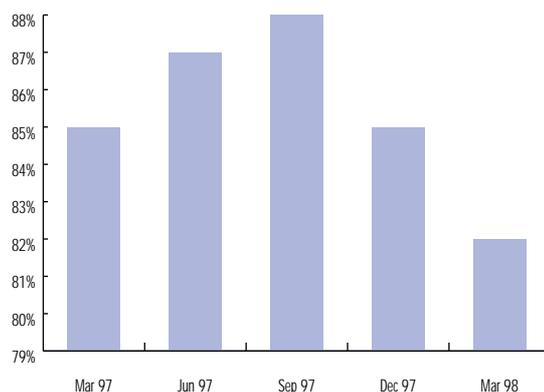
The success of these major scheme reforms in reducing scheme claim cost can only be assessed in the future when trends emerge for claims duration and benefit payments.

The second phase of reforms will be the introduction of private underwriting of workers compensation insurance from 1 October 1999.

With the commencement of private underwriting of workers compensation insurance from 1 October 1999, 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 issued to 30 September 1999 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 new 1998 Act 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.

WorkCover Scheme Assets as a Proportion of Scheme Liabilities



The WorkCover Scheme assets as a proportion of Scheme liabilities stand at 77% as at 30 June 1998.

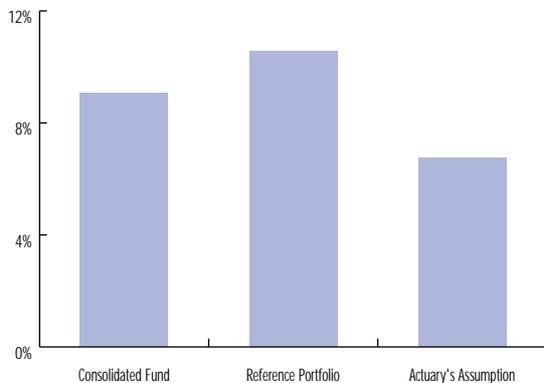
This is a decrease on previous quarters due mainly to premiums being set at an insufficient level to find the expected Scheme cost.

The strategies to achieve the target outcome of 120% are subject to Government policy and decisions and are not amendable to unilateral WorkCover action.

WORK

Licensed insurers' return on investments compared to agreed benchmarks

Return on Investment Analysis for 5 years (1/7/93 - 30/6/98)



The Consolidated Fund returned 9.06% annually for five years as compared to the reference portfolio of 10.56%. The Statutory Fund outperformed the actuary's assumption of 6.76%.

Overall the Statutory Fund Investment performance is considered satisfactory with the return investment comparable to the reference portfolio benchmark and outperforming the actuary's assumption.

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 a good

workplace safety performance and to mitigate the cost of claims by facilitating effective rehabilitation.

For 1997/98, base premium rates were maintained at an average target level of 2.8 percent of wages.

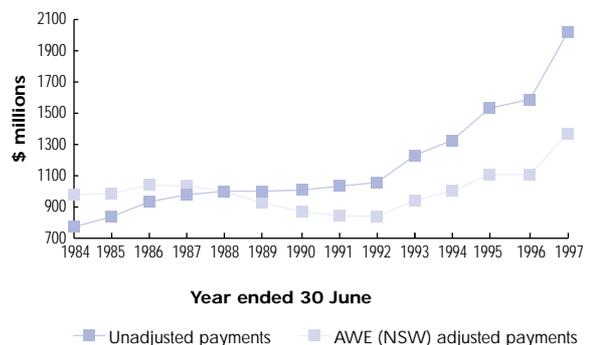
Workers compensation claims payments

The average time lost for all employment injuries for temporary disability claims in the 1996/97 financial year was 11.6 weeks. Half of these claims had a timelost of 3.1 weeks or less.

Payments made for new and existing claims during 1996/97 was \$2,017 million, representing an increase of 21% (\$428.2 million) over payments made in 1995/96 .

Payments made for workplace injuries and occupational diseases, comprised 83% and 10% of the total payments respectively in 1996/97. The remaining payments went towards non-workplace injuries, such as road accidents and accidents that occurred during recess periods. Payments to males accounted for 73.5% (compared to 74.6% in 1995/6) and payments to females accounted for the remaining 26.5% (25.4% in 1995/6).

Total claims payments



COVER

Breakdown of total payment for claims in 1996/97

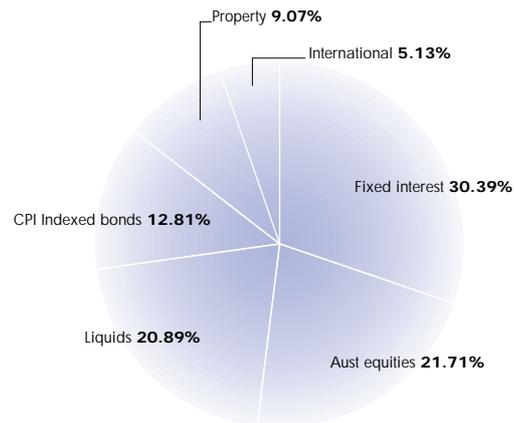
Type of Payments	(%)
Total Incapacity Weekly Payments	19.9
Legal Costs	10.7
Commutations (Redemptions)	12.2
Permanent Injury Lump Sums	13.0
Medical Treatment	8.3
Common Law Damages	9.2
Partial Incapacity Weekly Payments	8.1
Investigation Expenses	4.1
Pain and Suffering Lump Sums	4.6
Hospital Treatment	2.9
Physiotherapy and Chiropractic Treatment	2.5
Other payments	4.5
Total	100.0

Statutory funds

Licensed insurers manage the investment of workers compensation funds as part of their insurance role. These individual funds collectively form the Statutory Funds investments. As at 30 June 1998, statutory funds investments totalled \$5,266 million. Insurers are required to manage the fund in accordance with WorkCover's set of investment objectives 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.

The relative proportions of debt and equities in the portfolio, indicating the broad risk profile of the fund, stood at 64.09% and 35.91% respectively at 30 June 1998.

Statutory fund asset allocation as at 30 June 1998



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 1997/98

Insurer	Insurer's % of 1997/98 Policies	Insurer's % of 1997/98 Premiums
AMP	6.60%	3.82%
CU	5.76%	2.46%
EMI	3.04%	4.14%
FAI	5.33%	5.65%
GIO	24.86%	17.82%
HIH	2.48%	10.85%
Mercantile	7.72%	4.94%
MMI	19.57%	30.28%
NZI	6.86%	3.88%
QBE	12.67%	9.35%
Royal	0.86%	1.96%
Zurich	4.25%	4.87%

WORK

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 which is 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 Interim Advisory Council has also made recommendations in respect of self-insurance.

Results are expected to be finalised during 1998/99.

INSURER 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 1998 WorkCover held \$69.1 million in security deposits and \$471.9 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

Operations Review Branch carry out field reviews of insurers' claims management, underwriting and premium administration and debt collection procedures to monitor insurers' performances in these areas. Field reviews continue to focus on good claims management, correct rating of employers' business and effective debt collection. Total outstanding debt as a proportion of premiums has shown continuing improvement and is well within the 2.8 percent benchmark for 1997/98. The good performance in debt collection and credit control can be attributed to the effort made by insurers in debt collection and to WorkCover's field reviews which continually monitor performance. During the year, the Investment Review

Branch conducted field audits of investments to review the quality of insurers' internal investment controls and the accuracy of investment reporting by insurers to WorkCover. Insurers also lodge monthly and quarterly accounting returns with WorkCover to facilitate monitoring of their financial administration of statutory funds.

WorkCover has recently negotiated change to the basis of insurers' remuneration which will become effective from 1 July 1998. A key feature of the new remuneration package is a greater proportion of performance based fees which promote the successful implementation of new injury management provision and other scheme reforms.

Commutations

Injured workers, employers or insurers may apply to have weekly compensation payments commuted into a lump sum payment if special circumstances exist pursuant to the provisions under Section 51(1)(c).

Prior to 1 August 1998 applications for commutation were approved by WorkCover. If approved, the Compensation Court would then determine the amount of the lump sum.

During the year, 634 applications were received, a decrease of 2412 over the previous year. The majority of applications were resolved within 60 days.

Applications were approved this financial year carrying a payout figure of \$109m.

Note:

With the commencement of the Workers Compensation Legislation Amendment Act 1998 on 1 August 1998, WorkCover NSW is no longer involved in the process of approval of proposed commutation applications.

Section 51(1) of the Workers Compensation Act 1987, which granted WorkCover NSW discretionary powers to approve or reject proposed commutation agreements in certain circumstances, has been repealed in its entirety. All powers relating to the approval of proposed commutation agreements has been placed in the hands of the Compensation Court.

COVER

Applications for commutation

	95/96	96/97	97/98	Recommended payout \$m this financial year
Appl. received	4133	3046	634	129
Appl. approved	3058	1730	316	109
Appl. declined	401	1104	208	13
Appl. withdrawn	115			
Appl. pending	559	212	110	7

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 349 claims were received. There were four fatal injuries and seven very severe injuries submitted under the scheme this year as a result of the 1997/98 major bush fires. The total amount expended in respect of these eleven claims as at 30 June 1998 was approximately \$1.3m.

The Emergency and Rescue Workers Compensation Scheme covers volunteers from the Surf Life Saving NSW, Volunteer Rescue association, and the State Emergency Services.

During the year 299 claims were received.

Claims staff liaise with the administration officers of each organisation to ensure that claims procedures are being correctly followed.

An average of 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

Bush Fire Fighters Compensation Fund

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

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 471 claims under the ULIS Scheme in 1997/98, a decrease of 29.6% over 1996/97.

The total liability for all claims under the Scheme amounts to \$89.7m as at 30 June 1998.

Approximately \$0.7m was recovered during the year from uninsured employers, a decrease of 36.4% over last financial year.

Uninsured liability and indemnity scheme

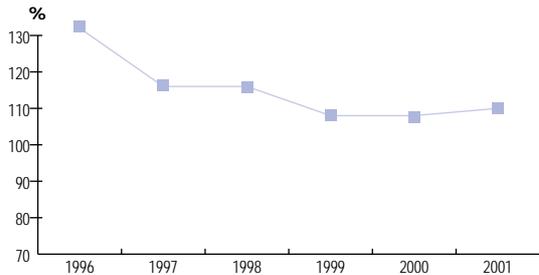
Year	Claims Received	Payments (\$m)
95/96	769	7.9
96/97	669	7.5
97/98	471	8.6

Long term solvency

The liability coverage is a measure of the WorkCover Authority's long term solvency. This is based on the availability of sufficient redeemable investments and other selected assets to meet major claims and employee related liabilities.

WORK

Liability Coverage



The 1998 liability coverage of 116% is expected to reduce to 108% in later years which is a satisfactory variance to our target of 100%.

Operating performance

The operating result at the end of June 1998 was a surplus of \$4.6m which is \$12.7m more than anticipated. This result was due primarily to under-expenditure for WorkCover Operations of \$9.5m and for the WorkCover Scheme of \$6.2m. This under expenditure is partly offset by Operating Income

being \$1.4m below budget due mainly to a lower-than-anticipated transfer from Statutory Funds following lower-than-budget expenditure in relevant cost centres.

Significant expenditure savings have arisen from "one-off" reductions in expenditures for superannuation (\$7.1m) and the Compensation Court (\$5.7m).

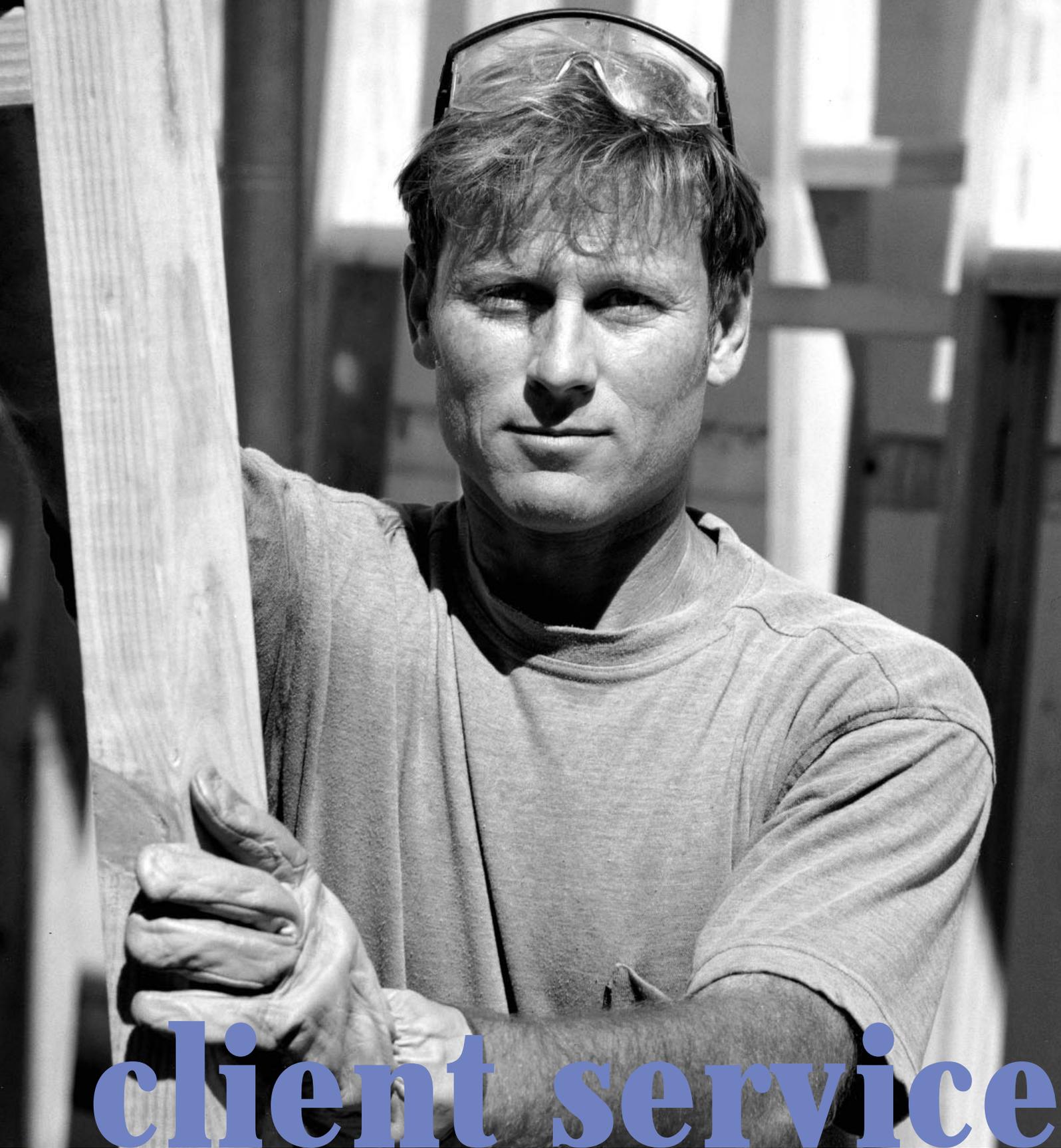
Remaining reasons for the under-expenditure include:

- the continuing control over recruitment throughout the year and particularly during the Deloitte's organisational review.
- natural attrition in inspector numbers – to be corrected by a further intake,
- deferral of some Scheme management and related prevention initiatives pending completion of the work of the interim Advisory Council and
- deferral of the OHS Regulatory Reform Program.

Savings were committed to funding the Community Awareness campaign (\$4.0m) and a PC replacement program (\$3.8m). However, certain delays with these initiatives have occurred with subsequent rescheduling of some initiatives to 1998/99.

Operating performance (For the year ended 30 June 1998)

	Actual 1997/98 \$'000	Budget 1997/98 \$'000	Variance \$'000	%
Income				
Contributions (Levy)	105,900	105,656	244	0.2%
Non Levy Income	30,098	31,745	(1,647)	(5%)
Total Income	135,998	137,401	(1,403)	(1%)
Less: Expenditure				
WorkCover Operations	83,397	92,904	9,507	10%
WorkCover Scheme	44,921	51,109	6,188	12%
Operating Expenditure	128,318	144,013	15,695	11%
Redployment Costs	3,064	1,500	(1,564)	(104%)
OPERATING RESULT	4,616	(8,112)	12,728	(157%)



client service

workcover

To design and deliver service which meet our client's needs. (WorkCover Corporate Plan 1997 - 2000)

WORK

Year 2000 Best Practice Committee

WorkCover has established a Year 2000 Best Practice Committee comprised of persons from industry, academia, the trade union movement, and state and federal jurisdictions to identify and promote strategies to reform the safety culture of industry in NSW.

The committee was established in late 1997. Members of the committee include Jim Cox, former manager of WorkCover's Regional Operations Division as committee chair; Sylvia Kidziak, Chair of the Occupational Health and Safety Council of New South Wales; Professor Denis Else, Chair of the National Occupational Health and Safety Commission; Mr John Foote; Chief Executive Officer of Dupont Australia; Michele Patterson, Assistant General Manager of the Occupational Health and Safety Division of WorkCover; Mary Yaager of the Labor Council of New South Wales; Professor Michael Quinlan of the University of New South Wales; and representatives of the hospitality and construction industries.

This committee has established two Best Practice working parties, one for the construction industry and one for the hospitality industry.

The Year 2000 Best Practice Committee has identified four broad issues. These are the need to raise industry and community awareness of occupational health and safety; promote the systematic management of safety; address improved occupational health and safety training; and address hazards at the point of design.

These initiatives proposed by the Year 2000 Best Practice Committee also give effect to the occupational health and safety recommendations of the Parliamentary Standing Committee on Law and Justice's Inquiry into Workplace Safety.

One major outcome of the Year 2000 Best Practice Committee has been the development of a Memorandum of Understanding between key industry parties in the Construction and Hospitality industries. This MOU has fostered co-operative working relationships and promoted agreement on OHS best practices.

The actions of industry leaders participating in the MOU make a concrete link between key occupational health and safety policy objectives and the process for cultural change in these industries and the necessary commitment to that change.

COVER

WORKCOVER INFORMATION CENTRE

During 1997/98 the WorkCover Information Centre answered just under 106,000 telephone calls on all aspects of WorkCover's operations (an increase of 3.1% compared with the previous year). The Centre also dealt with approximately 1,300 counter enquiries.

About 60-70% of all enquiries were dealt with by Information Officers without the need for referral, assisted by an internally developed database of frequently asked questions and answers. The balance of enquiries were referred to WorkCover's professional and technical experts at Head Office and in the Regions.

Efforts to make the information more accessible both externally and internally led to the publication of the year's ten most frequently asked questions and answers in brochure format and also on the Internet and Intranet. Several thousand brochures were distributed at the 1998 Royal Easter Show.

In September 1997, a liaison mechanism was established for the Information Centre to deal with verbal client enquiries received at the Minister's Office. By the end of the financial year close to 100 enquiries had been dealt with to completion, in most cases by an Information Officer who had contacted the client immediately. This initiative has resulted in more effective client service.



Some of the staff of WorkCover Information Centre



compliance service

"We enforce industry's responsibilities in the prevention and management of injury and illness by inspecting and penalising breaches of the law. We also assist industry to assure their compliance by providing specialist testing, investigation and consultancy services." (WorkCover 1997-2000 Corporate Plan)

COVER

Prohibition and improvement notices

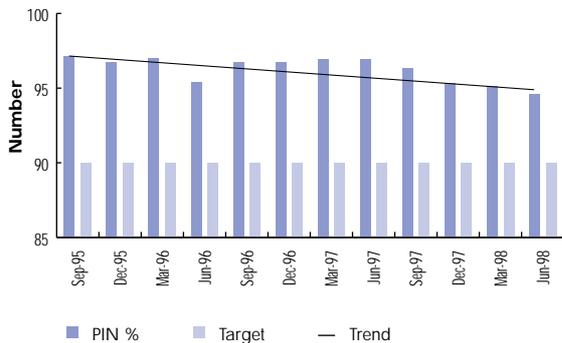
WorkCover is committed to using education and persuasion to promote improved health and safety in the workplace. However, where necessary, rigorous application of enforcement powers is essential to ensure that identified infringements against OHS regulatory provisions are rectified.

Prohibition Notices are issued to organisations and individuals by WorkCover inspectors when there is immediate danger or potential for serious injury or loss of life. The notice is served at the time of detection, and operations must cease until the situation is rectified.

Improvement Notices are issued when OHS standards are not being met but closure of operations is not warranted. The notice requires the employer to correct the situation within a nominated period.

5.3.1 Proportion of Breaches Rectified in Financial year.

This indicator measures the percentage of Prohibition and Improvement Notices which are rectified within the financial year. The target set by WorkCover for this indicator is 90%. The graph indicates WorkCover has consistently met this target.

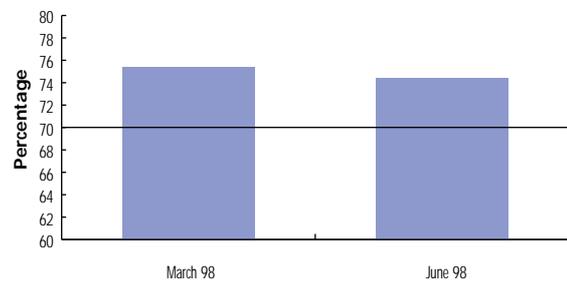


5.3.2 % PINS followed up within 4 weeks of the Target Period.

This indicator measures the % PINS for the quarter followed up within four weeks. This is determined from the % PINS followed up by the inspectors of the

number of PINS for which the compliance date plus the 4 weeks places them in the quarter.

The data shows that for the June 1998 quarter a target figure of 70% has been set by WorkCover. The graph below shows that the target has been exceeded for the two quarters March & June 1998.



Significant prosecutions 1997/98

WorkCover achieved convictions in 640 occupational health and safety prosecutions in 1997/98 compared to 404 in 1996/97. For the period 1997/98 some 1,026 summons were laid. The difference in the rate of convictions recorded reflects the courts practice to impose only one penalty even when more than one offence is proven. This is the largest number of convictions obtained since the introduction of the Occupational Health and Safety Act. Breaches of the Act's duty of care provisions made up 97% of the prosecutions undertaken.

Convictions were obtained in 94% of all cases determined by the Court.

A total of \$3.2 million in fines for safety breaches were imposed by the Courts compared to \$2.18 million in 1996/97.

A landmark penalty of \$190,000 was awarded by the Industrial Relations Commission of NSW against the Roads and Traffic Authority for breaches of the OHS Act arising from a fatal injury to a driver whose truck was struck by a train.

A number of successful prosecutions were taken against labour hire companies with fines up to \$50,000 being awarded. The Courts have made it

WORK

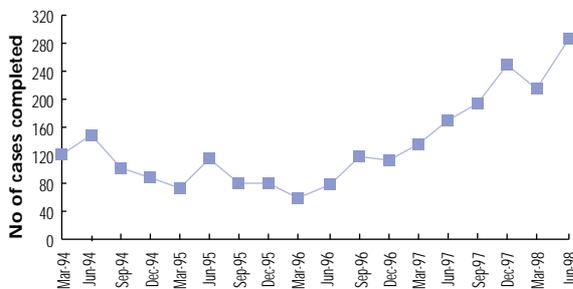
clear that labour hire companies have responsibilities under the OH&S Act to satisfy themselves that employees provided on hire must have adequate training/instruction in the work they are to perform.

Manufacturers of plant were also prosecuted successfully pursuant to Section 18 of the OH&S Act, with fines of up to \$40,000 being awarded by the Courts.

Median of fines from OHS prosecutions

Whilst the number of prosecutions completed is an indication of WorkCover's prosecution action, the median of fines from Occupational Health and Safety prosecutions, although dependent on court decisions, is also a measure of WorkCover's strategic enforcement policy.

Trend in Prosecutions Completed: March 1994 - June 1998



Number of prosecutions completed in the June 1998 quarter were 286. Of the 286 prosecutions completed 168 were successful (includes convicted & recorded, Section 556A and Section 558 and offence proven), 99 were withdrawn, 19 were dismissed.

90% were taken under Occupational Health and Safety Act.

During the June quarter of 1998 a total of \$351,735 was awarded in fines and costs in the Chief Industrial Magistrate's Court and Local Courts and \$663,750 in the Industrial Relations Commission.

WorkCover has an enforcement policy which seeks to focus inspectorate resources on the most serious cases. In addition to attracting substantial penalties,

the judgment of the court sends a strong prevention/deterrent message to those who disregard the law.

The indicator measures the effectiveness of WorkCover at implementing this policy to focus resources on more serious offences.

WorkCover safety blitz on saw mills

WorkCover has commenced a statewide safety blitz on saw mills. The blitz follows the introduction of WorkCover's Code of Practice for the sawmilling industry in July 1997. The sawmilling blitz is concentrating compliance with the sawmilling Code of Practice, workers compensation and general health and safety issues.

Inspectors have already visited more than 100 mills and issued 630 notices. The vast majority of notices issued up to early June - 459, concerned inadequate machine guarding. A number of on-the-spot fines of \$550 were served for lack of guarding, as well as five prohibition notices, which prevent work continuing in unsafe areas until the problem is rectified. A survey found that a significant percentage of sawmilling employers did not record inspection and maintenance procedures for their plant and equipment. Around 60 per cent of employers did not have induction training programs for new employees. The second phase of the sawmilling industry blitz involves following up prohibition notices already issued to compliance. Failure to comply with a WorkCover prohibition notice can result in prosecution. Sawmill owners successfully prosecuted for breaches of the Occupational Health and Safety Act 1983 could face fines of up to \$550,000.

Safety innovation award

WorkCover NSW with John Holland Construction and Engineering Pty Ltd won the Australian Institute of Building's Inaugural Safety Innovation Award for Best Practice for the Sydney Showground site at Homebush Bay. The joint award was presented by the NSW Governor, his Excellency the Honourable Gordon

COVER

Samuels AC, at the Institute's award dinner held in May. The multi-million dollar showground project at Homebush Bay, begun in September 1996 and completed in February 1998, recorded a lost time injury rate of just 4.9 (people injured per million hours worked). Latest figures show that the lost time injury rate for the NSW construction industry was 52.3 for the 1996/97 financial year.

The project team of key John Holland and WorkCover personnel identified priorities to study including risk assessment and control, site access, planning at the design stage, construction methodology, site delivery and storage, communication and training. Particular attention was paid to reducing the risk of falls from heights, plant safety and efficient site access.



corporate development

To improve continually WorkCover's capacity to achieve its mission through appropriate, effective and efficient management, and service design and delivery.
(WorkCover 1997-2000 Corporate Plan)

COVER

WorkCover recognises that operating with an independent Board of Directors requires a particular recognition of the principles of good corporate governance. The Board and General Manager are responsible and accountable for WorkCover's performance and therefore the effectiveness of its strategic management system. This system must ensure WorkCover's corporate direction meets stakeholder and client expectations and that the use of WorkCover's extensive resources is effectively aligned to that corporate direction. Annual public declarations about the adequacy of WorkCover's management system and the effectiveness of its corporate governance are now required.

A strategic management cycle is in place to carry out management's responsibilities and governance role. Some key aspects of WorkCover's cycle are its planning, budgeting and performance reporting. Each element requires improvement to enhance its relevance together with a need for greater integration of all three. The use of resources needs to be aligned to the planning process and accountability more evident through the reporting of results and more effective decision making.

WorkCover's adoption of quality service principles and its awareness training in risk management have enhanced management's recognition of important business concepts. However, greater use of those business concepts and an understanding of their relevance in the total strategic management system is required.

The recently drafted legislative changes arising from the work of the Advisory Council together with the progress of the Upper House Inquiry represent a significant change to WorkCover's charter and operational responsibilities. The recent major structural changes in the organisation were an initial step in addressing the operational reforms that are to occur.

Greater accountability is also occurring through the impact of the General Government Debt Elimination Act. For the first time, WorkCover and other outer budget agencies were incorporated in the State Budget handed down in June 1998. The legislation also requires agencies to publish their outputs (products) and outcomes (results).

The Government's expectations of its Corporate Services Reform Initiative is that support services will

be delivered through better value for money thereby enabling greater resourcing of core services to the community. WorkCover is viewed by the Premier's Department as having a high level of support service resourcing. It is therefore expecting substantial savings in all areas.

The external expectations of WorkCover and a recognition of the need for internal management improvements has identified a need to markedly upgrade aspects of WorkCover's strategic management system. The Corporate Governance Division's corporate commitment for 1998/99 is to facilitate excellence in staff, management, operations and systems and it is holding itself accountable by measuring achievement through internal and external assessment.

Organisational reform

A number of reviews have been conducted of operational functions of the organisation to more effectively use the expertise, knowledge and commitment of WorkCover staff. Management and staff, together with external experts, have been involved in the process of realigning structures and resources to achieve improved organisational performance.

The reviews are also in response to the Government's public sector reform program and previous reports on WorkCover by the Council on the Cost of Government. Staff and unions have been consulted throughout the process through regular meetings between senior managers and workplace union representatives and WorkCover's Joint Consultative Committee.

The major areas of reform have included:

- Review of all corporate services and policy functions across WorkCover;
- Closer alignment of the inspectorate/prosecution process;
- Review and restructure of information management and technology services;
- Improved alignment of functions within the Insurance Division; and
- Amalgamation of corporate communications and the information/education function.

WORK

Equal employment opportunity

The total number of staff decreased from 879 to 853 this reporting year. The proportion of women this reporting year is 44% (377), a 2% increase in comparison to the previous year. Of the 377 women, the highest proportion were employed at the level of \$30,655 – \$34,269. This represented 32% of staff at this level, a similar pattern of distribution to the previous year. The proportion of women at the level >\$70,101 (non SES) increased to 30% (3) and the representation of women at the level >\$70,101 (SES) increased to 67% (6), in comparison to the previous year the proportion of women at these levels almost doubled. This is an excellent outcome in the progression of women at senior management levels.

The total number of Aboriginal People & Torres Strait Islanders this reporting year increased from 9 to 16. The proportion of staff identified as Aboriginal People & Torres Strait Islanders this reporting year is 2.4%.

The proportion of People from Racial, Ethnic Ethno-Religious Minority Groups was 31% (187). From this group 26% (156) are People Whose Language First Spoken as a Child was not English. These figures demonstrate an overall increase from the previous year of which People from Racial, Ethnic Ethno-Religious Minority Groups represented 21% and of those 19% were People Whose Language First Spoken as a Child was not English.

The proportion of People with a Disability was 12% (75), of those 4.3% (26) were People with a Disability Requiring Adjustment at Work. An overall increase by 2% in comparison to the previous year.

Aboriginal & Torres Strait Islander employment & development strategy

The distinctive call of the didgeridoo heralded the launch by the Attorney-General and Minister for Industrial Relations, Jeff Shaw, of WorkCover's Aboriginal and Torres Strait Islander Employment and

Development Strategy on 8 July at Head Office. The event coincided with NAIDOC week and was considered to be the most original event WorkCover has organised.

Speakers at the launch included Ossie Cruse, Chairman of the NSW Aboriginal Land Council; Melayne Cribb, one of WorkCover's Aboriginal and Torres Strait Islander staff and Carol Davies, Director of the Office of Equal Opportunity in Public Employment. Around 130 invited guests including WorkCover management joined the afternoon's celebration of indigenous cultural heritage. Center stage were four Aboriginal and Torres Strait Islander dancers who performed contemporary and traditional dances choreographed by Mira Mansell and Gary Finch.



Lending another authentic note was the highly respected didgeridoo player, Jakapura.

The Strategy is aimed at helping to wipe out the effects of discrimination. Aboriginal and Torres Strait Islanders have been identified, and rightly identified, as a people who have suffered institutional discrimination on the insidious basis of race. The mission of the Strategy is to create better employment outcomes for Aboriginal and Torres Strait Islander people, and in partnership, assist them in meeting their training and development needs. It also identifies

COVER

Aboriginal and Torres Strait Islanders as our clients. The Strategy aims to exceed an Aboriginal and Torres Strait Islander employment rate of 2% within WorkCover by the year 2000.

The artwork on the front cover features Aboriginal artist Bronwyn Bancroft's snake design called 'Rainbow Life'. The painting represents the celebration of Aboriginal life. The Rainbow Serpent is the Creator and exists of many indigenous people.

WorkCover's Aboriginal and Torres Strait Islander Employment and Development Strategy demonstrates our firm commitment to the career development of current and future Aboriginal and Torres Strait Islander staff. John Grayson, General Manager, WorkCover NSW and Peter Lalor, Human Resources Manager, NSW Aboriginal Land Council launched the Aboriginal Cultural Awareness Program on the 12th December 1997 attended by WorkCover's Executive, Managers, Co-ordinators and staff.

This program aims to increase participant's knowledge and understanding of Aboriginal cultural and heritage issues, and assist participants to identify and understand the issues in providing an effective and efficient service delivery that is culturally appropriate for Aboriginal and Torres Strait Islander people.

Disability strategic plan

WorkCover's Disability Strategic Plan is a five year plan (1995-2000) which 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
- improve the quality of disability-specific services provided to workers with disabilities, their families and carers.

Strategies have been carried forward from the previous year. Actions which have been implemented as a result of the Disability Strategic Plan and outcomes for this reporting year are as follows:

ACCESS

On an ongoing basis WorkCover reviews its premises to ensure physical access for people with disabilities in accordance with the Building Code of Australia and Australian Standards 1428. Furthermore, WorkCover has been a participative member on a working party to examine aspects of access to public buildings. Other representative organisations include BOMA, Standards Australia, Public Works and Services and ODEOPE.

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 12% (75), of those 4.3% (26) were People with a Disability Requiring Adjustment at Work. An overall increase by 2% in comparison to the previous year.

Two people with disabilities were employed by WorkCover as part of a disability placement program for a period of 13 weeks each. One of these employees was employed for a further period of six months. The program provided them with on the job training, which incorporated all aspects of clerical support, word processing and general office skills. As part of this program a trainer was provided for the first four weeks of employment in a monitoring capacity in line with the workplan. Both have successfully completed the 13 week program with WorkCover which paved the way to successfully complete their individual training program.

DISABILITY SPECIFIC SERVICES

WorkCover now has the capacity to measure performance of rehabilitation providers through the reports submitted by providers on workers whose rehabilitation program involves working with a new employer. Improvement in claims management and in the dispute resolution process are currently part of a review of the WorkCover Scheme.

WORK

Risk management

During 1997/98 WorkCover's major business risk management activity was associated with the Deloitte Touche Consulting Review of WorkCover's Business Processes and the work of the Infrastructure Review Group, which is implementing the Corporate Services Reform Initiative. It was recognised that, in reviewing WorkCover's various business processes and activities, a risk management approach would ensure that the level and spectrum of risks associated with these reviews would not be increased.

WorkCover also produced a revised and expanded Code of Conduct. The Code was based on extensive consultation with staff, management and external agencies such as the Independent Commission Against Corruption. The Code has been placed on WorkCover's Intranet and can also be found in Appendix 15 of this report.

Finally, in accordance with WorkCover's Corruption Prevention Plan, revised internal procedures for the reporting and investigation of complaints were introduced. WorkCover investigates both internal and external complaints about its staff and procedures. These revised reporting and investigation procedures will ensure that complaints are investigated thoroughly and impartially.

Year 2000 compliance

WorkCover Authority is currently reviewing the Year 2000 compliance project. It is envisaged that the Rectification Plan will be completed by December 1998. WorkCover is fully committed to the process and is considering ways to fast track the processes involved with external help.

The contingent liabilities and commitments of this project will also become clearer as we progress through this process. We are expecting the details to be tabled by end of December 1998. WorkCover will shortly be in a position to start Y2K testing and rectification process.

Training and development

During 1997/98 WorkCover provided a diverse range of training programs including:

- Project Management;
- Advanced Facilitation Skills;
- Management Development;

and corporate priority programs such as:

- Performance Development System;
- Managing Unsatisfactory Performance; and
- Staff Selection.

The Training and Development Services consultancy work continued with a number of successful consultancies for other parts of the organisation. The Industry Teams Trial Workshop was one example, with many areas of WorkCover collaborating to produce a successful outcome.

Overall, 83% of staff received formal training during 1997/98.

In addition, 1.2% of staff received grants of Study Time for undergraduate and postgraduate courses and technical skills training.

Continuing its commitment to learning and study, WorkCover NSW piloted a Financial Study Assistance program during 1997/98. 7.4% of staff received reimbursements or payments for university and certified study programs. The total reimbursements paid to staff was \$37,464.00.

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.

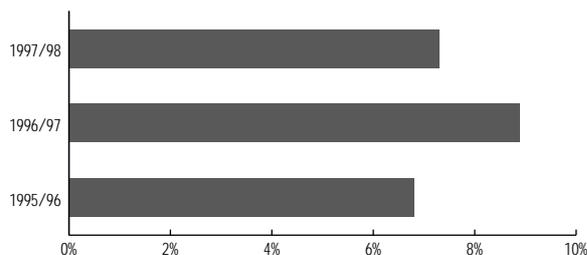
COVER

STAFF USAGE

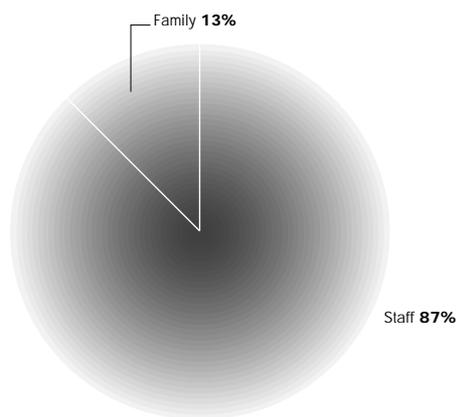
Data available to WorkCover indicates that WorkCover employees have a high level of awareness of the Employee Assistance Program. WorkCover's induction and orientation programs for new employees have contributed to the wider awareness of the Employee Assistance Program.

Staff and their family members are encouraged to use the facilities offered through WorkCover's Employee Assistance Program.

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 1998 was 777 (expressed as a full time equivalent). This compares with a staff number of 826 as at 30 June 1997, and 829 as at 30 June 1996. A detailed staff profile is included as Appendix 9.

Occupational health and safety in WorkCover

Sixty-five workers compensation claims were lodged during 97/98. This was up on the 47 claims lodged in the previous year. Of the claims lodged 15 (23 percent) were journey or recess claims occurring outside the workplace. Of the remainder, eighteen were for lifting/striking/pushing objects; ten were for repetitive movement injuries; fourteen were for falls; seven for mental stress and one for hearing.

Funding

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

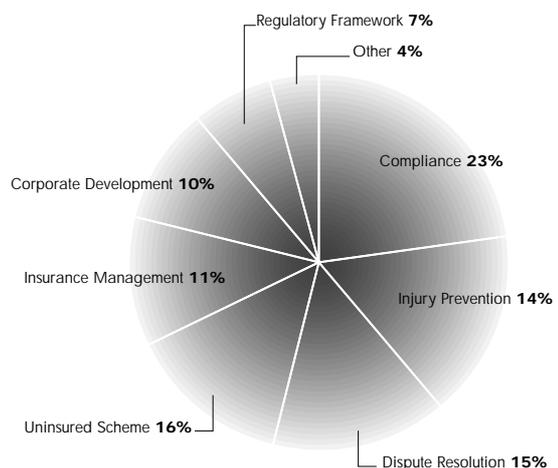
- payments under the Uninsured Liability and Indemnity Scheme (ULIS) which initially meets the cost of claims not paid by uninsured employers
- payments for the operation of the Compensation Court of NSW and the Workers Compensation Resolution Service managed by the Department of Industrial Relations.

The rate of levy was set at 4.7 percent of premiums for 1997/98 (against 4.3 percent in 1996/97).

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

Operating Expenditure 1997/98

Total: \$131.4 million



WORK

Payment of Accounts

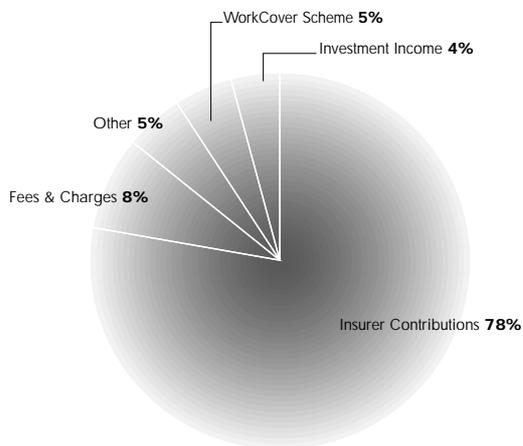
Amounts outstanding to suppliers at the end of each quarter of the year were:

	September Quarter	December Quarter	March Quarter	June Quarter
Current	\$1,108,971	\$633,123	\$494,116	\$1,185,244
<30 days overdue	\$326,377	\$205,774	\$65,228	\$36,823
>30 & <60 days overdue	\$173,691	\$185,835	\$15,401	\$3,466
>60 days & <90 days	\$137,646	\$6,817	\$20,418	-\$3,243
90 days & over	\$107,577	\$9,418	\$5,574	-\$378
% paid on time	93.1%	89.2%	92.0%	93.7%
Total value of accounts paid on time	\$12,729,810	\$10,846,829	\$11,595,117	\$12,683,967

During the year, WorkCover paid \$51.7 million in accounts of which \$47.9 million or 92 percent was paid within the vendor's terms. This performance compared favourably to a target of 90%.

Operating Income 1997/98

Total: \$136.0 million



Internal audit

Deloitte Touche Tohmatsu continued as internal auditors for the 1997/98 year.

The Internal Audit Bureau were the successful tenderers for the three year program commencing July 1998.

A Board Audit Committee met regularly to examine audit findings and recommendations. The internal audit function reports to the General Manager and the Audit Committee.

Internal Audits undertaken during 1997/98

- Inspection and Investigation procedures
- Review of Research Grants Scheme
- Corporate Performance Measures
- Corporate Planning Review
- Londonderry and Thornleigh Centres
- Desktop and Server Hardware, Software and Implementation
- Payroll Review
- Finance Branch Review

Internal Audits planned for 1998/99

- Prevention Programs
- Lifts and Pest Control Licensing
- Monitoring of Statutory Fund Investment Administered by Insurers
- Customer Service Management
- Information Integrity
- Investigations
- Property, Fleet and Records Management
- Travel, Entertainment and Credit Cards
- Financial Accounting
- Year 2000 Program
- IT Contract Management and Systems Development



appendices

WORKCOVER

Appendix 1

LEGISLATION ADMINISTERED BY WORKCOVER

1. List of all Acts, Regulations and Codes of Practice administered by WorkCover as at 30 June 1998

Acts

Administration of WorkCover

WorkCover Administration Act 1989

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

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

Workers Compensation Act 1987

Workers' Compensation (Brucellosis) Act 1979

Workers Compensation (Bush Fire, Emergency and Rescue Services) Act 1987

The following two major pieces of Workers Compensation Legislation were introduced into Parliament on 26 June 1998

Workplace Injury Management and Workers Compensation Bill 1998

Workers Compensation Legislation Amendment Bill 1998

They both received assent on 14 August 1998

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

WORKCOVER

Factories (Health and Safety – Spray Painting)
Regulation 1977

Foundry Regulations

Lead Regulations

Local Government Industries (Machine Safety)
Regulation

Locomotive Regulations

Rural Industries (Machine Safety) Regulations

Timber Industry (Health and Safety) Regulation 1982

Welding Regulations

Construction Safety Act 1912

Construction Safety Regulations 1950

Dangerous Goods Act 1975

Dangerous Goods Regulation 1978

Dangerous Goods (Gas Installations) Regulation 1982

Justices Act 1902

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

Workers Compensation Act 1987

Workers Compensation (General) Regulation 1995

Workers Compensation (Workplace Rehabilitation
Programs) Regulation 1995

Workers Compensation (Insurance Premiums)
Regulation 1995

Workers Compensation Transitional Regulation 1997

Workers Compensation (Bush Fire, Emergency and Rescue Services) Act 1987

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

CODES OF PRACTICE

Code of Practice – Safety Aspects in the Design,
Manufacture and Installation of On-Farm Silos and
Field Bins 1991

Code of Practice for Compactors 1991

Code of Practice for Construction and Testing of
Concrete Pumps 1993

Code of Practice for Facade Retention 1992

Code of Practice for Health Care Workers and other
People at Risk of Human Immunodeficiency Virus
and other Blood-borne Pathogens in the Workplace
1996

Code of Practice for Loading, Unloading and
Securing of Logs to Log Haulage Vehicle 1994

Code of Practice for Manual Handling 1991 (*adopts
a Worksafe Australia National Code of Practice*)

Code of Practice for Mono-Strand Post-Tensioning of
Concrete Buildings 1993

Code of Practice for Noise Management and
Protection of Hearing at Work (*based upon
a Worksafe Australia National Code of Practice*)

Code of Practice for Overhead Protective Structures
1994

Code of Practice for Pumping Concrete 1993

Code of Practice for Safe Handling and Storage of
Enzymatic Detergent Powders and Liquids 1994

Code of Practice for Safe Use of Synthetic Mineral
Fibres 1993 (*adopts a Worksafe Australia National
Code of Practice*)

Code of Practice for Safe Work on Roofs (Commercial
Buildings) 1993

Code of Practice for Safety Line Systems 1995

Code of Practice for Snigging Logs 1993

Code of Practice for the Control of Workplace
Hazardous Substances 1996 (*based upon
a Worksafe Australia National Code of Practice*)

Code of Practice for the Labelling of Workplace
Substances 1996 (*based upon a Worksafe Australia
National Code of Practice*)

Code of Practice for the Preparation of Material
Safety Data Sheets 1996 (*based upon a Worksafe
Australia National Code of Practice*)

Code of Practice for the Prevention of Occupational
Overuse Syndrome 1995 (*adopts a Worksafe
Australia National Code of Practice*)

Code of Practice for the Safe Handling of Timber
Preservatives and Treated Timber 1991 (*adopts a
Worksafe Australia National Code of Practice*)

Code of Practice for the Safe Use of Vinyl Chloride
1991 (*adopts a Worksafe Australia National Code
of Practice*)

Code of Practice for the Sawmilling Industry 1997

Code of Practice for Tunnels under Construction 1991

Code of Practice for Workplace Injury and Disease
Recording 1991 (*adopts a joint Worksafe
Australia/Standards Australia document*)

Code of Practice: Amenities for Construction Work
1997

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Code of Practice: Cutting and Drilling Concrete and other Masonry Products 1997

Code of Practice: Electrical Practices for Construction Work 1991

Code of Practice: Formwork 1998

Code of Practice: Safe Work on Roofs, Part 2, Residential Buildings 1997

2. Associated Organisations

Two organisations associated with WorkCover are also responsible for legislation.

Workers Compensation (Dust Diseases) Board

Workers' Compensation (Dust Diseases) Act 1942

Workmen's Compensation (Lead Poisoning – Broken Hill) Act 1922

Sporting Injuries Committee

Sporting Injuries Insurance Act 1978

Appendix 2

SUMMARY OF LEGISLATIVE CHANGES 1997/98

A. Changes to Acts

1. Amendments to Workers Compensation Act 1987

WorkCover Legislation Amendment Act 1997 No 134

This amending Act made changes which:

- Increased from 20 penalty units (currently \$2,200) to 40 penalty units (currently \$4,400) the existing maximum fine for a failure by a worker who is receiving weekly payments of compensation to notify a commencement of employment or a business or a change of employment that affects earnings.
- Amended the provision requiring a claim for weekly payments of compensation to include a medical certificate with an opinion as to whether employment is a substantial contributing factor to the injury to clarify it does not apply to situations where the worker is not engaged in actual employment duties.
- Increased the existing maximum penalty of 50 penalty units (currently \$5,500) and imprisonment for 12 months for the offence of making a false or misleading statement in a notice, claim for compensation or medical certificate. The maximum penalty will be increased to 100 penalty units (currently \$11,000) and 2 years imprisonment.
- Inserted a new provision that will permit a court to make a compensation refund order when it convicts a person of an offence under the Act for making a false or misleading statement that resulted in an overpayment.
- Inserted a new provision to enable regulations to be made to require an insurer to provide a copy of any report obtained by the insurer in relation to a claim by a worker, such as an investigator's report or rehabilitation provider's report, to the worker or another person (such as the worker's legal representative).
- Made amendments to authorise the making of regulations to specify cases and circumstances in which a conciliation officer to whom a party to a dispute provides information or documents is required to provide the information or documents concerned to another party to the dispute. A new provision specifically authorises conciliation officers to provide any party to a dispute with any relevant information and documents provided to the conciliation officer by any other party to the dispute and also provides for the regulations to create exceptions to this.
- Made an amendment to provide that conciliation officers are competent but not compellable in legal proceedings to give evidence or produce documents in respect of matters that relate to the exercise of their functions.
- Amended the provision that prevents a claimant for weekly payments of compensation from lodging an application for conciliation until a period allowed for insurers to assess and, if applicable, dispute the claim has elapsed. The period allowed for insurers is 21 days after the claim is made, but that may be extended to a maximum of 42 days subject to there being a reasonable excuse (such as necessity for further

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medical examination) for the delay in commencement in payments. The amendment makes it clear that conciliation applications are prevented not only during the initial 21 day period but also during such an extension of that period.

- Amended a provision that authorises the making of regulations to fix maximum costs recoverable by legal practitioners in workers compensation matters. The amendments extend the provision to costs recoverable by agents in workers compensation matters.
- Enacted consequential savings and transitional provisions.
- Amended the special transitional provisions that apply to coal miners to clarify the operation of amendments made in 1996 in relation to top-up partial incapacity benefits.

Commenced 6 February 1998 except for provisions relating to coal miners which commenced earlier on 1 January 1998

2. Amendments to Sporting Injuries Insurance Act 1978

WorkCover Legislation Amendment Act 1997 No 134

These minor amendments made changes which :-

- Increased the level of benefits payable for sporting injuries under the Act by 14%.
- Provided for the appointment of an additional part-time member of the Sporting Injuries Committee to represent the interests of disabled sportspersons.
- Enacted consequential transitional provisions.

Commenced 6 February 1998

3. Amendments to Occupational Health and Safety Act 1983

Occupational Health and Safety Amendment Act 1997 No 51

This amending Act made changes which :-

- Provides for the repeal and consequential amendment of the associated occupational health and safety legislation set out in Schedule 2 (This does not have any real effect until Schedule 2

itself is specifically commenced).

- Extended the provisions of the principal Act that protect persons against risks to health and safety arising from the use of plant so that they apply to certain prescribed plant affecting public safety (such as lifts and scaffolding) whether or not at a place of work.
- Revised section 18 of the principal Act, which imposes obligations on the designers, manufacturers and suppliers of any plant or substance for use at work to ensure that it is safe and without risks to health when properly used. The revision seeks to express the obligations in plainer terms and in the light of national standards relating to the plant.
- Ensured that regulations may be made under the principal Act (via section 45) requiring persons to take a risk management approach to identify hazards arising from work and to assess the risks to health and safety associated with any such hazards and to deal with those risks.
- Enabled more than one contravention of the principal duties of employers and other under Part 3 of the principal Act (ie sections 15 to 18) to be charged as a single offence if the contraventions arose out of the same factual circumstances (see new section 49A).
- Enabled saving and transitional regulations to be made as a consequence of the enactment of the proposed Act.
 - a) Made miscellaneous savings and transitional provisions consequent on the enactment of the proposed Act.

Most provisions were commenced on 1 November 1997 except for the transitional provisions which commenced on 7 November 1997.

Remaining uncommenced provisions are those integral to the introduction of the proposed OHS Consolidated Regulation.

4. Amendments to Construction Safety Act 1912

Occupational Health and Safety Amendment Act 1997 No 51

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These amendments provide for the repeal of the Construction Safety Act and Regulations.

Not yet commenced (intended to commence when proposed new OHS Consolidated Regulation comes into operation).

5. Amendments to Factories, Shops and Industries Act 1962

Occupational Health and Safety Amendment Act 1997 No 51

These amendments provide for the repeal of those parts of the Factories, Shops and Industries Act administered by WorkCover together with related regulations.

Not yet commenced (intended to commence when proposed new OHS Consolidated Regulation comes into operation).

6. Amendments to Dangerous Goods Act 1975

Occupational Health and Safety Amendment Act 1997 No 51

A minor amendment made to enable powderman provisions to eventually be moved from the Construction Safety Act to the Dangerous Goods Act.

Commenced 1 November 1997

Road and Rail Transport (Dangerous Goods) Act 1997 No 113

This Act, developed by the Environment Protection Authority, gives effect to the introduction of nationally uniform road/rail dangerous goods transport provisions.

Commenced 20 April 1998

7. Amendment to Interpretation Act 1987

Statute Law (Miscellaneous Provisions) Act 1997 No 55

This Act amended Section 56 of the Interpretation Act 1987, which defines the value of a penalty unit, by increasing a penalty unit from \$100 to \$110. As a consequence all court imposed fines and on-the-spot fines for offences against WorkCover legislation, where expressed in penalty units, were increased accordingly.

Commenced 1 September 1997

8. Repeals

The *Statute Law (Miscellaneous Provisions) Act 1997 No 55* repealed the following WorkCover legislation:

- WorkCover Legislation (Amendment) Act 1989 No 121
- Workers Compensation (Amendment) Act 1989 No 214

B. Changes to Regulations

Occupational Health and Safety Act 1983

1. Occupational Health and Safety (Hazardous Substances) Amendment (Carcinogenic Substances) Regulation 1997

The objects of this Regulation were:

- a) to repeal the *Occupational Health and Safety (Carcinogenic Substances) (Transitional) Regulation 1994*, and
- b) to incorporate the provisions of that Regulation in the *Occupational Health and Safety (Hazardous Substances) Regulation 1996*, with no substantive changes.

The provisions dealt with the use, supply and storage of carcinogenic substances at places of work, and with the issuing of purchaser's permits to persons who use carcinogenic substances at places of work.

Commencement 1 September 1997

Government Gazette No 93 of 22 August 1997 pages 6461-6467

2. Occupational Health and Safety (Pest Control) Amendment (Fumigations and Pesticides) Regulation 1997

The objects of this Regulation were:

- a) to repeal the *Occupational Health and Safety (Fumigations and Pesticides) Regulation* (formerly Part 12 of the *Public Health Regulations* and revived by clause 5 of Schedule 8 to the *Occupational Health and Safety Act 1983*), and
- b) to incorporate the provisions of the repealed Regulation in the *Occupational Health and Safety (Pest Control) Regulation 1988* with no substantive changes.

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The provisions dealt with the use of dangerous substances for fumigation in any premises and the use of hazardous pesticides. The existing requirement for a fumigation licence in order to carry out fumigation by means of a dangerous substance is continued by this Regulation.

Commencement 1 September 1997

*Government Gazette No 95 of 29 August 1997
pages 7167-7212*

3. Occupational Health and Safety Amendment Regulation 1997

This Regulation, which amended four existing Regulations and commenced on the date of gazettal, had the following effect.

a) Certificates of Competency

The Regulation clarified the provision in the *OHS (Certificates of Competency) Regulation 1996* that WorkCover may determine whether particular assessments done outside NSW are acceptable to NSW and created certain offences relating to false assessments of competency.

b) Hazardous Substances

The Regulation also added NSW Volunteer Rescue Association to the list of emergency services under the *OHS (Hazardous Substances) Regulation 1996* that are entitled to access an employer's records of hazardous substances and upgraded the definitions of Type 1 ingredients and Type 11 ingredients.

c) Penalty Notices (On-the-Spot-Fines)

The Regulation amendments –

- i) Added a number of dangerous goods offences occurring at Ports (Part 11 of the *Dangerous Goods Regulation 1978*) which could be dealt with by way of Penalty Notices under the *OHS (Penalty Notices) Regulation 1996*. These will be administered by the Ports Authorities.
- ii) Added a number of s.18 OHS Act Offences (duties of manufacturers and suppliers of plant/substances) to those which could attract Penalty Notices. (Unfortunately other amendments to s.18 meant these offence descriptions would

shortly be made obsolete). Also added were a number of new Certificates of Competency Offences which could also be dealt with by way of Penalty Notices.

- iii) Increased the size of the Penalty Notice for breaches of s.31R of the OHS Act (not obeying an improvement notice issued by an inspector).

Commencement 29 August 1997

*Government Gazette No 95 of 29 August 1997
pages 7218-7226*

4. Occupational Health and Safety (Penalty Notices) Amendment Regulation 1997

This Regulation changed the references to the s.18 offences in the *OHS (Penalty Notices) Regulation 1996* so that they corresponded with the new wording of s.18 of the OHS Act. It commenced on 1 November 1997 which corresponded with the proclaimed date for commencement of the new s.18 of the Act.

Commencement 1 November 1997

*Government Gazette No 112 of 17 October 1997
pages 8569-8570*

5. Occupational Health and Safety (Penalty Notices) Amendment Regulation 1998

The object of this Regulation was to amend the *Occupational Health and Safety (Penalty Notices) Regulation 1996*, as a result of the commencement of the *Road and Rail Transport (Dangerous Goods) Act 1997*:

- a) to remove functions conferred on officers relating to matters now administered by other authorities, and
- b) to remove obsolete references to repealed provisions and update other references.

Commencement 20 April 1998

*Government Gazette No 69 of 17 April 1998 pages
2775-2777*

Justices Act 1902

6. Occupational Health and Safety Legislation (Short Description of Offences) Amendment Regulation 1997

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This Regulation amended the short descriptions of offences relating to Penalty Notices so they corresponded with the changes made by the *OHS Amendment Regulation 1997*.

Commencement 29 August 1997

Government Gazette No 95 of 29 August 1997 pages 7213-7217

7. Occupational Health and Safety Legislation (Short Description of Offences) Further Amendment Regulation 1997

This Regulation amended the short descriptions of offences relating to Penalty Notices so they corresponded with the changes made by the *OHS (Penalty Notices) Amendment Regulation 1997*.

Commencement 1 November 1997

Government Gazette No 112 of 17 October 1997 pages 8567-8568

8. Occupational Health and Safety Legislation (Short Descriptions of Offences) Amendment Regulation 1998

The object of this Regulation was to amend the *Occupational Health and Safety Legislation (Short Descriptions of Offences) Regulation 1996*, as a result of the commencement of the *Road and Rail Transport (Dangerous Goods) Act 1997*:

- a) to remove obsolete references to repealed provisions, and
- b) to make a consequential amendment.

Commencement 20 April 1998

Government Gazette No 69 of 17 April 1998 pages 2773-2774

Construction Safety Act 1912

9. Construction Safety Amendment (Amusement Devices) Regulation 1998

The object of this Regulation was to make miscellaneous amendments to that Part of the *Construction Safety Regulations 1950* that regulates the use of amusement devices. The amendments dealt with the following:

- a) a requirement for compliance with Australian

Standard AS3533.1-1997 entitled "Amusement rides and devices" in various respects, including in relation to the keeping of operating and maintenance manuals and a log book for amusement devices,

- b) a requirement to record various matters in the log book for an amusement device, including matters concerning the erection, testing and maintenance of the device,
- c) the stipulation that certificates of registration for all amusement devices to which the Regulations apply remain in force for one year (instead of 2 years as was previously the case for cable transit devices),
- d) the removal of the distinction between cable transit devices and certain other amusement devices so far as the operation of the regulatory regime is concerned,
- e) the replacement of certain prescribed forms with forms approved by the WorkCover Authority.

Commencement 1 February 1998

Government Gazette No 9 of 23 January 1998 pages 344-355

Dangerous Goods Act 1975

10. Dangerous Goods (Road and Rail Transport) Amendment Regulation 1998

The object of this Regulation was to amend the *Dangerous Goods Regulation 1978* as a consequence of the *Dangerous Goods Act 1975* no longer applying to the transport of certain dangerous goods by road and rail and to other matters (including the packaging and labelling of goods transported by road and rail) on the commencement of the *Road and Rail Transport (Dangerous Goods) Act 1997*. The amendments;

- a) made it clear that the *Dangerous Goods Regulation 1978* does not apply to matters covered by the new Act, and
- b) updated references to the *Australian Code for the Transport of Dangerous Goods by Road and Rail* and also updated terminology in keeping with that Code, and

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- c) inserted references to the *Australian Code for the Transport of Explosives by Road and Rail* in provisions dealing with explosives, and
- d) confined the operation of certain provisions of the Regulation (now covered by the new Act) to explosives (which will not be covered under the new Act).

Commencement 20 April 1998

Government Gazette No 67 of 9 April 1998 pages 2492-2505

Annual Reports (Statutory Bodies) Act 1984

11. Annual Reports (Statutory Bodies) Amendment (OHS) Regulation 1998

The object of this Regulation was to require a statutory body to include in its 1997-1998 and subsequent annual reports:

- a) a statement setting out the statutory body's occupational health and safety performance during the reporting year, and
- b) such related statistical information for the reporting year as is determined by the Secretary of the Treasury.

Commencement 17 April 1998

Government Gazette No 69 of 17 April 1998 pages 2769-2770

Annual Reports (Departments) Act 1985

12. Annual Reports (Departments) Amendment (OHS) Regulation 1998

The object of this Regulation was to require a Department to include in its 1997-1998 and subsequent annual reports:

- a) a statement setting out the Department's occupational health and safety performance during the reporting year, and
- b) such related statistical information for the reporting year as is determined by the Secretary of the Treasury.

Commencement 17 April 1998

Government Gazette No 69 of 17 April 1998 pages 2771-2772

Workers Compensation Act 1987

13. (General) Amendment (Conciliation) Regulation 1997

The object of this Regulation was to amend the *Workers Compensation (General) Regulation 1995* under the *Workers Compensation Act 1987* to make amendments that are consequential on the enactment of the *WorkCover Legislation Amendment Act 1996* with respect to the conciliation of disputes about payment of workers compensation.

The amendments reflect new arrangements for the conciliation of disputes involving new claims under which the responsibility for referring a dispute for conciliation will shift to the worker (because court proceedings on a claim will not be able to be commenced until the dispute has been to conciliation). Conciliation of new claims will be by conciliation officers from the Workers Compensation Resolution Service within the Department of Industrial Relations (with existing claims continuing to be dealt with by conciliation officers from the WorkCover Authority) and the functions of the Senior Conciliation Officer will be exercised by a Principal Conciliator.

Other amendments:

- a) repeal provisions made redundant by the amending Act, and
- b) make further provision for the manner in which disputes may be referred for conciliation, and
- c) provide for the approval of forms to be used for various purposes under the Act in connection with the conciliation of disputes, and
- d) prescribe classes of persons who may as agents represent parties to disputes in respect of new claims, and
- e) provide for the circumstances in which a conciliation officer must call for the production of documents and information relevant to a dispute about a workers compensation claim and for the circumstances in which any such documents or information may be provided to a party to the dispute, and
- f) fix the maximum costs payable to a legal practitioner for various legal services provided in connection with the conciliation of a dispute, and

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- g) limit the operation of an exception to provisions regulating how often an injured worker can be required to undergo a medical examination, so as to provide that the exception (which applies to examinations made for the purposes of determining a lump sum compensation claim) applies only for 12 weeks after the claim is made or during an adjournment of court proceedings on the claim, and
- h) provide that a conciliation officer can make a recommendation about the basis on which it would be reasonable for the parties to a dispute to reach agreement.

Commencement 1 August 1998

Government Gazette No 86 of 1 August 1997 pages 5980-5989

14. Workers Compensation (General) Amendment (Advertising) Regulation 1997

The object of this Regulation was to insert a new Part into the *Workers Compensation (General) Regulation 1995* to regulate advertising in the area of workers compensation by lawyers and agents.

The proposed new Part provides for the following:

- a) The Part was phased in, so that it will apply only to advertisements published more than 2 months after commencement, or later if it can be proved that the offending advertisement was contracted for before the commencement.
- b) The Part will apply to advertising that appears to be intended or likely to encourage or induce a person to make a workers compensation or damages claim or to use the services of a lawyer or agent in connection with such a claim.
- c) Advertising will be required to contain a warning statement about the penalties for making false workers compensation claims, unless the advertisement is solely about the area of practice or specialty of the lawyer or agent. The penalty for a contravention of this provision will be a fine of up to 200 penalty units.
- d) Advertising that is false, misleading, vulgar, sensational or unprofessional is prohibited. The penalty for a contravention of this provision by an

agent is a fine of up to 200 penalty units. For a lawyer, a contravention is to be dealt with as a breach of the regulations under the *Legal Profession Act 1987*.

Commencement 15 December 1997

Government Gazette No 130 of 28 November 1997 pages 9571-9578

15. Workers Compensation (General) Amendment (Miscellaneous) Regulation 1998

The object of this Regulation was to amend the *Workers Compensation (General) Regulation 1995* as follows:

- a) an existing provision that requires a claim for compensation for pain and suffering to state the proportion of the maximum amount payable that is being claimed was amended to make it clear that the amount claimed is not to be stated to be the maximum amount of compensation that is payable and must instead be stated as an actual amount,
- b) an existing provision that sets limits on the amounts payable to legal practitioners for certain legal services was extended to apply to agents in respect of agent services.

Commencement 20 February 1998

Government Gazette No 32 of 20 February 1998 pages 835-838

16. Workers Compensation (General) Amendment (New Claims) Regulation 1998

The *Workers Compensation Act 1987* provides for claim for workers compensation to be either *existing claims* or *new claims*. Different arrangements apply according to whether a claim is a new claim or an existing claim, particularly with respect to restrictions on the commencement of court proceeding and conciliation of disputes. Conciliation of disputes involving new claims is by the new Workers Compensation Resolution Service in the Department of Industrial Relations rather than by the WorkCover conciliation service.

The Act allows the definition of *new claim* to be modified by the regulations and the object of this

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Regulation was to modify the definition to provide that from 1 March 1998 all claims are new claims.

The Regulation contained transitional provisions that allow disputes referred for conciliation before 1 March 1998 to continue to be dealt with under the current arrangements for conciliation by the WorkCover conciliation service and for claims that are the subject of court proceedings commenced before that date to continue to be dealt with as existing claims.

Commencement 1 March 1998

Government Gazette No 32 of 12 February 1998 pages 839-842

17. Workers Compensation (General) Amendment (Indexation and Uninsured Liabilities) Regulation 1998

The object of this Regulation was to amend the *Workers Compensation (General) Regulation 1995* as follows:

- a) to specify an index number that is to be used in the indexation of benefits in line with movements in award rates of pay, in place of existing indexation arrangements that rely on index numbers that will no longer be published by the Australian Statistician,
- b) to avoid duplication of notification requirements by providing for the notice of intended discontinuation of weekly payments of compensation on the grounds provided for by section 52A of the Act (discontinuation after payments for 2 years) to be sufficient notice for the purposes of another provision of the Act that requires a period of notice of proposed discontinuation of weekly payments.
- c) to modify the terminology of various provisions of the Act in their application to uninsured liability claims, to allow for the fact that those claims are made on the WorkCover Authority rather than on an employer or insurer. One result will be to place workers receiving payments under the uninsured liability scheme in the same position as properly insured workers.

Commencement 31 March 1998

Government Gazette No 56 of 20 March 1998 pages 1624-1628

18. Insurance Premiums Order (1998-99)

The object of this Order was to fix the manner in which workers compensation insurance premiums are to be calculated for the 1998-99 financial year. The average premium rate is maintained at 2.8 percent of wages whilst some of the individual business/industry activity classification have been updated.

Commencement 30 June 1998

Government Gazette No 97 of 26 June 1998 pages 4865-4915

Legal Profession Act 1987

19. Legal Profession Amendment (Advertising) Regulation 1997

The object of this regulation was to provide that a barrister or solicitor must not advertise in a way that constitutes a contravention of a provision of the *Workers Compensation (General) Regulation 1995* that prohibits false, misleading, vulgar, sensational or unprofessional advertising in connection with workers compensation claims. The effect of the amendment is that such a contravention will be dealt with as a breach of the regulations under the *Legal Profession Act 1987*.

Commencement 15 December 1997

Government Gazette No 130 of 28 November 1997 pages 9558-9559

20. Legal Profession Amendment (Workers Compensation Costs) Regulation 1998

The object of this Regulation was to provide for the loading payable to a legal practitioner for attending a hearing of a workers compensation matter in circumstances where the practitioner's chambers or offices are located in a country town and the hearing takes place in Sydney or in another country town.

Commencement 9 April 1998

Government Gazette No 67 of 9 April 1998 pages 2506-2509

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C. Changes to WorkCover Codes of Practice

The following new approved Industry Code of Practice has been gazetted pursuant to s.44A of the Occupational Health and Safety Act 1983.

Code of practice: Formwork, 1998

The purpose of this Code was to set out guidelines which cover the design, planning, preparation and conduct of work for the erecting and dismantling of formwork and associated equipment during construction work.

Commencement 1 March 1997

*Government Gazette No 62 of 27 March 1998
pages 2025-2094*

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

D. Significant Judicial Decisions relevant to WorkCover

NSW Supreme Court (Court of Appeal), Telstra Corporation Ltd v Worthing & Anor (NSW Compensation Court) Nos CA40469/97, CC12121/96

In this case a Telstra worker, who had workers compensation benefits for a back injury rejected under the Commonwealth Scheme, appealed against Telstra's decision in the Administrative Appeals Tribunal. He also filed an application for determination in the NSW Compensation Court before the AAT decision was finalised.

The NSW Compensation Court found that Telstra was an "employer" under the State Act as well as the Commonwealth Act, and the NSW Workers Compensation Act should be applied. Telstra failed to have this decision overturned in the NSW Court of Appeal.

Telstra is currently appealing the decision in the High Court and WorkCover will continue monitoring the situation to ascertain if and when any legislative action may become necessary to avoid the possibility of workers obtaining both State and Commonwealth compensation benefits.

Appendix 3

WORKCOVER INSURERS AS AT JUNE 30, 1998

Self Insurers

Australia and New Zealand Banking Group Limited
Australian Jockey Club¹
Australian National Industries Limited [Group Licence]
Bankstown City Council
BOC Gases Australia Limited
Bonds Industries Limited
The Broken Hill Proprietary Company Limited [Group Licence]
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
CSR Limited [Group Licence]
Delta Electricity
Effem Foods Pty Ltd
Electricity Transmission Authority
Energy Australia
Fairfield City Council
Finemores Pty Ltd
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 Ltd
Integral Energy Australia
Johnson & Johnson Pty Ltd
Liverpool City Council
Mayne Nickless Limited
Mobil Oil Australia Limited
National Australia Bank Limited
NSW Treasury Managed Fund [Group Licence]
Pacific Power
Pasminco Cockle Creek Smelter Pty Ltd
Qantas Airways Limited

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Railway Services Authority of New South Wales
Rocla Limited²
State Bank of New South Wales Limited
State Rail Authority of NSW
State Transit Authority of NSW
Sutherland Shire Council
Sydney Water Corporation Limited [Group Licence]
3M Australia Pty Limited
Unilever Australia Limited
The University of New South Wales
Warringah Council
Westpac Banking Corporation
Wyong Shire Council

¹ Licence surrendered and cancelled with effect from midnight 30 June 1998.

² Change of name from Amatek Limited on 1 June 1998.

Licensed Insurers

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 Winterthur Workers Compensation (NSW) Pty Ltd
Mercantile Mutual Insurance (NSW Workers Compensation) Limited
MMI Workers Compensation (NSW) Limited
NZI Workers' Compensation (NSW) Limited
QBE Workers Compensation (NSW) Limited
Royal and Sun Alliance Workers Compensation (NSW) Limited
Zurich Australian Workers Compensation Limited

Specialised Domestic Workers Compensation Insurers

AMP General Insurance Limited
Ansvar Australia Insurance Limited
CIC Insurance Limited
Colonial Mutual General Insurance Company Limited
Commercial Union Assurance Company of Australia Limited
FAI General Insurance Company Limited
GIO General Limited

Mercantile Mutual Insurance (Australia) Limited
MMI General Insurance Limited
NZI Insurance Australia Limited
QBE Insurance Limited
Royal and Sun Alliance Insurance Australia Limited
Union Insurance Company Limited
Westpac General Insurance Limited
Zurich Australian Insurance Limited

Specialised Insurers

Australian Jockey Club¹
Catholic Church Insurances Limited
Guild Insurance Limited
Joint Coal Board
North Insurances Pty Ltd

¹ Licence of the Australian Jockey Club was transferred to NSW Thoroughbred Racing Board by government gazettal commencing 1 July 1998.

Appendix 4

OCCUPATIONAL HEALTH SAFETY AND REHABILITATION COUNCIL OF NSW

The role of the Occupational, Health, Safety and Rehabilitation Council of NSW is to provide advice on specific occupational health and safety matters referred to it by the Minister for Industrial Relations or the Board of WorkCover NSW. Council's advice is considered by WorkCover, together with input from other sources.

The Council consists of nine members and seven deputy members appointed by the Minister for Industrial Relations. All members and deputy members attend monthly Council meetings and participate in working parties as appropriate. Its structure includes appointees of the Minister and a nominee of the Minister for Health, and representatives of employee and employer organisations covering a broad range of industry sectors. Council members have a strong record of working effectively together for the common goal of safer workplaces.

A significant aspect of Council's work in 1996-97 was providing advice to WorkCover NSW on specific

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recommendations from the Parliamentary Law and Justice Standing Committee Interim Report *Inquiry into Workplace Safety*. Council's advice is being considered by WorkCover in the development of proposed amendments to the *Occupational Health and Safety Act 1983*. Council also participated in the Inquiry's public hearings and provided comment to the Law and Justice Committee concerning its *Issues Paper on Workplace Safety*.

Throughout the year Council provided advice on a range of draft regulations and draft codes of practice including: the *Hazardous Substances Regulation*; the *Plant Regulation*; the *Dangerous Goods (Gas Installations) Regulation*; the *Induction Training for Construction Work Code of Practice*; the *Code of Practice: HIV and Other Blood-borne Pathogens in the Workplace*; and the *Excavation Code of Practice*.

At WorkCover's invitation, Council participated in an inspector-training program for the 1996/97 intake of inspectors and provided advice on the proposed adoption by NSW of the SafetyMAP OHS management system tool. Council also provided input for a number of WorkCover publications and continues to provide advice on the proposed OHS Regulation.

A highlight of the year was the presentation at Parliament House of Council's *1998 Occupational Health and Safety Performance Recognition Award and Certificate of OHS Achievement* during Work Health and Safety Week. The award is presented annually and recognises outstanding performance in the field of occupational health and safety.

The Chairperson, Sylvia Kidziak, and Council members participated in a joint seminar program with WorkCover which was conducted in regional and metropolitan centres. The seminar program called "Managing Safety at Work" aimed at providing information on hazard identification, risk assessment and control. The successful program attracted over 1500 participants.

Throughout the year the Chairperson continued to provide the opening address at WorkCover's Accredited Medical Practitioners Training Program. The Chairperson's contributions, which have been well received, are designed to provide a better understanding of workplace conditions.

The Chairperson and Council members participated in a panel discussion at the "Synergy in Safety OHS Conference" in November. The discussion "Working Together for Effective Safety Management" highlighted the benefits of cooperative discussion and agreement by workplace partners.

Sylvia Kidziak undertook a number of speaking and chairing engagements during the year including a presentation at the Futuresafe 98 Conference addressing "Profit, Economic Survival or Safety: What Takes Priority?"

The Chairperson represented Council at the Safety in Action Conference and at the Australian and New Zealand Society of Occupational Medicine Conference.

OHS&R COUNCIL MEMBERSHIP 1997/98

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

Frances Waters (resigned May 1998)

Human Resources Policy Analyst, Department of Health

WORKCOVER

Labor Council of NSW Representative

Trish Butrej

OH&S Adviser, Nurses' Association

Terry Hannan

Industrial Officer, Public Service Association of NSW

Mary Yaager

OH&S and Workers Compensation Coordinator,
Labor Council

Employer Representatives

John Elder (resigned December 1997)

Alan Garner (from March 1998)

Senior Safety Officer, Master Builders' Association of
NSW

Jacqui Higgins (resigned November 1997)

Industrial Officer, NSW Retail Traders' Association

Ann Taylor (from March 1998)

NSW Retail Trader's Association

Hugh Howell

Australian Industry Group

Deputy Members

Ministerial Appointee

Geoffrey Sexton

Engineering Consultant

Labor Council of NSW Representatives

Ian Gavin

Comet Training

Sue Nolan

Industrial Officer, Health and Research Employees'
Association of NSW

Rob Wilkie

Senior OH&S Officer, AWU

Employer Representatives

Geoffrey Stevenson (From July 1997)

Industrial Director, NSW Farmers' Association

Deborah Hall

OH&S adviser, Safety Net Services, Australian
Business Limited

Garry Brack (From July 1997)

Chief Executive Officer, Employers' Federation of
NSW

SPORTING INJURIES COMMITTEE

The Sporting Injuries Committee is an organisation constituted under the Sporting Injuries Insurance Act 1978, which manages and administers the Sporting Injuries Insurance Scheme, the Supplementary Sporting Injuries Scheme and the Research and Injury Prevention 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 students engaged in organised school sport and participants in 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 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.

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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. The Board publishes its own annual report.

Appendix 5

PUBLICATIONS

A guide to rigging

A guide for front end loader and excavator drivers

Code of practice: formwork

Code of practice: facade retention

Gender differences in the occupational health and safety experiences of NSW workers

Wages definition manual

Health and safety in the office

Occupational health and safety act 1983 - summary of the main provisions

How to get workplace health and safety information

OH&S resources on computer

Providing first aid at work

A guide to workplace health & safety committees

OHS committees, powers, functions, rights and duties

Extract from the NSW occupational health and safety act 1983

Backpak: a guide to the manual handling regulation

Health and safety at work: brothels

Health and safety at work: the waste management and recycling industry

Do I have a noise problem?

Noise regulation: hospitality and entertainment industry

Due diligence

Health and safety at work: kitchens

Hierarchy of hazard control

Shiftwork: how to manage shiftwork

Shiftwork: how to devise an effective roster

Hazpak

Introducing plant provisions of the proposed occupational health and safety regulation

Minimising fatigue in the health, aged care and allied industries

Guidelines for writing work method statements in plain english

Code of practice: electrical practices for construction work

Code of practice: safe work on roofs, part 1, commercial and industrial

Code of practice: safe work on roofs, part 2: residential buildings

Asbestos - legislative requirements and sources of information

Manual handling of cement bags

Code of practice: amenities for construction work

Guide to the amusement device regulation

Hazard identification and risk assessment manual for builders

Hazardous substances in the construction industry - cement and your health

Hazardous substances in the construction industry: products containing solvents

Health and safety notes: use of portable appliance testers (pats) for testing plug-in electrical equipment in the workplace

Stay alive by working dead

Guide to electrical workers' safety practices

Pesticides and your health and safety

Dangerous goods: who to call

Dangerous goods information leaflets

Toxic gases in confined spaces

Handling cytotoxic drugs in health care establishments - training competencies

Suppliers of chemicals to workplaces: how do the new laws affect you?

Hazardous substances in the workplace - series of 17 pamphlets

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The law has changed: workers compensation and rehabilitation category 2 employers
Workplace injury management systems - case studies
Jobcover worker brochure
Jobcover employer brochure
Jobcover rehab provider brochure
Job cover book
Work trial agreement
Laboratory services unit handbook
How many hazards can you find?
Backwatch scoreboard
Backwatch collections
Manual handling for cleaners
Backwatch bulletins (seven industries) 4th edition
Backbasics: cleaning, construction, health, local government, manufacturing; retailing, road transport, warehousing & distribution
Checklist: evaluating mobile hoists for the health industry
Keyboard workstation assessment checklist - worksafe australia
National certificate of competency: assessment instrument: 841 - intermediate scaffolding
National certificate of competency: assessment instrument: 855 boom-type ewp
National certificate of competency - assessment instruments: 860: intermediate boiler operation
What you need to know about certificates of competency: cranes and hoists
What you need to know about certificates of competency for loadshifting equipment operation
What you need to know about certificates of competency: scaffolding, rigging and dogging work
Your guide to workplace health and safety - english edition
Regulatory impact statement: dangerous goods (gas installations) regulation
Regulatory impact statement: confined spaces regulation
Sporting injuries brochure
Supplementary sporting injuries benefits scheme
Safety guide: warning on identification of synthetic slings
Slips, trips & falls brochure for video package
Workcover information products catalogue 1998
Workcover requirements: information for business
Workcover on disk - products catalogue
Safety alert: unguarded cooling fan belt systems on generator sets
Safety alert: danger of separation of electrical plugs and sockets
Safety alert: dangers in the use of mobile wood chippers
Safety alert: danger of using sweepers near lift wells
Safety alert: safe operation of scissor-type ewps
Safety alert: maintenance of octopus-type amusement devices
Safety alert: dangers associated with silos
Safety alert: silo collapse
Safety alert: hunterlift scissor-type hoists
Safety guide: portable ladders
Workcover OHS courses for industry 1998
Workcover subject directory
Backwatch information products - flyer
10 most frequently asked questions
Guidance notes for Occupational Health & Safety committees
Overview of OH&S performance (daru documents)
Hazardous substances brochure [for chemical hygiene unit]
Aboriginal and Torres Strait Islander employment and development strategy poster
Abstracts from workplace first aid update seminar
Backwatch showcase 97 abstracts
Workflash 2
Workcover news 34
Workcover news 36
Workcover news 35
Information centre brochure dl
Guide to workers comp & rehab - 6th edition
Participant manual 3rd edition sept '97
Manual handling statistics
OH&S seminar program - managing safety at work
Ulis brochure
Claims manual
Ethnic affairs priorities statement
Analysis of industry performance - workplace
Analysis of mental disorder claims
Workcover accredited rehab provider list
Information for injured workers booklet
Worktrial brochures and covers

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Training logbook
Employer work & rehabilitation survey manual
Grants scheme leaflets, covers & guidelines
Medical practitioners addendum to handbook
Benefits guide
Rehabilitation procedures
Rehabilitation newsletters
Outline of workers compensation premium scheme

Appendix 6

OVERSEAS TRAVEL

Roger Roberts
Co-Ordinator
Engineering Services Branch
18 to 25 August 1997

- travel to Vienna to view and assess new technology in plant logistics.

Vivek Apte
Specialist Engineer
Fire & Explosions Unit, Londonderry Occupational Safety Centre
1 to 11 September 1997

- visited Factory Mutual Research Corp., Boston to discuss joint project with Londonderry Occupational Safety Centre. Also visited SouthWest Research Institute, San Antonio, Texas to discuss Round Robin test results of cone calorimeter being undertaken in Australia and New Zealand for formation of new Australian standard.

Lucian Kent
Co-ordinator
Pressure Systems
10 to 22 November 97

- to attend the Asia Oceanic Regional Committee meeting and seminar organised by the Japanese Pressure Vessel Research Council in Tokyo. He also conducted two day audits on ClassNK in Tokyo, Societe General de Surveillance Far East in Tokyo and American Bureau of Shipping in Singapore.

Kelvin Wooller
Senior Medical Officer
25 April to 1 May 1998

- to attend American Occupational Health Conference in Boston.

Phil Butt
Chief Inspector
Dangerous Goods
26 June to 12 July 1998

- travel to Geneva, Switzerland to attend 15th Session of the United Nations Sub-Committee of Experts on transport of dangerous goods.

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Appendix 7

CONSULTANTS

Project Title	Consultant	Cost
Expenditure on consultants costing equal to or more than \$30,000 each:		
Project Management services to interim Advisory Council	KPMG	\$544,662
Inquiry into NSW Workers Compensation system	Mr R Grellman for KPMG	\$146,192
Business Process Reengineering	Deloitte Touche Tohmatsu	\$129,215
Actuarial investigations for Interim Advisory Council	Tillinghast-Towers	\$119,025
Review of marketing & communications	Milliways Pty Ltd	\$76,000
Investment advice	Robin Lipman & Associates	\$62,049
Qualitative study on attitudes/perceptions towards workplace safety	Dangar Research Group Pty Ltd	\$56,550
Legal advice to R Grellman Inquiry into NSW Compensation	Clayton Utz Solicitors	\$47,957
Review of PIES and Corp Marketing Branches	Deloitte & Touche Consulting Group	\$40,634
Review of financial management function	Deloitte & Touche Consulting Group	\$34,450
Review of accommodation and vehicle fleet	Milliways Pty Ltd	\$30,000
Expenditure on consultants costing less than \$30,000 each – 24 projects		\$321,396
Total		\$1,608,131

Appendix 8

PERFORMANCE STATEMENT FOR JOHN GRAYSON, GENERAL MANAGER, WORKCOVER NSW – SES LEVEL 6.

John Grayson was appointed to the position on 11 August 1997. In his role as Chairperson of the Interim Workers Compensation Advisory Council of NSW, Mr Grayson played a key role in the drafting and subsequent passage of the Workplace Injury Management and Workers Compensation Act 1998. The Act represents a landmark approach to injury prevention and management in NSW.

The Interim Advisory Council's reform agenda required the development of proposals for the reform of the

Workers Compensation system. The formation of the Council as an advisory body representing the key stakeholders of the workers compensation has meant a fundamental change to the process of workers compensation reform in NSW. The Council acted as a forum for stakeholders to develop the new system with WorkCover providing data, information and objective policy advice in an open and co-operative environment. The establishment of the Advisory Council as a permanent body will provide a framework for the needs and expectations of stakeholders to be translated into clear objectives for WorkCover.

In addition, Industry Reference Groups are to be established to develop industry specific strategies for injury prevention, injury management and the

WORKCOVER

education of workers and employers. They will also investigate and report to the Council on concerns in their industry as well as workers compensation issues. It is envisaged that these Groups will develop best practice industry specific prevention and OH&S strategies as well as targeting poor performing employers in each industry.

The new Act also provides a strong emphasis on proactive injury management and seeks to achieve optimum results in terms of the timely and safe return to work of workers following workplace injuries.

As a second stage of the reforms, from 1 October 1999 there will be a move to private underwriting of workers compensation insurance and the setting of premium rates through the NSW Workers Compensation Rating Bureau.

Also during 1997/98, WorkCover underwent significant organisational and structural change. The previous five (5) Divisions were replaced by three (3) operating Divisions which has already led to increased organisational efficiencies and savings. Work on implementing the Corporate Services reform agenda also commenced. Reviews of functions and activities in the Corporate Governance Division are well underway, with reviews of the information technology, fleet management and administration functions complete.

As part of the restructure of the former Regional Operations and Risk Management Services Divisions to form the Occupational Health & Safety Division, WorkCover has begun to trial the industry team approach to OH&S in NSW. The Health & Community Industry Team and the Construction Industry Team are the first of a number of teams to be established to focus on raising standards of health and safety within industry and the development of awareness of risk management principles.

The Year 2000 Best Practice Committee was established to identify best practice initiatives and identify and sponsor strategies to reform the safety culture of industry. The Committee, comprising representatives from industry, academia, the trade union movement and state and federal jurisdictions has established two working parties, one for the construction industry and one for the hospitality industry. The changes proposed by the Committee aim to help give effect to the occupational health and safety recommendations of the Parliamentary Standing

Committee on Law and Justice's Inquiry into Workplace Safety.

The Hon J W Shaw QC MLC

Attorney General
Minister for Industrial Relations and
Minister for Fair Trading

PERFORMANCE STATEMENT FOR ROD MCINNES, ASSISTANT GENERAL MANAGER, INSURANCE DIVISION, WORKCOVER NSW – SES LEVEL 5.

Rod McInnes was appointed to the position on 28 March 1998. Since his appointment, he has worked closely with the Interim Workers Compensation Advisory Council, supporting the reform process. Mr McInnes has made a major contribution to the drafting and finalisation of the Workplace Injury Management and Workers Compensation Bill and the Workers Compensation Legislation Amendment Bill, which implemented the Interim Advisory Council's agreed reforms. He has also initiated other reforms such as the winding up of the Insurers' Contribution Fund, bringing substantial administrative savings to WorkCover.

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

While the primary focus may have been on the reform process, he has ensured that his Division has continued to meet key objectives, operate within budget and improve productivity. 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 strategic direction of WorkCover.

The Hon J W Shaw QC MLC

Attorney General
Minister for Industrial Relations and
Minister for Fair Trading

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Appendix 9

EEO STATISTICS

Percent of Total Staff by Level

Level	Subgroup as Percent of Total Staff at each Level				Subgroup as Estimated Percent of Total Staff at each Level				
	Total Staff responding to (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
< \$23,339	18	83%	22%	78%	73.3%	0%	0%	7%	0.0%
\$23,339 - \$34,269	166	68%	14%	86%	2.6%	44%	42%	11%	4.4%
\$34,270 - \$43,366	97	68%	39%	61%	0.0%	32%	26%	15%	7.6%
\$43,367 - \$56,080	401	71%	72%	28%	0.4%	30%	24%	11%	3.5%
> \$56,080 (non SES)	162	80%	73%	27%	0.8%	24%	20%	15%	4.7%
SES	9	44%	33%	67%	0.0%	25%	0%	0%	0.0%
TOTAL	853	72%	56%	44%	2.4%	31%	26%	12%	4.3%
Estimated Subgroup Totals		611	476	377	20	266	221	104	36

Percent of Total Staff by Employment Basis

Level	Subgroup as % of Total Staff in each Category				Subgroup as Estimated Percent of Total Staff in each Employment Category				
	Total Staff responding to (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	747	72%	60%	40%	0.9%	31%	26%	13%	4.6%
Part-Time	32	81%	13%	88%	0.0%	35%	31%	19%	3.8%
Temporary									
Full-Time	56	63%	29%	71%	28.6%	20%	17%	0%	0%
Part-Time	9	56%	22%	78%	20%	20%	0%	0%	0%
Contract									
SES	9	44%	33%	67%	0%	25%	0%	0%	0%
Non SES	0	-	-	-	-	-	-	-	-
Casual	0	-	-	-	-	-	-	-	-
TOTAL	853	72%	56%	42%	2.9%	31%	25%	12%	4.2%
Estimated Subgroup Totals		611	476	377	25	261	216	103	36

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Appendix 10

FOI STATISTICS PRIVATE

The number of FOI requests processed by WorkCover in 1997/98 was 69% greater than in 1996/97.

The statistical data shown below covers all reporting requirements relevant to WorkCover's processing of FOI requests in 1997/98.

In accordance with reporting requirements, the WorkCover Statement of Affairs and two WorkCover Summaries of Affairs were published in 1996/97.

FOI Request	Personal		Other		Total	
	1996/97	1997/98	1996/97	1997/98	1996/97	1997/98
New (incl transferred in)	262	378	21	24	283	402
Brought forward	21	25	–	7	21	32
Total to be processed	283	403	21	31	304	434
Completed	258	366	14	24	272	390
Transferred out	–	–	–	–	–	–
Withdrawn	–	–	–	–	–	–
Total processesd	258	366	14	24	272	390
Unfinished (carried forward)	25	37	7	7	32	44

Result of FOI Request	Personal	Other	Assessed Costs		Fees received	
			Personal	Other	Personal	Other
Granted in full	241	31	All completed requests		12960	12960
Granted in part	41	2				
Refused 72	3					
Deferred –	–					
Completed	354	36				

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	Assessed Costs		Fees received	
	Personal	Other	Personal	Other
Public Interest				
Financial Hardship –				
Pensioner/Child	4			
Financial Hardship –				
Non profit organisation				
Totals	4			
Significant correction of personal records				

Basis of disallowing or restricting access	Personal	Other
S19 – appln incomplete/wrongly directed		
S22 – deposit not paid		
S25(1)(a1) – diversion of resources		
S25(1)(a) – exempt	65	2
S25(1)(a)(b)(c)(d) – otherwise available		
S28(1)(b) – documents not held	48	3
S24(2) – deemed refused – over 21 days		
S31(4) – released to medical practitioner		
Totals		

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Elapsed Time	Personal		Other	
	1996/97	1997/98	1996/97	1997/98
0 - 21 Days	197	308	10	22
21 - 35 Days	57	52	4	2
Over 35 Days	4	6	-	-
Total	258	366	14	24

Processing Hours	Personal		Other	
	1996/97	1997/98	1996/97	1997/98
0 - 10 Hours	258	364	14	24
11 - 20 Hours	-	2	-	-
21 - 40 Hours				
Over 40 Hours				
Total	258	366	14	24

Number of Internal Reviews finalised	5
Number of Ombudsmans Reviews finalised	1

Bases of Internal Review Grounds on which Internal review Requested	Personal		Other	
	Upheld	Varied	Upheld	Varied
Access Refused				
Deferred				
Exempt Matter	4	1		
Unreasonable charges Charge unreasonably incurred				
Amendment refused				
Totals	4	1		

Appendix 11

LIST OF CONTRACTED PROJECTS SIGNED BETWEEN 1 JULY 1997 AND 30 JUNE 1998

WorkCover NSW Injury Prevention, Education and Research Grants Scheme

A Secure Workplace for Young Australians – a Project to Address Workplace Bullying

Raise awareness of employers of young people in trades and industry (and young people, particularly male apprentices) as to the existence of workplace bullying and provide them with strategies for its

prevention and management. (\$83,500)

- National Children's and Youth Law Centre

Construction Industry Safework 2000

Identify and facilitate best practice in the NSW construction industry in relation to principal contractor control over the management of contractors and sub-contractors, and site awareness and communication. (\$175, 377)

- Unisearch Ltd

Injury Prevention Strategies and Programs for the High Risk Motor Trades Industry

Develop OHS distance education material and implement OHS manual handling program for MTA members of the motor trades industry with particular emphasis on manual handling. (\$100,133)

- Motor Traders' Association of NSW

OHS Reform in the NSW Cotton Industry

Joint employer-union occupational health and safety initiative to develop a best practice occupational health and safety manual for the cotton industry. (\$170,000)

- Australian Workers' Union (Greater NSW Branch) and Cotton Australia Limited

Safety Benchmarks in the Textile and Clothing Manufacturing Industries

Research current practices of Australian textile and clothing manufacturers and textile machinery importers to establish and implement best safety practice and develop standards as benchmarking tools. (\$99,254)

- Edtex Australia Pty Ltd

Plain English Guide for Writing Safe Work Method Statements

Develop strategies for the writing of Safe Work Method Statements in a style and format appropriate to construction workers with limited English language and literacy skills. (\$57,933)

- NSW Adult Migrant Education Service and Barclay Mowlem Construction Ltd

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A Guide to Falls Prevention, Safe Demolition and Avoiding Electrical Hazards (3 Videos)

Develop a series of 3 videos to explain the safety codes for falls, demolition and electrical hazards. (\$173,134)

- Summer Hill Films and Construction, Forestry, Mining and Energy Union and Master Builders Association

Establishing a Baseline of Hazardous Substance Management Performance of Agricultural Industries for the Evaluation of the Hazardous Substances Regulation

Establish a baseline of Hazardous Substances management performance in agriculture industries. (\$158,963)

- University of NSW

Youthsafe Education package

This project will develop, pilot and deliver an innovative occupational health and safety education package to year 10, year 11 and year 12 high school students. (\$300,000)

- Labor Council of NSW

Improved Noise Management Programs for the Construction Industry

Identify the extent of the implementation of the Noise Code of Practice on construction sites and develop best practice strategies for noise management in the construction industry. (\$57,705)

- University of NSW

Ergonomic Assessment When Using Mechanical Aids For Sheep Shearing and Crutching

This project will conduct a risk assessment on new and emerging technologies for shearing and crutching sheep and recommend enhancements to the technologies and produce guidance materials for their safe design and operation (\$79,987)

- University of Ballarat – VIOSH Australia

Occupational Health and Safety training (Codes of Practice) to the Building and Construction Industry

Conduct research to understand the best ways to communicate and implement codes of practice to groups in the commercial building and residential building sectors of the building and construction industry. (\$141,500)

- Master Builders Association and the Construction, Forestry, Mining and Energy Union

Appendix 12

1997/98 Quality Teams (Process Improvement projects completed during financial year 97/98)	Team Members	Outcomes	Divisions	Cross-Functional (C-F) or Natural Work Team (NWT)
Engagement of Staff, Contractors and Consultants	Teza Guanco Geoff Binns Peter Lee Morris Gordon David Neave • Peter Merrett	<ul style="list-style-type: none"> • Improved system of engaging staff, contractors and consultants • Improved policy and procedures developed and implemented • Improved monitoring systems 	CGD	Cross functional

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Appendix 12 continued

1997/98 Quality Teams (Process Improvement projects completed during financial year 97/98)	Team Members	Outcomes	Divisions	Cross-Functional (C-F) or Natural Work Team (NWT)
Manual Handling Process Improvement	Gnani Fernando Cliff Carrasco Peter Harley William Likusuasua Graeme Regan* Ruth Romen* Khan Sirimanotham* Jim Maher* • Rick Kolan	<ul style="list-style-type: none"> • Improved manual handling processes in WorkCover • Ensured Manual Handling Regulation implemented throughout WorkCover 	OHS/ CGD/ID	Cross functional

• Facilitator

* Team member left team during project

Appendix 13

EXTENSION OF TIME FOR SUBMISSION OF ANNUAL REPORT

The preparation of financial statements of the WorkCover Scheme statutory Funds is dependent upon the lodgement of audited returns by licensed insurers. In order to synchronise the reporting of the Scheme's financial results with the release of WorkCover's Annual Report, extensions of time have been approved by the Treasurer.

The Treasurer granted to WorkCover NSW:

- an extension of time to 30 September each year for the preparation and submission of the Authority's financial statements to enable the preparation and inclusion of the WorkCover Statutory Funds, in terms of section 42(3) of the Public Finance and Audit Act 1983; and
- an extension of time to 30 November each year for the submission of the Authority's annual report, in terms of section 13(3) of the Annual Reports (Statutory Bodies) Act 1984.

Appendix 14

NSW GOVERNMENT ACTION PLAN FOR WOMEN

- (a) brief description of the Government's philosophy in relation to women and the whole of government approach to addressing women's issues and concerns.

The NSW Government is committed to providing the means and opportunities to achieve a just and fair community for all. The Action Plan for Women recognises that despite the many positive gains for women over the years, women continue to be disadvantaged, barriers to their full participation in many aspects of society remain and many continue to live in fear of the threat of violence. The Action Plan is a comprehensive attempt to build on the efforts of the past and take the next steps to make government policies programs and services inclusive and relevant to women. It provides a means for the Government to use all the levers at its disposal to remove the barriers to women's full participation in society.

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Appendix 14 continued

- (b) Government policy orientations in relation to women's interests in the specific areas in which the statutory body operates.

There is no specific policy for women in relation to occupational health and safety and workers compensation. WorkCover NSW provides advice and assistance on a range of issues which affect workers to employers, employees and industry to assist them meet their obligations. An example of this, in an industry (predominantly hairdressing) which has a high proportion of women workers, is advice provided to the Toiletry and Fragrance Association of Australia Inc. in regard to the Occupational Health and Safety (Hazardous Substances) Regulation 1996. In order to enable the industry meet their obligations under this Regulation WorkCover assisted the Association with the development of A Guide to the Safe Use of Salon Hair Products which was published free of charge in January 1998. WorkCover also provided a guidance package Health and Safety at Work: Hairdressing which provides easy information on risk management procedures.

- (c) the key objectives, as stated in the Action Plan for Women, under which the statutory body took action during the reporting year:

Promoting workplaces that are equitable, safe and responsive to all aspects of women's lives

- (d) the specific goals and strategies as stated in the Action Plan for Women that the statutory body has committed to and the actual outcome for women achieved during the reporting year through the implantation of those strategies.

Goal: Develop a whole of government approach to improving the delivery of information and increasing understanding about employment rights of women workers.

Strategy: Develop and implement a coordinated approach to training, design and delivery, including collation, production and

distribution of information on industrial, anti-discrimination and occupational health and safety rights and obligations related to women.

Outcome: WorkCover worked cooperatively with the Department of Industrial Relations in the production of the Employment Handbook which contains information all aspects of work including industrial entitlements, occupational health and safety and workers compensation rights and obligations and anti discrimination matters.

Goal: Identify any specific dimensions of OH&S and rehabilitation which have a differential impact on women and take appropriate action.

Strategy: 1) WorkCover to coordinate the development of a Code of Practice and implement a schedule for consultation and implementation; and
2) WorkCover to identify the nature and extent of the problem (de, the longer absences of women workers for some injuries and make recommendations about how to address it.

Outcome: 1) WorkCover convened a Working Party comprising representatives of the Department of Industrial Relations, the NSW Anti Discrimination Board, the Department for Women, the NSW Labor Council and Australian Business Limited to develop the Code. A draft has been developed and will be provided to the agencies represented on the Working Party for approval before it begins the formal process of consultation and approval as a code under the Occupational Health and Safety Act 1983.

2) WorkCover completed the study Gender differences in occupational health and safety experiences of NSW workers. Identification of the nature and extent of the longer absences of women workers

WORKCOVER

for some injuries, as compared to men, is an extension of this research which has yet to be undertaken.

Note: WorkCover was nominated as having a role in the following two goals, but they are not within our scope of operations.

Goal: Develop strategies which help achieve reasonable working hours Improve rights and entitlements of casual workers

Goal: Develop a whole of government approach to the collection, monitoring and analysis of data used to inform policy on the industrial relations position of women.

(e) references for sources of further information in relation to the statutory body's strategies regarding women.

WorkCover produces a range of publications to assist workers and advise them on their occupational health and safety and workers compensation and rehabilitation rights and obligations. These are available from the WorkCover Bookshop and WorkCover offices. WorkCover's Information Centre, 131 050 can assist with telephone inquiries.

On the matter of possible new directions and activity (the identification of specific injuries and hazards experienced by women, those characteristic of particular occupations and industries, and consideration of ways of targeting occupational health and safety messages to women)

WorkCover, through its Occupational Health and Safety Division has introduced an industry programs strategy. This strategy will enable the Division to explicitly develop programs to work in partnership with industry to meet the specific needs of a particular industry or industry groups.

Importantly, it is also a means to engage industries so that they are actively involved in addressing their own health and safety problems. As part of this, the Division will be undertaking a review of existing industry partnerships to identify industry bodies, contact persons, representatives, forums and other

consultative mechanisms. This strategy would allow for the workplace health and safety issues which particularly affect women to be specifically identified and addressed.

On the matter of women's low representation on occupational health and safety committees, the McCallum Report into the OHS Act (1983) recommended a number of changes regarding workplace OHS committees and representatives for smaller workplaces. In February 1997 the Minister for Industrial Relations referred the McCallum Report to the Legislative Council Standing Committee on Law and Justice Inquiry into Workplace Safety. It is anticipated that the Standing Committee on Law and Justice will release an interim report in late December 1997 and make recommendations on these issues.

Violence

WorkCover is coordinating activity to determine how effectively workplace related violence is managed in public service agencies. At a whole-of-Government forum which met on 1 September, 13 participating agencies agreed to undertake an audit of their violence management systems according to an standardised audit process developed by WorkCover. This process is in two parts: an initial audit of corporate level systems followed by a second round of workplace level audits which will aim to assess how effectively those systems are being implemented in the critical operational areas.

The first stage audit has now been completed and a report on the outcome of the audit was presented to the Premier. The second round of workplace audits, along with a number of check audits WorkCover will undertake, will be completed by the end of June 1998- at which time the agencies will meet to decide what further action is indicated by the audit findings and to prepare a second report to the Premier.

WorkCover is in the processes of developing an enforcement strategy and building a supporting skills base for its inspectors. WorkCover recognises violence as a workplace health and safety issue and a serious hazard. Prosecutions relating to workplace violence are pending and we will continue to take legal action where it is warranted. It is anticipated the Consolidated

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Appendix 14 continued

Regulation, when it is finalised will contain the risk management methodology required of employers in dealing with violence issues in the workplace.

Under WorkCover's Injury Prevention and Research Grants Scheme, the Baptist Community Services – NSW & ACT has received funding of up to \$55,660 to determine the extent and seriousness of aggression against employees in nursing homes and the level of stress and burnout experienced by employees. Using the outcome of this research the grantee has developed guidance materials aimed at preventing or minimising the number of aggressive incidents experienced by employees and lessening the impact

Back Injuries to Women

Industry	Percent
Community Services	49% (majority of these were from the Health Industry)

Industry	Incidence
Public Administration	6.2/1000
Agriculture, Forestry, Fishing and Hunting	6.0/1000
Community Services (includes health)	5.7/1000

When Industries are divided into subdivisions, the health industry has the highest incidence of back injury for women 9.8/1000.

BackWatch targeted the 10 industries in which back injury was the major problem. These are:

Health Property and Business Services (Cleaning, Security etc)
Public Administration
Building Construction
Construction Trades
Civil Construction
Road Transport
Warehousing and Distribution
Retail
Agriculture

Women make up the majority of the workforce in Health. Back injury is also reported among women workers in the Retail and Cleaning industries.

of these incidents on both employees and residents. The guidance materials have been developed in draft form and piloted in three nursing homes. It is expected they will be ready for distribution to nursing homes throughout New South Wales in January 1998.

BackWatch

In 1995/96 (latest available figures) there were 13,121 major claims for workplace back injuries. The incidence was 5.8 back injuries per 1000 wage and salary earners (7.4/1000 for men and 3.7/1000 for women). Women experienced 29% of all back injuries and men 71%.

The BackWatch Strategy aims to identify the occupational, age and gender groups within the target industries so that programs and solutions are appropriately designed. Some examples of these for the Health Industry are:

- Establishment of a BackWatch Action Committee (BAC). It is comprised of female and male industry representatives from both employee and employer bodies and organisations as well as WorkCover representatives.
- Identification of five High Impact Activities in the Health Industry which contribute the greatest risk to back injury. These are:
 - Patient Handling; Slips/Trips/Falls;
 - Trolleys;
 - Beds; and
 - Handling – Bags/Bundles/Bails/Cartons and Boxes.

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- Development of a research plan to find solutions to these identified High Impact Activities, the products of which will be passed on to industry, for example:
 - Checklist for purchase and use of hoists;
 - Case studies on appropriate clothing design for use in patient handling, both for the patient and carer;
 - Product Review Guidelines for various patient handling guidelines;
 - Case studies on the appropriate use of various trolleys;
 - Joint Project with the Cleaning BAC to produce guidelines for handling in the ward, ie., wet linen, meal trays, medical equipment and supplies;
 - Produced publications to assist industry identify, assess and control their manual handling risks to prevent back injury;
 - Scoreboard – self-assessment audit tool;
 - BackPack – a guide to risk assessment of manual handling; and
 - BackBasics – an introductory guide to information on manual handling back injury and risk management.

Under WorkCover's Injury Prevention and Research Grants Scheme, the NSW Nurses Association has

received a grant of \$90,000 to develop an appropriate ward/unit model to assist supervisors and managers address manual handling risks.

This material will provide advice on how to incorporate the manual handling risk management process into routine practice. The material is expected to be completed towards mid 1998.

High Impact Activities in the Retail and Cleaning Industries include:

Retail

- Handling Items such as crates, bulky food
- Leaning, reaching and accessing items
- Checkout/Cashier Design
- Flooring (slips, trips and falls)

Cleaning

- Mops, Buckets and Wet Mopping
- Rubbish Removal
- Vacuums, Floor Polishers
- Knowledge of OHS Management and Reporting Systems
- Floor Surfaces (slips, trips and falls)

Similar solutions to those developed through the Health BAC are in the process of being developed or completed by both the Retail and Cleaning BACs.

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Appendix 15

WORKCOVER NEW SOUTH WALES CODE OF CONDUCT

General Manager's Message

The way we do things around here

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

We must act in a manner which will maintain public confidence and trust. The Code of Conduct explains the values and principles that are expected from everyone employed at WorkCover, as well as the Directors of the Board, consultants and contractors. The Code outlines a minimum standard of behaviour we must observe.

Ultimately, it is our individual responsibility to recognise the ethical dimension of our work, to give proper attention to the laws and public sector values on which the Code is based and to be aware of the sanctions that will be applied if the Code is breached.

Each member of staff is responsible for reading the Code, for understanding how it applies in their daily work and for ensuring that they follow it at all times. If you supervise or manage staff, you are responsible for ensuring that your staff (temporary and permanent) and any contractors or consultants who work in your area are aware of and comply with the Code.

Finally, all reports of alleged breaches of the Code will be investigated and, if the allegations are proved, appropriate disciplinary action will be taken.



John Grayson

General Manager

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SECTION A – PURPOSE AND CONTENT OF THE CODE

The Code Applies to Everyone at WorkCover

The Code applies to everyone at WorkCover, including the General Manager, Senior Executive Service officers, consultants, contractors and temporary employees.

In addition, Directors of the Board are subject to the “Guidelines for the Directors of the Board of WorkCover” and Senior Executive Service officers are subject to the “Code of Conduct for Public Sector Executives”. Professional staff might also be subject to a Code of Ethics for their professional association.

Finally, anyone engaged to provide WorkCover with services, information, products or advice should observe the Code. Copies of the pamphlet, *Doing Business with WorkCover*, which explains the relevance of the Code to external persons, can be obtained from the WorkCover Bookshop.

How Do I Use the Code of Conduct?

Most people are not born “corrupt” or “criminal”. In most cases, the person makes a hasty or poor decision and never thinks about the consequences. However, sometimes making a decision is not easy. Sometimes we might not be sure what is the “right” thing to do. Sometimes we might know that something is not illegal, but we might not know if it is “unethical”.

This Code of Conduct is here to help us, to explain how we should behave and make decisions. The Code does not list every possible situation and it is not intended as such. It is only a guide to assist us in deciding what is the responsible course of action or decision. The Code is designed to encourage ethical behaviour by improve your decision-making process. This is done by setting out the Ethical Principles underlying the Code and a simple series of questions you can ask yourself as you make a decision. These are set out below.

From time to time there might be difficult situations which are not addressed in the Code or have not

been covered in your training session on responsible decision-making. If this happens, discuss the situation with someone you regard as ethical, more experienced staff, a supervisor or a senior manager.

You can also contact the Hot-lines operated by the NSW Ombudsman or ICAC – their numbers, along with those of other NSW investigating agencies, are found in Appendix A.

Ethical Principles underlying the Code of Conduct

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

- **Respect for the law**
Public officials shall uphold the laws of New South Wales and of Australia and shall not be a party to their breach, evasion or subversion.
- **Respect for the system of government**
Public officials shall implement the decisions and policies of the elected Government and shall not be a party to their breach, evasion or subversion.
- **Respect for the community and persons**
Public officials shall treat members of the public and persons they work with or have dealings with in an honest and fair manner and with courtesy and sensitivity. They shall respect the rights, entitlements, duties and obligations of all members of the community.
- **Integrity**
Public officials shall always seek to maintain or enhance public confidence in the public service and will always work in manner so as to enhance the common good of the community . They shall not use their official powers and position for personal advantage of any kind. They shall not have any conflict of interest between their official duties and their personal interests.
- **Diligence**
Public officials shall exercise a duty of care, be attentive and always strive for the highest standard of performance. They shall keep up-to-

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date with legislative and policy changes affecting their work, document their decisions and keep accurate records.

- **Economy and Efficiency**

Public officials shall remember that they are employed by the people of New South Wales and that all resources and funds used by them belong to the people of New South Wales. Therefore, they shall strive to perform their official tasks in the most economical and efficient manner. They shall avoid serious and substantial waste, which the Auditor General defines as any uneconomical, inefficient or ineffective use of resources, authorised or unauthorised, which ends in significant loss and wastage of public funds and/or resources.

- **Accountability**

Public officials shall be willing and prepared to account to the community through management, the Minister, the Parliament and special agencies (eg Auditor General), the judiciary and the courts for

- * the use of powers and privileges of public office
- * use of official resources and management of people
- * personal performance of official duties

When you make a decision in the workplace ask yourself these questions...

1. Is the decision lawful?
2. Is the decision consistent with Government policy?
3. Is the decision consistent with our corporate goals, values, policies, procedure and the Code of Conduct?
4. What are the consequences of my decision – for the public? for WorkCover? for my colleagues? for my myself?
5. Can my decision be justified to another person?
6. Can the decision be justified to my family, friends and if it became the subject of public scrutiny?
7. Should I ask someone for advice?

SECTION B – HOW WE DO THINGS AROUND HERE

Attendance at External Functions

WorkCover is committed to providing training and education for its staff and to supporting the attendance of staff at seminars and conferences that will provide professional development and collegiate interaction.

However, it is important that any external activities paid for by WorkCover are approved by your manager and meet appropriate guidelines of relevance and budgetary allocation. It is also important to remember that, when you are attending any external functions eg seminars, conferences, dinners) you are representing WorkCover and you should conduct yourself with decorum and professionalism. Remember, the Code of Conduct applies to you on those occasions as well.

Bribes – What Do I Do?

As a public servant, it is both a criminal offence under the NSW *Crimes Act* and a corrupt act under the *ICAC Act* for any person to offer you a bribe or for you to ask for a bribe. A bribe is any offer of money or cash convertibles (eg cheques, vouchers), gifts or services which is offered to persuade a person to act other than according to their normal duties. It need not involve a criminal act, such as being bribed to steal something, but it can involve a corrupt act, such as giving a person a benefit to which the person was not entitled.

If someone clearly offers you a bribe, immediately terminate the conversation or meeting. If the person is on WorkCover property, excuse yourself and contact your manager or supervisor immediately. Your manager or supervisor will immediately inform the Assistant General Manager of what has happened. If you are in the field, return to the office and as soon as possible write a detailed record of what happened – eg time, exact words used. This will be vital for your own protection and will be used in any investigation.

If the person has physically offered you money or gifts, take them and keep them clearly in the open. If it is money, write down the serial numbers of the notes.

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This is material evidence and will be used in any investigation. It is not a criminal offence or corrupt conduct to accept money or gifts into evidence.

Under no circumstances should you endanger yourself or attempt to make a citizen's arrest. WorkCover will contact the appropriate authorities as soon as possible.

Sometimes a person can say things in an ambiguous or unclear way that might indicate an intention to bribe, without being explicit eg "We might be able to sort something out." "Perhaps I can do you a favour." In these circumstances, simply ask the person exactly what they mean. In most cases, people don't realise the implications of what they are saying, or there is a simple misunderstanding and there is no attempt to bribe. However, if the person confirms that you are being offered a bribe, follow the advice in the previous paragraph.

Changing Jobs

Generally speaking, there are no restrictions on you using skills, knowledge or experience gained while being employed with WorkCover. When you leave, you must return all WorkCover property in your possession, especially property that you might have been given to do your job outside of the office (eg computers, modems, printers, facsimile machines and mobile telephones).

However, you must maintain the confidentiality of the information you acquired while at WorkCover (eg information about clients or other staff; details of prosecutions, test results or financial data, policy or legislative material or details of computer software). The same applies should you leave the NSW Public Service altogether.

You should also make sure that you do not use anything in your new job that was developed while working at WorkCover because it could be subject to copyright. If in doubt, ask!

Conflict of Interest

You must avoid any financial or other personal interest that could directly or indirectly influence or compromise you in performing your duties. But what exactly is a

conflict of interest? These are some examples:-

- making a decision affecting a family member
- awarding contracts, ordering goods or services from a person or organisation in which you, a friend or a member of your family has a direct financial interest

In most cases only you can decide if there is a perceived, potential or an actual conflict of interest. Firstly, ask yourself:- "Do I have an interest or could I be seen as having an interest in this matter?" If the answer is "Yes", then there might be a conflict of interest. If this is the case, then you must notify your supervisor or senior manager so that together you can resolve the conflict of interest.

Some of the options available are:-

- record your details of the disclosure. You can be assured that any information given your supervisor or senior manager will be limited to those who must know the details to determine if further action is necessary;
- request you to give up the personal interest;
- remove you from duties/activities in which the conflict occurs;
- terminate your employment with WorkCover.

Copyright and Licences

In many cases, material used and/or produced by WorkCover staff is copyrighted. The Commonwealth *Copyright Act 1968* applies to:-

- written material such as books and journal articles, computer software manuals
- computer programs
- compilations, including directories and databases
- cinematograph films
- sound recordings
- published editions

Copyright does not need to be registered – a work is automatically protected. Generally speaking, the copyright of work made by employees of the WorkCover Authority is owned by the Government of New South Wales in the form of the WorkCover Authority.

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Owners of copyright have the exclusive right to do certain things with their material. The rights of copyright owners can be assigned or licensed, with or without restrictions, and with or without conditions. In particular, WorkCover must have appropriate licences for all its computer software.

Remember, if you deal with copyrighted material in any way without the permission of the owner of the copyright, then you will be infringing that copyright. There are penalties for both individuals and corporations under the *Copyright Act*.

If you are unsure about any aspect of copyright, contact the Assistant General Manager (Corporate Governance) on (02) 9370 5600.

Gifts, Favours and Hospitality

A public servant must not take advantage of their official position to get a benefit for themselves or other people. It does not matter that the duties performed were during, before or after working hours. A public servant cannot demand or accept any type of payment (either financial, gifts or favours) for services performed in the normal course of duties. Of course this does not include activities for which WorkCover charges a fee, such as Techsource work.

You must exercise judgement when offered gifts or favours by any person or organisation. To accept an offer of gifts or favours, even of a token kind, can appear to someone else to compromise your professional integrity. In other words, it could look bad. This is particularly true for those involved in investigations, prosecutions or conciliation. As a guide, you can accept gifts of a promotional nature such as pens and pencils.

At Christmas time, or after completing a difficult job, a client might want to thank you for a job well done by offering a gift. On these occasions you must decline. You cannot accept gifts for doing your job. You should politely decline the offer and suggest that, instead, the person writes a thank-you letter to your manager. A personnel file full of commendations is the best indication of a job well done.

If you are offered travel and accommodation you must refer the offer to your Assistant General Manager for

consideration before the offer is accepted.

If you are asked to speak at an external function, advise the person organising the function that you are not to be given any gifts. This will ensure that there is no embarrassment after the function.

Before you accept **any** hospitality or gifts from clients, first ask yourself these questions:

- If I accept the offer could I give the impression to the client or to the general public that I might be favouring this person above others?
- If I accept such hospitality or gift will it put me, or even appear to put me, in this person's debt?

If the answer to either of these questions is "yes", you must refuse the offer.

These guidelines also apply in your dealings with any consultants WorkCover employs. You must never accept gifts or hospitality from clients or other persons or organisations who you know are in the process of negotiating tenders with WorkCover.

Remember, you *can* accept

- unsolicited gifts or benefits of an inconsequential or trivial nature where there is no real or apparent conflict of interest or where refusal could offend;
- prizes won as a result of conducting official business but the prizes become the property of WorkCover and should be handed to the Secretary of the WorkCover Social Club;
- invitations to local sporting or cultural functions. However, you must ensure that your presence does not imply an inappropriately close or preferred relationship with the person or company who invited you;

but you *cannot* accept

- personal travel or accommodation related to the attendance at sporting or cultural events;
- discounts or free services, goods, club memberships or magazine subscriptions that have been made available only to you. (If they are generally available to people such as public servants or employees of WorkCover and so on, then they might be acceptable); and

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- any gift, benefit or hospitality during any period of contract negotiation or when it might give the appearance of undue influence.

Impartiality

Public officials must perform their official duties honestly, completely and fairly. You must make your decisions and perform your duties so that you do not favour anyone or discriminate against anyone. You must take all relevant facts into consideration when making a decision and must not consider any irrelevant facts.

Information on Our Clients and Ourselves

WorkCover collects, uses, stores and disposes of information that is either personal, politically sensitive or of commercial value. This information is not only about our clients, but about ourselves – such as Tax File Numbers and workers compensation claims.

Therefore, we need to ensure the security and confidentiality of information in WorkCover because anyone's privacy can be violated, either accidentally or corruptly. The result could be embarrassment, political or financial disadvantage and even physical harm.

Furthermore, information held by public officials cannot be used improperly or corruptly, such as:

- speculation in property or shares based on information about government decisions or the affairs of a company
- swapping confidential information with staff of other organisations
- providing information from official records to anyone outside WorkCover for reasons not directly related to the work of the organisation

Therefore, you should follow these simple principles:-

- Information gained or received while doing your job, or while at work, must remain strictly confidential. It is given to you in trust for specific purposes. Before you discuss information with anyone, inside or outside WorkCover, you must ask these two questions: "Do I need to do so to

do my job?" and "How best do I present the information to obtain the result I need?"

- You may only disclose official information or documents gained in the course of your job to someone outside WorkCover if you are authorised, as part of your normal responsibilities, or when required by law, for example, under the *Freedom of Information Act*; when called to give evidence in court.
- Information should only be used for the purposes for which it was collected.
- Information stored in computer databases must not be accessed without proper authorisation – to do otherwise is a criminal offence under the NSW Crimes Act.
- All information classified as confidential must be protected from unauthorised release, use or sharing. It must be stored in a secure and confidential manner
- Information obtained through your official duties must not be used to gain a direct or indirect economic advantage; gain improper advantage for yourself or others; act partially or inconsistently with your obligations; cause harm to the Government, business or other persons.
- Information available to the public should be provided readily, quickly and cheaply. If there are delays in providing this information, there is a risk that corruption might occur with speed as its selling point.
- If you become aware of a possible breach in security or the possibility of a failure in security arrangements, tell your supervisor immediately.

Other Employment – Having a Second Job

Before taking a second job or engaging in private work, you must have approval from your Assistant General Manager. You must apply in writing, stating the exact nature of the work. You must prove that the work is not just an extension of your paid duties, and that it does not interfere with or conflict with your official duties.

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The Assistant General Manager will assess the application and inform you of the decision. Approval will not be given if there is any kind of conflict of interest between your official duties and your other employment. In all cases, where approval is granted, your first obligation is to WorkCover and you will be asked to give up the second job if it interferes with your job with WorkCover.

Political Participation

As a member of the community, you have the right to enter into public debate, but you must ensure that any participation in political matters does not bring you into conflict with your primary duty as a public servant. This is important in order to maintain public confidence in the impartiality of the advice you give and the decisions you make.

If you are politically active outside work, as a potential parliamentary candidate or as a spokesperson or representative of a political party, social cause or movement, you must be aware of the potential for a conflict of interest. You must ensure that your political or social activities are kept clearly separate from your role and duties as a public servant. If you feel concerned that your political participation might have an impact on your career or official duties, discuss your concerns with your supervisor.

If a conflict of interest does arise, you might need to stop your participation in political activity. It might be possible for you to withdraw from the areas of your duties which cause the conflict of interest. However, do not withdraw from any of your duties until you have spoken with your supervisor.

Finally, under no circumstances can WorkCover resources be used for political activities.

Public Comment

WorkCover handles and investigates sensitive issues, often in an environment of public and media scrutiny. Only authorised staff can make public comment on matters affecting WorkCover.

Public comment includes attendance at external functions, speaking engagements, comments on radio,

television, or expressing views on the Internet (or other computer links), in the press or in publications such as letters and journals which might flow to the community at large.

WorkCover's Media Policy (available on the Intranet) requires that officers refer all media enquiries to the relevant authorised spokesperson. These persons must familiarise themselves with the Media Policy Guidelines and be aware of the policies and priorities of the Government. Spokespersons should confine their comments to facts and should not express an opinion on official policy or practice.

As members of the community, all WorkCover staff have the right to take part in public debate on political and social issues. However, you must remember that there are some circumstances in which public comment is inappropriate. These include: -

- when someone could think that, although your comments were made as a private individual, you were in some way making an official comment on behalf of WorkCover or the Government.
- when public comment, even though unrelated to your normal duties, amounts to criticism sufficiently strong or persistent to give the impression that you are not prepared to implement or administer the Government policies.

If you are elected or nominated as a spokesperson for a professional or community association, you are entitled to make public comments about relevant issues. In making such statements, you must clearly acknowledge that you are making those comments on behalf of that association.

If you think or become aware of a potential conflict because of any public comments you have made, inform your Assistant General Manager immediately to discuss ways of resolving the matter.

Relations with Ex-employees of WorkCover

Although it is natural to remain friends with former WorkCover employees, you must treat them the same as you would members of the public. You must not favour them in contracting or consulting work, provide "inside" knowledge that might give them a financial

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or other advantage over others. Similarly, you must refuse any requests for assistance from former staff which you would not offer to anyone else. And, while it is okay for ex-employees to visit the workplace, you must make sure that they do not wander about. Remember, they should be treated as visitors.

Reporting Breaches of the Code and Corrupt Conduct

You are responsible for reporting known or suspected breaches of the Code, corrupt conduct, maladministration or serious and substantial waste. Remember, if you fail to do so, when the case is investigated people might think you were involved and you could be investigated as well. It is also possible that you might be charged with the offence of hindering the investigation of a serious offence (s315 of the *Crimes Act*) and/or concealing a serious crime (s316 of the *Crimes Act*.)

Should real or perceived conflicts of interest or corrupt conduct become apparent to you WorkCover management will take positive action. Therefore, your reporting of these situations is an important step in establishing and maintaining these standards.

As a first step you are encouraged to help identify opportunities where corruption, maladministration, serious and substantial waste could occur; and to help find ways of eliminating any recurrences. Suggestions can be forwarded to the Assistant General Manager (Corporate Governance Division).

We owe it to each other to act responsibly and not frivolously or maliciously.

Decisions about reporting the corrupt conduct or suspected corrupt conduct of others must be made responsibly and with sensitivity to their rights. If doubt arises the matter should be discussed with your Assistant General Manager.

Using WorkCover's Resources

WorkCover provides money, equipment, facilities, materials and human resources to achieve its Mission. All these resources should be used safely, efficiently and effectively. You must not misuse or permit the misuse of these official resources for personal purposes.

You should ensure that you have the necessary delegation before incurring or authorising any expenditure on behalf of WorkCover. No expenditure should be incurred or items obtained for a purpose unrelated to the work of WorkCover.

- Personal use of resources should be reasonable. For example:-
- Local private telephone calls that are short and infrequent are allowed. Managers and supervisors should ensure that phone access is consistent with work requirements.
- Use of word processors, photocopiers and fax machines for personal purposes is allowed, if done without interfering with work or that of others and only uses a minimum number of sheets of paper. If you have special paper requirements, the most appropriate action would be for you to supply the required paper.
- Adding personal mail to the WorkCover post is allowed if it already has a stamp and a special mail trip is not required.

What Happens if I Don't Comply With the Code of Conduct?

A Code of Conduct is like a Code of Practice. It encourages us to think about the standards we expect of one another and to think about how they can become part of "the way we do things around here".

If someone decides not to follow the Code of Conduct, they run the risk of doing the wrong thing and might not have the support of their colleagues or management. They could face disciplinary action.

Obviously, all of us will strive to follow this Code and when our conduct falls short of the standard we have set ourselves, we will try to correct this together. Sometimes, if these failures persist, supervisors or managers will ask for assistance from senior or other relevant officers for appropriate counselling and guidance.

In a very few instances, someone will commit a serious breach of the Code which, in fact, might be a criminal offence under either the *Independent Commission Against Corruption Act* and/or the *Crimes Act* or a breach of discipline under the *Public*

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Sector Management Act. In these circumstances, an employee might have breached the conditions and other obligations of their employment contract. Consequently, disciplinary action under the *Public Sector Management Act* will be considered.

Questions? Need Advice?

The Manager (Corporate Management) is available to give advice or answer any questions and can be contacted on (02) 9370-5718.

SECTION C – REPORTING AND INVESTIGATING COMPLAINTS

Who Can Make Allegations of Improper or Corrupt Conduct?

Anyone, either a member of staff or a member of the public. They can report their allegation to:-

- a manager, Assistant General Manager or to the General Manager;
- Parliamentarians, such as their local MP, the Minister or to the Premier;
- an investigating agency – ie the Ombudsman, ICAC, Auditor-General or Police; or
- to the media.

Although you can report your allegation to an external person or agency, WorkCover hopes that you have confidence in the organisation's ability to deal with complaints and resolve them satisfactorily. So, we would encourage you to use WorkCover's Internal Reporting Procedure first.

Allegations Reported to WorkCover

If a complaint about you is reported to WorkCover, then there is a specific procedure for investigating the complaint. This is detailed later in this Section.

Allegations Reported to Parliamentarians

If a complaint about you is reported to a Parliamentarian, it is normal practice for the Parliamentarian to refer the matter to the General Manager for investigation. When the investigation is

completed, the General Manager would inform the Parliamentarian of its outcome and of any action taken.

Allegations Reported to Investigating Agencies

If a complaint about you is reported to an investigating agency, it is normal practice for the agency to contact the General Manager in writing, requesting that the complaint be investigated. In most cases the person being complained about will know the nature of the complaint and be asked to comment on the complaint. Sometimes investigations are carried out without the person who has been complained about knowing that an investigation is being conducted.

How Complaints are Investigated

You can use the internal reporting procedures for disclosing information about any corrupt conduct, maladministration, or serious and substantial waste of public money by a public authority or public official.

The internal reporting system has been established so that you can confidentially disclose information to the General Manager or an Assistant General Manager. Alternatively, you can make a disclosure to one of the investigating agencies under the *Protected Disclosures Act 1994* (see Appendix A).

The steps to follow are as follows:-

Step 1

If you know of or suspect that inappropriate conduct has occurred or is occurring you must notify your Assistant General Manager. All information received will be treated confidentially. If you are concerned about reporting to your Assistant General Manager, you should make your report direct to the General Manager.

Step 2

The Assistant General Manager will act immediately to resolve the matter, either by taking direct action or if there is a misunderstanding by resolving the matter to your satisfaction. Whether or not the matter is

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resolved by the Assistant General Manager details of your report will be given by the Assistant General Manager to the General Manager who must be satisfied that the issue is being handled correctly.

Step 3

If the matter cannot be resolved by the Assistant General Manager, the General Manager or his/her delegate will appoint a senior and impartial person (either from within WorkCover or outside) to investigate the disclosure. When this stage is reached the General Manager or his/her delegate will report the allegation of corrupt conduct to the Independent Commission Against Corruption (ICAC). The General Manager or his/her delegate can also refer the matter to the Police if it appears to involve some criminal element.

Step 4

The appointed investigator will inform all relevant parties of the outcome of the investigation, where possible. This will include forwarding copies of the report to ICAC. In the past WorkCover's investigation reports have been accepted by ICAC as satisfactorily resolving allegations.

Step 5

Where the reported matter reveals an opportunity to improve WorkCover processes, the relevant Assistant General Manager is responsible for ensuring that the necessary changes are made to minimise or avoid any recurrence. The Assistant General Manager must report on any follow-up action required direct to the General Manager as soon as practicable.

Confidentiality

Any necessary discussion about your disclosure will be restricted to relevant officers in WorkCover and will remain confidential. Should it be necessary to involve other organisations like the ICAC or the Police, you will be advised.

At every stage WorkCover will proceed on the basis that the disclosing officer is acting in the best interests of the organisation and that any officer whose actions are to be reviewed is considered innocent of any

wrongdoing until the contrary is proved.

Confidentiality is in the interests of all parties during the inquiry period.

I Want to Tell Someone Else

If, for whatever reason, you feel that you must talk to someone outside of WorkCover you have the right to speak to the ICAC, the Ombudsman or the Auditor-General. Those organisations will assess the information you have provided and then they might decide to contact the General Manager and request that WorkCover investigates the matter, or they may investigate the matter directly.

“Getting Back at the Reporting Officer”

There is absolutely no excuse for a person reporting corrupt conduct to be victimised. In fact, the *Protected Disclosures Act* makes it an offence to “get back at” or take detrimental action against a person who makes a disclosure in good faith.

The reporting officer will be treated fairly and without discrimination or prejudice. Victimisation or discrimination of a reporting officer by any member of staff will not be tolerated in WorkCover. If you feel you are being victimised, you should report this to the Manager (Office of the General Manager).

A Complaint Has Been Made About Me – What Now?

If you are the subject of a complaint, every effort will be made to ensure that you are informed as soon as possible and that you will have the opportunity to respond to the complaint. However, in some situations it is not possible to inform you of this. For example, the Independent Commission Against Corruption and other investigating bodies can direct WorkCover not to inform you that a complaint has been made. In these situations WorkCover is obliged to comply this direction.

Generally speaking, when an investigation has been completed, the appointed investigator will inform the General Manager of the outcome. The General Manager might be required to inform other bodies of the outcome. You will be informed of the outcome of the investigation but not the details of the investigation. The investigator is obliged to follow the

WORKCOVER

rules of natural justice (procedural fairness) in investigating and recommending action.

SECTION D – THE DISCIPLINARY PROCESS

A full description of the Disciplinary Process is found in Part 5 of the *Public Service Management Regulations* 22 – 31.

What is a Breach of Discipline?

A breach of discipline occurs when a person:-

- contravenes or disobeys the *Public Sector Management Act* or *Regulations*;
- engages in any misconduct;
- consumes or uses alcohol or drugs to excess;
- intentionally disobeys or intentionally ignores any lawful order made or given by a person with the authority to make or give the order;
- is negligent, careless, inefficient or incompetent in the discharge of duties; or
- engages in any disgraceful or improper conduct.

And How is it Punished?

A breach of discipline can be punished by:-

- Caution
- Reprimand
- Fine
- Reduction in salary or demotion
- Direction to resign or be allowed to resign within a specific period
- Annual appointment (for employees on probation)
- Suspension with possible withholding of salary
- Dismissal

Procedure for Dealing With a Breach of Discipline

Step 1 Making a Charge

The General Manager or his/her delegate or other senior officer makes a charge of a breach(es) of

discipline. If this is made orally, the charge must be confirmed in writing within 10 days.

Step 2 Approving an Inquiry

The General Manager or his/her delegate can establish a preliminary inquiry, whether or not charges have been made.

Step 3 Appointing a Person to Conduct the Preliminary Inquiry

The General Manager or his/her delegate may appoint any person to conduct the inquiry. It is also permissible for the General Manager or his/her delegate to appoint him/herself to conduct the inquiry. The appointed inquirer must produce a report of the results of the inquiry.

Step 4 Conducting the Inquiry

The inquirer must investigate the subject of the breach(es) of discipline. He/she must conduct the inquiry without legal formality and in a way he/she thinks is appropriate. However, the appointed inquirer is subject to the directions of the General Manager or his/her delegate.

The person under investigation (or his/her representative) cannot examine or cross-examine witnesses.

The appointed inquirer must give the person under investigation an opportunity to respond, in writing, to the allegations. Oral representations may also be permitted by the appointed inquirer.

Step 5 Reporting the Findings

The appointed inquirer must provide his/her report within the time agreed to the General Manager or his/her delegate. The report must contain the facts on which the inquirer based his/her conclusions; recommendations on whether the charge(s) (if laid), should be dismissed or no charge made; or whether the person under investigation should be charged with a breach(es) of discipline.

Step 6 After the Inquiry

The General Manager or his/her delegate must consider the report but is not bound by the findings or

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recommendations. He/she might decide to dismiss the charge or decide the person should not be charged; or to proceed with charging the person or amend the charge or make further charges.

Step 7 Notification of Decision to Charge

The General Manager or his/her delegate must notify the person in writing of the charge; provide a copy of the inquiry report; request the person to deny or admit to the breach(es) of discipline and ask the person to give reason (show cause) why they should not be punished.

Step 8 Interview With the General Manager or His/Her Delegate

The person charged with a breach(es) of discipline may have an interview with the General Manager or his/her delegate. The appointed inquirer may also be present at the interview, if requested by the General Manager or his/her delegate. The person charged may nominate a person to speak on their behalf at the interview or nominate an observer to be present.

For more information about the disciplinary process contact the Manager (Corporate Management) on (02) 9370 5718.

SECTION E – THE PROTECTED DISCLOSURES ACT

Purpose of the Act

The *Protected Disclosures Act 1994* protects public servants who make disclosures about corrupt conduct, maladministration and serious or substantial waste of public money.

What Matters are Covered by the Act?

Corruption

Corrupt conduct is any dishonest or improper use of position by a public servant, including the misuse of information or material acquired in the course of official duties. This applies even if the information or material is misused when the person is no longer a public servant. Corruption includes anyone who might

directly or indirectly interfere with the carrying out by a public servant of his or her functions. That conduct might involve official misconduct, bribery or violence.

Maladministration

Maladministration is action or serious inaction that is:-

- a) against the law;
- b) unreasonable, unjust, oppressive or improperly discriminatory; or
- c) based wholly or partly on improper motives.

Maladministration can include corrupt conduct, dishonest or partial exercise of official functions and cases of serious and substantial waste if that conduct is against the law or unreasonable.

Serious and Substantial Waste

The Auditor General defines “serious and substantial waste” as any uneconomical, inefficient or ineffective use of resources, authorised or unauthorised, which ends in significant loss and wastage of public funds and/or resources.

What is Not Covered by the Act?

Disclosures not protected by the Act include:

- those that question the merits of government policy;
- those that are frivolous or vexatious; or
- those that are motivated solely or mainly to avoid dismissal or other disciplinary action.

It is an offence to wilfully make a false or misleading statement when making a disclosure.

What Protection is Available to You Under the Act?

The *Protected Disclosures Act* makes it a criminal offence to take “detrimental action” in reprisal against a person who makes a protected disclosure – in other words, “getting back” at the person who made the allegation. This means any action causing, comprising or involving:-

- injury, damage or loss
- intimidation or harassment

WORKCOVER

- discrimination, disadvantage or adverse treatment in relation to employment
- dismissal from, or prejudice in, employment disciplinary proceedings

If you believe that someone has tried to “get back” at you, you must report this through WorkCover’s internal reporting procedures. If, for some reason, you do not wish to pursue the matter that way, you can take it up with the appropriate investigating authority (see Appendix A).

The *Protected Disclosures Act* also protects a person against defamation, breach of secrecy or confidentiality.

I Want to Make a Protected Disclosure – Who Should I Go to?

You have two choices.

First Choice – inside WorkCover

You can report the matter using our internal reporting procedure. You can make your protected disclosures to your supervisor or the appropriate Assistant General Manager or the General Manager. (The person relieving the permanent occupant during their absences will also carry out the duty).

Second Choice – outside WorkCover

You can report the matter to an investigating authority, such as the Ombudsman. The agency will assess your allegation as to whether it should be investigated further. The Act protects you if you disclose to an investigating authority such as the Independent Commission Against Corruption (ICAC), the Auditor-General or the NSW Ombudsman and, in certain circumstances, a Member of Parliament (MP) or a journalist.

Making a Disclosure to a MP or Journalist

If you do make a disclosure to an MP or to a journalist, you must have already made substantially the same disclosure to WorkCover or to an investigating authority. Your disclosure to an MP or to a journalist will be protected under the Act if

WorkCover or the investigating authority has

- decided not to investigate the matter;
- decided to investigate the matter but has not completed the investigation within 6 months of the original disclosure;
- investigated the matter but has not recommended taking action; or
- failed to notify you, within 6 months, if the matter is to be investigated.

As well, before you make a disclosure to an MP or to a journalist you must have reasonable grounds to believe that the disclosure is substantially true.

Confidentiality

While investigating a disclosure, confidentiality is maintained unless it is unreasonable or impossible to do so. It is a breach of discipline for any public servant involved in the investigation to unnecessarily disclose the identity of a person making a disclosure.

Investigation Process Within WorkCover

If someone makes a protected disclosure within WorkCover, the internal reporting process is as follows:-

- A written record of the disclosure will be agreed with you.
- The person who receives the disclosure will report details of it to the General Manager.
- The General Manager will determine how the matter is to be investigated.
- Unless unreasonable or impossible to prevent, only the General Manager and the person to whom you made the disclosure will be aware of your identity.
- A confidential report on the investigation will be prepared by the person doing the investigation and submitted to the General Manager as quickly as possible.
- The Manager (Corporate Management) is responsible for keeping you informed.
- The result of the investigation will be made known to you as quickly as possible and within the 6 months required by the *Protected Disclosures Act*.

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Contacting the Disclosures Co-ordinator

If you want more information about the *Protected Disclosures Act* or about how to make a disclosure you should contact the Manager (Corporate Management) on (02) 9370 5718.

APPENDIX A – NSW INVESTIGATING AGENCIES

NSW Ombudsman

Address: Level 3, 580 George Street, Sydney 2000

Telephone: (02) 9286 1000

Toll free: 1800 451 524

Fax: (02) 9283 2911

Independent Commission Against Corruption

Address: Corner Cleveland and George Streets, Redfern 2016

Telephone: (02) 9318 5999

Toll Free: 1800 463 909

Fax: (02) 9699 8067

Auditor-General (Audit Office of NSW)

Address: 234 Sussex Street, Sydney 2000

Telephone: (02) 9285 0155

Office of the Council of the Cost of Government

Address: Level 31, Governor Macquarie Tower, Farrer Place, Sydney 2000

Telephone: (02) 9228 4870

Fax: (02) 9228 3277

APPENDIX B – WORKCOVER'S CORRUPTION PREVENTION POLICY

Preamble

Corruption prevention is not about obeying the law. It is about setting a standard for behaviour that encompasses and goes *beyond* legal compliance.

Corruption prevention is not about changing the personal values of staff. It is about setting a standard for behaviour in the workplace and then assisting staff to comply with this standard.

Corruption prevention aims to change organisational or systemic features that allow corruption to occur and possibly go unnoticed or unreported. It incorporates strategies to address accountability, efficiency and effective administration. It focuses on improving systems and procedures, changing the attitudes of staff, and improving the overall integrity and performance of the organisation.

Compliance With the Law and Other Relevant Standards

The WorkCover Authority of New South Wales is committed to complying with the law of New South Wales and the Commonwealth of Australia. When there is no relevant legislation, then WorkCover is committed to complying with the appropriate recognised Australian or International Standard or best practice approach.

Commitment to Preventing Corruption

WorkCover is committed to preventing corruption by ensuring that its staff act with integrity and impartiality and that public resources are used efficiently, effectively and economically so as to maintain public confidence in the institutions, processes and personnel of government itself.

Definition of "Corruption"

WorkCover is committed to preventing corruption, which is defined in Section 8 of the *Independent Commission Against Corruption Act 1988* as:-

- any conduct of any person (whether or not a public official) that adversely affects, or that could adversely affect, either directly or indirectly, the honest or impartial exercise of official functions by any public official, any group or body of public officials or any public authority
- any conduct of a public official that constitutes or involves the dishonest or partial exercise of any of his or her official functions

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- any conduct of a public official or a former public official that constitutes or involves a breach of public trust
- any conduct of a public official or a former public official that involves the misuse of information or material that they have acquired in the course of their official functions, whether or not for their benefit or for the benefit of any other person.

Corruption Prevention Plan

WorkCover will comply with its legal obligations, corporate mission and community responsibilities by implementing the following elements of the Corruption Prevention Plan:-

- 1) Set a standard of behaviour for all staff (called the WorkCover Code of Conduct)
- 2) Distribute the Code of Conduct to all staff
- 3) Train managers, supervisors and staff so that they understand the Code of Conduct
- 4) Ensure that all staff in managerial and supervisory positions are trained so that they can explain the Code to their staff, implement the principles of the Corruption Prevention Policy and the Code in their work-group and make ethical decisions
- 5) Ensure that managers and supervisors understand that it is their responsibility to ensure that the Code of Conduct is complied with within their work-group
- 6) Implement a risk management approach throughout the organisation to prevent the loss, misappropriation and waste of all resources, including information
- 7) Establish an efficient and effective reporting system for internal and external allegations of fraud, corruption and waste
- 8) Establish an efficient and effective reporting system for staff who make disclosures of alleged fraud, corruption and waste under the *Protected Disclosures Act*
- 9) Ensure that staff who report matters of corruption, misappropriation and waste will receive the support of management and fellow staff, whether or not they have reported the matters under the

provisions of the *Protected Disclosures Act*

- 10) Develop appropriate procedures and standards for internal and external investigations
- 11) Establish an efficient and effective internal mechanism for taking disciplinary and legal action
- 12) Ensure that the results of all internal and external investigations are conveyed quickly to staff and published in the Annual Report for the public record
- 13) Integrate corruption prevention principles and strategies into all internal training, development, personnel and recruitment procedures
- 14) Integrate corruption prevention principles and strategies into the strategic planning and TQM processes
- 15) Foster and maintain an ethical relationship between WorkCover and its business clients
- 16) Ensure that WorkCover's stakeholders and the community are aware of WorkCover's Corruption Prevention Policy and that is available to stakeholders and members of the public
- 17) Allocate sufficient financial and human resources to ensure that the Policy is implemented and maintained.

APPENDIX C – RELEVANT LEGISLATION

Administrative Decisions Tribunal Act 1997 (not commenced)

Anti-Discrimination Act 1977 – deals with issues of discrimination on several grounds (eg race, sex, etc) and in several areas of life (eg in employment, associations, accommodation).

Crimes Act 1900 – describes criminal activity (eg fraud, concealing a crime, misappropriation of property, physical violence on a person) and the punishments dealt out by the courts.

Freedom of Information Act 1989 – applies to all NSW Government agencies, providing a way for the public to gain access to information held. The Act also sets out the criteria to use when making decisions on that access.

WORKCOVER

Independent Commission Against Corruption Act 1988 – is concerned with the prevention and investigation of corrupt conduct. The Commission investigates allegations of corrupt conduct, it assists to prevent corruption and educates to public about corruption.

Occupational Health and Safety Act 1983 – deals with the rights and obligations of employees and employers for health and safety in the workplace.

Ombudsman Act 1974 – sets out the NSW Ombudsman's powers of investigation into complaints about wrong conduct or maladministration by public servants.

Protected Disclosures Act 1994 – protects public servants who make disclosures concerning corrupt conduct, maladministration and serious or substantial waste of public money.

Public Finance and Audit Act 1983 – sets out the rules to administer public finances. It prescribes the form of Treasury accounting and the accounting practices of public sector agencies. The Act gives internal audit and reporting powers to the Auditor-General and establishes the role of the Public Accounts Committee.

Public Sector Management Act 1988 – deals with the management and employment of public sector employees.

WorkCover Administration Act 1989 – deals with the structure and functions of the Authority, including the Board and the Occupational, Health, Safety and Rehabilitation Council

The full text of these Acts is available on the WorkCover Intranet.

Appendix 16

ETHNIC AFFAIRS PRIORITIES STATEMENT

Report on Outcomes

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

- 1.1) A project to prepare a profile called 'The OHS Experience of NESB Workers' commenced in 1997. Census data has been obtained from the Australian Bureau of Statistics and is awaiting analysis. Limited resources have temporarily delayed the progress of this project.
- 1.2) The progress relating to the consultation with communities from a culturally diverse background to ascertain their needs and awareness of WorkCover has been delayed due to the demands placed on Marketing and Communication Branch. It is planned to begin the consultation program in September to capitalise on media attention from the major community awareness campaigns for workplace health and safety and injury management. This increased exposure will be a solid platform on which to build the consultation program leading up to the public comment period for the consolidated regulation.
- 1.3) Data quality will continue to be a long-term strategy. Profiling is an important strategy in targeting services to ethnic communities, however in the interest of progressing the implementation of the statement an alternative strategy for undertaking that profiling will be recommended for the next year. The alternative strategy proposed is to select a representative sample of injured workers from the WorkCover database, and interview those claimants to obtain the data required. Further development will be required and appropriate methodology for undertaking such research and can select a representative sample of claimants for interview.

WORKCOVER

- 1.4) WorkCover's claims reporting systems have adopted the Australian Standard Classification of Languages (ASCL) and the Australian Standard Classification of Countries for Social Statistics (ASCCSS), published by the Australian Bureau of Statistics on the 1st January 1998. The language and country of birth data collected before this date was converted to the new classifications to ensure consistency. Prior to the introduction of ASCL and ASCSS training for insurer staff in the use and reporting of these classifications was conducted. Over 400 people attended the training. Language and country of birth coding has been included as part of the industry and injury coding training courses.

The new claims manual circulated to all insurers, specifies that the claimant's country of birth and language (spoken at home) to be supplied for all claims entered on an insurer's system on or after 1 January 1998. If these classifications are not reported or are not reported in the correct format their data submission is not processed and the insurer is instructed to make the necessary corrections. WorkCover will continue to offer training to insurers, monitor errors, and liaise with insurers to ensure the high standard and integrity of data.

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

- 2.1) WorkCover conducted media releases concerning workplace health, safety and injury management on a regular basis. These are despatched by faxstream to all ethnic media to enable rapid access. Whilst media releases were sent to all ethnic media there is no monitoring facility to determine how many articles were published.
- 2.2) All proposals for the development of 'information products' developed under the Grant Scheme undergo a thorough evaluation to determine their suitability for their target market.

This takes into account the target market's English language skills and literacy levels. All printed products are produced in Plain English.

- 2.3) The information Centre telephone number and services have been advertised in a variety of ethnic media. The major promotion of the WorkCover Information Centre to the ethnic media was through ethnic media articles and advertisements for Work Health and Safety Week, which was held throughout NSW from 18 - 24 May 1998. Advertisements were published in 12 ethnic newspapers.
- 2.4) Regulation Development Branch is currently preparing a draft of the proposed Occupational Health & Safety Regulation for public comment. The proposed Regulations have been drafted on a consultative basis to confer obligations on all employers to provide an adequate level of safety at all workplaces. If approved by the Minister, the draft will be circulated across a wide cross-section of business, employee and government organisations for comment. The procedures adopted by WorkCover will ensure appropriate consultation with people from a culturally diverse background. Due to the delays in the completion of the draft Occupational Health & Safety Regulation, commencement of the public comment period has been delayed. However, strategies have been developed to encourage comments from culturally diverse groups using industry, community networks, peak bodies, the ethnic media and relevant databases developed.
- 2.5) Apart from Work Health and Safety Week, there have been no other WorkCover campaigns or blitzes, which specifically target members of any particular community. Appropriate strategies to meet the needs of people from culturally diverse backgrounds have been developed for the community awareness workplace health and safety workplace injury management campaigns which WorkCover will be conducting in September 1998.

The Use of Multilingual Multimedia in OHS Education was presented at the international

WORKCOVER

OHS Conference, Futuresafe 98. It outlined ways in which Internet technology could enable immediate translation of all information on the WorkCover Internet URL at minimal cost to WorkCover, thus overcoming major barriers of printing, storage, and distribution costs. The WorkCover Internet update will consider this option.

- 2.6) Develop and pilot a strategy to assist injured workers from a culturally diverse background to return to work. Information is in the process of being compiled; however, work on this strategy has been suspended in order to focus on priorities arising from the recent legislative reforms.

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

- 3.1) *Insurance:* The only policy committee in the Insurance Division is the Medical Advisory Committee, the membership of which is not appointed by WorkCover. *Corporate Governance:* All committees formed in the Corporate Governance Division consisted of a fair representation of staff, such as: The Corporate Uniform Committee, WorkCover's Joint Consultative Committee. *Occupational Health & Safety Division Planning Steering Committee* consists staff from various backgrounds and levels representing the Division. The composition of this committee consists of representatives from management, specialist, inspectors, administrative and clerical officers and the relevant unions as well as a Human Resources Branch representative.
- 3.2) Community Language Allowance Scheme (CLAS) recipients were invited to staff the WorkCover display at the Sydney Easter Show and to nominate for interpreting duties with visiting ethnic delegations. A proposal relating the management of CLAS has been developed

and Executive endorsement is expected in line with the completion of the Corporate Services Review.

- 3.3) Due to limited resources no further action has progressed relating to 'Encourage the use of interpreters'.

- 3.4) All positions advertised include reference to Ethnic Affairs Policies and Programs as one of the essential requirement. Since January 98 reference to Cultural Diversity appears in the preamble of all advertisements together with reference to equity, OH&S and workplace ethics.

The CLAS network has not been set up due to the demands made on limited staff resources at a time of major organisational change. This matter will be addressed in the next year.

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



financials

WORKCOVER AUTHORITY OF NEW SOUTH WALES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

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 1998 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 23 of the financial statements.

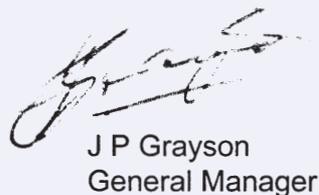
After a comprehensive review of the relationship between the WorkCover Authority and the WorkCover Scheme Statutory Funds, the WorkCover Board decided that this relationship does not constitute "control" within the meaning of Australian Accounting Standard AAS24 "Consolidated Financial Reports". The Board's decision was subsequently confirmed in advice given by the Solicitor General in 1996, concerning the accounting obligations of the WorkCover Authority in relation to the WorkCover Scheme Statutory Funds.

Consequently, the financial statements of the WorkCover Scheme Statutory Funds have not been consolidated with the financial statements of the WorkCover Authority but are included separately at Note 23, as the Board is of the opinion that the financial statements of the WorkCover Scheme Statutory Funds 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.

Provisions for outstanding claims liability for the scheme have been based on central estimates provided by Trowbridge Consulting.



J M Riordan
Chairperson



J P Grayson
General Manager

9 November 1998



BOX 12 GPO
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

WORKCOVER AUTHORITY OF NEW SOUTH WALES

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

Scope

I have audited the accounts of the WorkCover Authority of New South Wales for the year ended 30 June 1998. The Board of Directors of the Authority is 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 requirements which could have an impact on the WorkCover Authority of New South Wales financial report have been reviewed on a cyclical basis. For this year, the requirements examined comprise: compliance with Treasurer's Directions in respect of usage of fuel cards, credit cards and cash advances.

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

Revaluation of Non-Current Assets

As in previous years, the Authority has, as disclosed in Note 2(a)(i) recognised the net movement 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 change 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". My audit report on the financial report for the year ended 30 June 1997 was also qualified accordingly.

In accordance with the requirements of AAS10, as at 30 June 1998 the net income on revaluation of non-current assets amounting to \$5.0m (\$7.9m in 1996-97) should have been credited directly to an asset revaluation reserve. Had this been done, the operating result would decrease from a surplus of \$4.6m (deficit of \$4.1m in 1996-97) to a deficit of \$0.4m (deficit of \$12.0m in 1996-97). Net assets would amount to 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 complies with section 41B of the Act and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Authority as at 30 June 1998 and the results of its operations and its cash flows for the year then ended.

Inherent Uncertainty Regarding the Outstanding Claims Liability

Without further qualification to the opinion expressed above, attention is drawn to the following matter because of its implications for the WorkCover Scheme Statutory Funds which are disclosed in Note 23. The outstanding claims liability of the Scheme Statutory Funds is calculated using a standard actuarial, aggregate-based approach. However, due to the continuing volatile nature of claims experience, greater actuarial reliance has necessarily been placed on a significant number of judgmental assumptions. This increases the inherent uncertainty of the amount of the outstanding claims liability as the relevance of claims experience is diminished.



A C HARRIS

SYDNEY
13 November 1998

WORKCOVER AUTHORITY OF NSW

**Actuarial Certificate
Outstanding Claims Liabilities at 30 June 1998**

Trowbridge Consulting has been requested by the WorkCover Authority of NSW to make estimates of the outstanding claims liabilities of:

- (1) the WorkCover Scheme Statutory Funds as at 30 June 1998, and
- (2) the following portfolios and funds managed under the statutory responsibility of the Authority:
 - the Insurers' Contribution Fund (ICF)
 - the Uninsured Liability and Indemnity Scheme (ULIS)
 - the run-off portfolios of failed pre-WorkCover insurers National Employers' Mutual (NEM), Bishopsgate and AGCI
 - Bush Fire Fighters Compensation Fund (BFFCF)
 - Emergency and Rescue Workers Compensation Fund (ERWCF).

Data

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

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

Basis of Our Estimates

We have made *central estimates* of the outstanding claims liabilities - this means that our assumptions have been selected to yield estimates which are not knowingly above or below the ultimate liabilities. Our estimates are discounted (i.e. they allow for future investment income on assets), and are net of expected recoveries. Our estimates include allowance for future claims handling expenses, although in the case of the Statutory Funds the allowance is only for the extra costs that might be incurred during run-off after the year 2000.

The gross outstanding claims liability for the WorkCover Scheme Statutory Funds includes two items that were not included last year:

- an allowance for claims handling expenses of \$120 million, which recognises the likelihood of additional claims handling expenses once the Scheme Statutory Funds have gone into run-off from 1 October 1999

- an unexpired risk provision of \$47 million, on the basis that the unearned premiums from 1997/98 policies are unlikely to be sufficient to meet the cost associated with them.

We have allowed for the changes in benefit entitlements and injury management arising from the Workplace Injury Management and Workers' Compensation Act 1998. These changes become effective from 1 August 1998 (benefit entitlement) and 1 September 1998 (injury management).

Valuation Results

The estimated liability for the WorkCover Scheme Statutory Funds as at 30 June 1998 net of recoveries is \$6,577 million. This amount is made up as follows:

<u>WorkCover Scheme Statutory Funds</u>	
	\$m
Gross Outstanding Claims	6,867
less Anticipated Recoveries	<u>(290)</u>
Net Outstanding Claims	<u>6,577</u>

The WorkCover Authority has provided \$6,577 million in the Financial Statements of the WorkCover Scheme Statutory Funds as at 30 June 1998 for the outstanding claims liability.

Our estimates of the other outstanding claims liabilities at 30 June 1998 net of recoveries are as follows:

<u>Authority Funds</u>	
	\$m
ICF	88.7
ULIS	89.7
NEM	102.8
Bishopsgate	6.3
AGCI	2.1
BFFCF	8.7
ERWCF	<u>4.9</u>
	<u>303.1</u>

The WorkCover Authority has incorporated the outstanding claims liability of the above Funds in its Financial Statements as at 30 June 1998.

Uncertainty

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

Reports

Full details of data, method, assumptions and results for the WorkCover Scheme Statutory Funds are set out in our report dated 6 October 1998 and for the other portfolios and funds in reports (one for each entity) dated either July or August 1998.

Relevant Standards

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



Geoff Atkins

Date: 22 October 1998



Scott Collings

Date: 22 October 1998

Fellows of the Institute of Actuaries of Australia

WORKCOVER

WorkCover Authority of New South Wales

Income and Expenditure Statement – for the year ended 30 June 1998

	Note	1998 \$'000	1997 \$'000
Income			
Contributions	3	94,249	96,063
Fees and Charges		10,681	10,086
Investment Income	4	12,981	22,165
Other Income		38,943	25,028
Total Income		156,854	153,342
Expenditure			
WorkCover Authority Operations			
Salaries and Employee Payments	5	49,340	48,331
Superannuation		(2,200)	(1,255)
Office Accommodation	18(b)	9,842	9,516
Depreciation	2(b)	6,294	6,698
Other Operating Expenses	6	25,482	24,344
		88,758	87,634
WorkCover Scheme			
Compensation Court of NSW		19,622	20,550
Workers Compensation Resolution Service		2,274	1,190
Net Claims Incurred	7	39,691	45,264
Other		1,893	2,772
		63,480	69,776
Total Expenditure		152,238	157,410
		Operating Surplus (Deficit)	4,616 (4,068)
Accumulated Funds at the Beginning of the Financial Year		41,115	45,183
Accumulated Funds at the End of the Financial Year	2(h)	45,731	41,115

The accompanying notes form part of these financial statements

WORKCOVER

WorkCover Authority of New South Wales

Balance Sheet – as at 30 June 1998

	Note	1998 \$'000	1997 \$'000
Current Assets			
Cash	17	4,090	8,317
Receivables and Prepayments	8	83,782	47,069
Investments	9	79,323	54,883
Total Current Assets		167,195	110,269
Non-Current Assets			
Receivables	8	34,448	90,223
Investments	9	159,284	154,118
Property, Plant and Equipment	11	24,888	17,764
Total Non-Current Assets		218,620	262,105
Total Assets		385,815	372,374
Current Liabilities			
Creditors	13	7,529	12,824
Provisions	15	5,488	5,712
Outstanding Claims	14	114,339	37,884
Total Current Liabilities		127,356	56,420
Non-Current Liabilities			
Creditors	13	7,793	5,682
Provisions	15	9,283	9,656
Outstanding Claims	14	188,773	259,501
Total Non-Current Liabilities		205,849	274,839
Total Liabilities		333,205	331,259
Net Assets		52,610	41,115
Equity Employed			
Asset Revaluation Reserve	12	6,879	–
Accumulated Funds	2(h)	45,731	41,115
		52,610	41,115

The accompanying notes form part of these financial statements

WORKCOVER

WorkCover Authority of New South Wales

Statement of Cash Flows – for the year ended 30 June 1998

	Note	1998 \$'000 Inflows (Outflows)	1997 \$'000 Inflows (Outflows)
Cash Flows from Operating Activities			
Contributions		109,345	105,365
Investment Income		5,854	11,123
Recoveries		3,882	4,225
Transfer from Statutory Funds		8,176	7,313
Other Receipts		47,851	29,159
Salaries and Employee Payments		(51,306)	(46,175)
Office Accommodation		(9,868)	(9,283)
Compensation Court		(20,500)	(20,000)
Workers Compensation Resolution Service		(2,573)	(886)
Compensation Claims Paid		(38,610)	(41,225)
Other Payments		(25,900)	(27,704)
Net Cash Provided by Operating Activities	16	26,351	11,912
Cash Flows from Investing Activities			
Purchase of Non-Current Assets		(6,475)	(6,625)
Proceeds on Sale of Non-Current Assets		111	315
Purchase of Investments		(191,993)	(109,365)
Redemption of Investments		169,846	105,278
Net Cash Used In Investing Activities		(28,511)	(10,397)
Net Increase (Decrease) in Cash Held		(2,160)	1,515
Cash at the Beginning of the Financial Year		6,250	4,735
Cash at the End of the Financial Year	17	4,090	6,250

The accompanying notes form part of these financial statements

WORKCOVER

WorkCover Authority of New South Wales

Notes to and forming part of the Financial Statements – for the year ended 30 June 1998

Note 1

CONSTITUTION AND FUNCTIONS

As at 30 June 1998, WorkCover was constituted under the WorkCover Administration Act 1989. Subsequently this Act was replaced by the Workplace Injury Management and Workers Compensation Act 1998. WorkCover has responsibility for the direction, control and management of a range of funds as outlined in Note 21. 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 23.

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

WorkCover's functions are:

- promoting the prevention of injuries and diseases at the workplace and the development of healthy and safe workplaces;
- promoting the prompt, efficient and effective management of injuries to persons at work;
- ensuring the efficient operation of the workers' compensation insurance arrangements having regard to policies of the Advisory Council, and
- ensuring the appropriate coordination of arrangements for the administration of the schemes to which the workers' compensation legislation or the occupational health and safety legislation relate.

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

prepared on the basis of historical cost except for the reporting of investments which are measured at net market value at the reporting date. Differences between the net market value of investments at the reporting date and their net market value at the previous reporting date (or cost of acquisition, if acquired during the reporting period) are recognised in the Income and Expenditure Statement.

This treatment of investments is in accordance with Australian Accounting Standard AAS26: "Financial Reporting of General Insurance Activities" which is considered more appropriate for WorkCover given its similarity to general insurance activities, rather than adherence to Australian Accounting Standard AAS10: "Accounting for the Revaluation of Non-Current Assets".

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

(b) Property, Plant and Equipment and Depreciation

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

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis

- (i) These financial statements have been

WORKCOVER

	%
Buildings	3.0
Furniture and Fittings	10.0
Library Books	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

Land, buildings and scientific and technical equipment are revalued every five years to written down replacement value. All other items are valued at cost.

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

(d) Employee 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 1999 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 the WorkCover Authority 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 contribution is recognised as an asset.

(e) Contributions

Contributions to the major funds, WorkCover Authority Fund, Insurers' Contribution Fund and Insurers' Guarantee Fund are principally derived from levies on 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 having regard to the estimate of WorkCover's net operating expenses;
- (ii) for the Insurers' Contribution Fund and 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 Treasury and 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 buildings and

WORKCOVER

WorkCover Authority of New South Wales

Notes to and forming part of the Financial Statements – for the year ended 30 June 1998

Note 2 continued

Leases *continued*

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) Comparative Figures

Comparative figures for the 1997 year have been amended to reflect the transfer in 1997 of the proceeds of the Dust Diseases Reserve Fund to the Workers' Compensation (Dust Diseases) Board. This has reduced contributions shown in the 1997 financial statements by \$44.4m to \$96.1m, investment income by \$19.6m to \$22.2m and net claims incurred by \$64.0m to \$45.3m.

(h) Accumulated Funds

Accumulated funds have increased from \$41.1m in 1997 to \$45.7m in 1998. The current level of accumulated funds is in excess of anticipated requirements and accordingly the contributions strategy for future years provides for a reduction in accumulated funds.

(i) Extension of Time

The Treasurer has granted WorkCover an extension of time to 30 September 1998, 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 recognises the lead time involved in the preparation and lodgement of audited financial returns by licensed insurers.

Note 3

CONTRIBUTIONS

Contributions to the major funds were:

	1998 \$'000	1997 \$'000
WorkCover Authority Fund		
Insurers	105,900	93,402
WorkCover Scheme Statutory Funds		
– Management and		
Administration Expenses (a)	5014	6,062
– WorkCover Grants Scheme (b)	2087	267
	<u>113,001</u>	<u>99,731</u>
Insurers' Contribution Fund	(9,636)	5,727
Insurers' Guarantee Fund	(19,447)	(10,483)
Bush Fire Fighters		
Compensation Fund	9,105	40
Emergency & Rescue Workers'		
Compensation Fund	3,402	1,805
Failed Insurers' Funds	(2,176)	(757)
	<u>94,249</u>	<u>96,063</u>

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) fund a WorkCover Grants Scheme to support and promote research into occupational health and safety, rehabilitation and workers' compensation related issues.

The contribution rate for the WorkCover Authority Fund in 1998 was 4.7 % (4.3% 1997).

Note 4

INVESTMENT INCOME

	1998 \$'000	1997 \$'000
Interest on Call and Term Deposits	4,153	1,937
Movement in Market Values		
– Realised	1,368	9,551
– Unrealised	7,460	10,677
	<u>12,981</u>	<u>22,165</u>

WORKCOVER

Note 5

SALARIES AND EMPLOYEE PAYMENTS

	1998	1997
	\$'000	\$'000
Salaries and Allowances	41,193	39,415
Long Service Leave	1,096	1,426
Annual Leave	2,524	2,615
Workers' Compensation Insurance	501	504
Payroll Tax	2,987	3,219
Fringe Benefits Tax	847	968
Payments to Board Members	192	184
	49,340	48,331

Note 6

OTHER OPERATING EXPENSES

WorkCover's other operating expenses of \$25.5m (\$24.3m in 1997) contain items of expenditure that are required to be disclosed by the Public Finance and Audit Act. Those items are:

	1998	1997
	\$'000	\$'000
Consultancy Fees	1,624	716
Audit Fees		
External Audit		
– Audit Office – WorkCover	198	178
– WorkCover Scheme	26	16
Internal Audit	68	149
Provision for Doubtful Debts	750	275

Note 7

NET CLAIMS INCURRED

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

	1998			1997		
	Current	Prior	Total	Current	Prior	Total
	Year	Years	\$'000	Year	Years	\$'000
Direct Business	\$000	\$000	\$000	\$000	\$000	\$000
Gross claims incurred & related expenses						
– undiscounted	30,513	(85,525)	(55,012)	18,784	19,115	37,899
Reinsurance & other recoveries						
– undiscounted	(2,680)	8,215	5,535	(2,644)	2,762	118
Net claims incurred						
– undiscounted	27,833	(77,310)	(49,477)	16,140	21,877	38,017
Discount & discount movement						
– gross claims incurred	(8,516)	104,327	95,811	(6,245)	14,623	8,378
Discount & discount movement						
– reinsurance & other recoveries	879	(7,522)	(6,643)	884	(2,015)	(1,131)
Net discount movement	(7,637)	96,805	89,168	(5,361)	12,608	7,247
Net claims incurred	20,196	19,495	39,691	10,779	34,485	45,264

WORKCOVER

WorkCover Authority of New South Wales

Notes to and forming part of the Financial Statements – for the year ended 30 June 1998

Note 7 continued

The table below provides information on net claims incurred by the various funds.

	Claims Paid	Movement in Claims Provisions	Net Claims Incurred	
	\$'000	\$'000	1998 \$'000	1997 \$'000
WorkCover Authority Fund				
– Uninsured Liability & Indemnity Scheme	7,839	13,293	21,132	19,844
Insurers' Contribution Fund	7,322	(16,617)	(9,295)	12,117
Insurers' Guarantee Fund	14,334	2,373	16,707	10,972
Bush Fire Fighters Compensation Fund	2,650	6,330	8,980	(74)
Emergency & Rescue Workers Compensation Fund	1,489	1,798	3,287	1,700
Associated General Contractors Insurance Co Ltd Fund	77	(61)	16	299
Bishopsgate Insurance Australia Ltd Fund	253	(1,389)	(1,136)	406
	33,964	5,727	39,691	45,264

Note 8

RECEIVABLES AND PREPAYMENTS

	1998 \$'000	1997 \$'000
Current		
Debtors		
Receivables	71,212	36,192
Prepaid Superannuation (see Note 15)	11,609	7,642
Other	134	2,404
	82,955	46,238
Less Provision for Doubtful Debts	(1,086)	(336)
Prepayments	1,913	1,167
	83,782	47,069
Non-Current		
Receivables	34,448	90,223
	118,230	137,292

Receivables primarily comprise amounts receivable from licensed insurers being contributions required to the various funds.

Note 9

INVESTMENTS

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

	(Market Value) 1998 \$'000	(Market Value) 1997 \$'000
NSW Treasury Corporation	46,027	76,289
Bankers Trust Aust. Ltd.	70,282	87,406
AMP	26,029	–
Westpac Investment Management Pty. Ltd.	–	45,306
UBS Brinson	57,405	–
Citicorp	38,864	–
	238,607	209,001
Current	79,323	54,883
Non-Current	159,284	154,118
	238,607	209,001

WORKCOVER

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.

Note 10

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	17	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 – trade	8	Trade 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.	Credit sales are on 30 day terms. Contributions from insurers are payable on dates specified.
Investments	9	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 542 days, and effective interest rates of 4.72% to 6.08% (1997: 6.5% to 12%).
Financial Liabilities			
Trade creditors and accruals	13	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.

WORKCOVER

WorkCover Authority of New South Wales

Notes to and forming part of the Financial Statements – for the year ended 30 June 1998

Note 10 continued

FINANCIAL INSTRUMENTS *continued*

Interest Rate Risk

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

Financial Instruments	Floating	Total carrying	Weighted average
	Interest Rate	amount as per the	effective
	1998	Balance Sheet	Interest Rate
	\$'000	1998	1998
		\$'000	%
Financial Assets			
Cash	4,090	4,090	4.7
Receivables – trade	116,317	116,317	–
Investments	238,607	238,607	6.1
Total financial assets	359,014	359,014	
Financial Liabilities			
Trade creditors and accruals	15,322	15,322	
Total financial liabilities	15,322	15,322	

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	Aggregate
	amount as per	net
	the balance sheet	fair value
	1998	1998
	\$'000	\$'000
Financial Assets		
Cash	4,090	4,090
Receivables – trade	116,317	116,317
Investments	238,607	238,607
Total financial assets	359,014	359,014
Financial Liabilities		
Trade creditors and accruals	15,322	15,322
Total financial liabilities	15,322	15,322

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	Financial	Other	Total
	Institution			
	1998	1998	1998	1998
	\$'000	\$'000	\$'000	\$'000
Cash	4,090	–	–	4,090
Receivables – trade	–	–	116,317	116,317
Investments	–	238,607	–	238,607
Total	4,090	238,607	116,317	359,014

WORKCOVER

Note 11

PROPERTY, PLANT AND EQUIPMENT

	At Cost or Valuation	Accumulated Depreciation	Written Down Value 1998	Written Down Value 1997
	\$'000	\$'000	\$'000	\$'000
Land	3,350	-	3,350	1,250
Buildings	5,258	5	5,253	1,942
Leasehold Improvements	2,802	1,728	1,074	1,264
Office Machines & Equipment	2,361	1,395	966	1,094
Motor Vehicles	204	53	151	105
Furniture & Fittings	109	12	97	49
Computer Hardware & Software	17,444	11,617	5,827	4,149
Computer Development	10,850	5,704	5,146	5,851
Scientific & Technical Equipment	4,960	1,936	3,024	2,060
	47,338	22,450	24,888	17,764

In accordance with a policy of revaluation every five years, land, buildings and scientific and technical equipment were revalued as at 30 June 1998, by the State Valuation Office and Machinery Valuations Pty Ltd. They have resulted in revaluation increments of \$2.1m for land, \$3.4m for buildings and \$1.4m for plant and equipment.

The revaluation was based on the assessment of written down replacement cost. The independent revaluations were carried out by Mr G. Hodgson (AVLE (Val) – Land and Buildings; Mr H. Parlane FAIQS – Buildings Infrastructure; and Mr S. McMahon AVLE (D&M) MAVA – Scientific and Technical Equipment.

Note 12

ASSET REVALUATION RESERVE

An Asset Revaluation Reserve has been established following the revaluations of certain property, plant and equipment.

	1998 \$'000	1997 \$'000
Opening Balance	-	-
Revaluation Increments	6,879	-
Closing Balance	6,879	-

Note 13

CREDITORS

	1998 \$'000	1997 \$'000
Current		
Bank Overdraft	-	2,067
Other Creditors	7,529	10,757
	7,529	12,824
Non-Current		
Other Creditors	7,793	5,682
	15,322	18,506

Note 14

OUTSTANDING CLAIMS

	1998 \$'000	1997 \$'000
Expected Future		
Claims Payments	431,704	520,813
Discount to Present Value	(128,592)	(223,428)
Liability for Outstanding Claims	303,112	297,385
Current	114,339	37,884
Non-Current	188,773	259,501
	303,112	297,385

WORKCOVER

WorkCover Authority of New South Wales

Notes to and forming part of the Financial Statements – for the year ended 30 June 1998

Note 14 continued

Outstanding Claims *continued*

- (a) The weighted average expected term to settlement from the reporting date of the outstanding claims is estimated to be in the range of 4.9 to 8.6 years (5.56 to 8.4 years – 1997) for the various funds.
- (b) The following average inflation rates and discount rates were used in measuring the liability for outstanding claims:

	1998	1997
Claims Expected to be Paid:		
Not later than one year		
Inflation Rate	3.5-8.5%	4%
Discount Rate	5.5%	7%
Later than one year		
Inflation Rate	3.5-8.5%	4%
Discount Rate	5.5%	7%

In respect to the Bush Fire Fighters Compensation Fund and the Emergency and Rescue Workers Compensation Fund, the valuation method used includes implicit allowance for inflation. In relation to the Insurers' Contribution Fund, no inflation rate was used as this fund was closed in October 1998.

- (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 15

PROVISIONS

	1998	1997
	\$'000	\$'000
Current		
Employee Entitlements		
Accrued Annual Leave	4,655	4,498
Long Service Leave	812	1,175
Other	21	39
	5,488	5,712

Non-Current

Employee Entitlements		
Long Service Leave	9,271	8,646
Superannuation	12	1,010
	9,283	9,656
	14,771	15,368

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 1998 are as follows:

	Gross Liability	Reserves	Remaining Asset (Liability)
	\$'000	\$'000	1998 1997
			\$'000 \$'000

State				
Superannuation				
Fund	57,068	68,000	10,932	6,290
State Authorities				
Superannuation				
Scheme	10,692	11,369	677	1,351
	67,760	79,369	11,609	7,641
State Authorities				
Non-Contributory				
Superannuation				
Scheme	4,703	4,691	(12)	(1,010)

The gross liability of each scheme has been advised to WorkCover by the Superannuation Administration Authority using actuarial assessments and formulae provided by the Government Actuary's Office. In view of the significant surplus in the State Superannuation Fund, WorkCover has applied to the Superannuation Administration Authority to suspend further superannuation payments until June 1999.

The 1998 assessment is based on the results of the 1997 Triennial Valuation where the key assumptions adopted by the actuaries were:

WORKCOVER

Superannuation *continued*

	1997/98	98/99	99/00	Thereafter
	%	%	%	%
Rate of investment return (after tax and investment-related expenses)	7.0	7.0	7.0	7.0
Rate of general salary increase (including re-classifications)	3.7	4.0	4.0	5.0
Rate of increase in CPI (Sydney, All Groups)	1.1	2.0	2.5	3.25

Note 16

RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES TO THE OPERATING SURPLUS (DEFICIT)

	1998	1997
	\$'000	\$'000
Operating Surplus (Deficit)	4,616	(4,068)
Depreciation/Asset Writeback		
/Loss or Gain on Sale of Assets	6,313	6,692
Unrealised Investment Income	(7,460)	(10,677)
Provisions		
Lease Incentive Costs	(19)	(19)
Long Service Leave	262	445
Annual Leave	157	206
Outstanding Claims	5,727	6,144
Doubtful Debts	750	275
Decrease in Debtors & Prepayments	18,321	8,735
Increase (Decrease) in Creditors	(1,318)	4,231
(Decrease) in Superannuation Provision	(998)	(52)
Net Cash Provided by Operating Activities	26,351	11,912

Note 17

RECONCILIATION OF CASH

For the purposes of the statement of cash flows, cash includes cash (at bank and on hand), call deposits and 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:

	1998	1997
	\$'000	\$'000
Cash	4,090	8,317
Bank Overdraft	-	(2,067)
	4,090	6,250

Note 18

EXPENDITURE COMMITMENTS

(a) Capital Expenditure Commitments

	1998	1997
	\$'000	\$'000
Equipment Purchases and Software Development	620	1,416
Payable:		
- not later than one year	620	1,416

(b) Lease Commitments

Payable:		
- not later than one year;	7,968	7,314
- later than one year but not later than two years;	6,511	6,373
- later than two years but not later than five years;	9,698	14,473
- later than five years.	-	84
	24,177	28,244

WorkCover holds a lease for the premises occupied by the Sporting Injuries Committee and all obligations are met by that Committee.

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WorkCover Authority of New South Wales

Notes to and forming part of the Financial Statements – for the year ended 30 June 1998

Note 18 continued

Expenditure Commitments *continued*

(c) Year 2000 Commitments

Commitments to the extent of \$24,200 for certified business risk analysts together with a total of \$308,200 pa for 5 in-house resources and 3 contractors have been made in relation to WorkCover's Year 2000 compliance project.

Note 19

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 at 30 June 1998, WorkCover held deposits and bank guarantees to the value of \$541m (\$515.8m 1997). 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.

A separate bank account for lodgement of cash deposits has been established and the balance of the account as at 30 June 1998 was \$0.07 m (\$0.09m 1997).

Note 20

INSURANCES

WorkCover is insured for the following risks:

Risk Covered	Insurance Company
Public Liability	QBE Insurance Ltd
Property	QBE Insurance Ltd
Motor Vehicle Fleet	MMI General Insurance Ltd
Group/Personal	
Accident/Travel	QBE Insurance Ltd
Crime and	
Computer Crime	Chubb Insurance Company of Australia Ltd
Errors and Omissions	QBE Insurance Ltd
Workers' Compensation	GIO Australia

Note 21

FUNDS

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

WorkCover Authority Fund

This Fund is constituted under Section 34 of the Workplace Injury Management and Workers Compensation Act 1998. It is funded from a levy on workers' compensation premiums and it meets WorkCover's operating expenses as well as payments:

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

Funds are also received from the WorkCover Scheme Statutory Funds which are applied to support research into occupational health and safety issues through a WorkCover Grants Scheme.

WORKCOVER

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 that their liabilities be redeemed and the fund was closed with effect from October 1998.

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.

During the year a major distribution of \$33.05m was made to the Fund by the liquidators of NEMGIA. A final distribution of a small residual sum is expected in future years.

Failed Insurers' Funds

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

As a consequence upon the failure of the above 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 1998/99 to arrange closure of the fund. In that event, entitlements will be met by the Insurers' Guarantee Fund.

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.

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.

Premiums Adjustment Fund

The Fund is constituted under Section 203 of the Workers' Compensation Act, 1987.

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

No transactions have occurred in the fund since 1990.

Note 22

CONTINGENT LIABILITIES

There are no known material contingent liabilities including in respect of WorkCover's Year 2000 Compliance Project. WorkCover's Year 2000 Project has reached a testing and rectification phase during which a clearer indication of contingent liabilities may occur.

WORKCOVER

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WorkCover Authority of New South Wales

Notes to and forming part of the Financial Statements – for the year ended 30 June 1998

Note 23

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.

After a comprehensive review of the relationship between the WorkCover Authority and the WorkCover Scheme Statutory Funds, the WorkCover Board in 1996 decided that this relationship does not constitute "control" within the meaning of Australian Accounting Standard AAS 24 "Consolidated Financial Reports". The Board's decision was

subsequently confirmed in advice given by the Solicitor General in 1996 concerning the accounting obligations of the WorkCover Authority in relation to the WorkCover Scheme Statutory Funds.

Consequently, the financial statements of the WorkCover Scheme Statutory Funds have not been consolidated with the financial statements of the WorkCover Authority but are included separately as the Board is of the opinion that the financial statements of the WorkCover Scheme Statutory Funds 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

workcover scheme statutory funds

INCOME AND EXPENDITURE STATEMENT – for the year ended 30 June 1998

	Note	1998 \$'000	1997 \$'000
Income			
Premiums Written		1,701,126	1,563,476
Less: Statutory Levies			
Insurer's Guarantee Fund		142	6,736
WorkCover Authority Fund		85,851	71,758
Dust Diseases Contributions		48,686	42,789
		134,679	121,283
Net Premiums Written		1,566,447	1,442,193
Increase in Unearned Premiums Provision	2	15,119	26,706
Net Earned Premium		1,551,328	1,415,487
Claims Paid		1,467,737	1,367,805
Increase in Claims Provision	3	1,407,000	1,079,200
Claims Expense		2,874,737	2,447,005
Recoveries Revenue	4	157,626	78,520
Net Claims Incurred	5	2,717,111	2,368,485
Underwriting Result		(1,165,783)	(952,998)
Other Income			
Investment Revenue	6	413,560	760,852
Interest on Overdue Premiums		5,516	6,529
Other		2,818	3,212
		421,894	770,593
Expenses			
Insurer's Management Fees	7	146,653	141,039
Audit Fees Paid to Auditors of Insurers	7	647	660
Bad Debts Written-Off		13,074	12,996
Doubtful Debts Provision		(2,818)	(2,322)
Wage Audit Fees		3,798	2,883
Debt Collection Fees		6,285	5,227
Bank Charges		3,546	4,029
Other Expenses		2,255	1,504
		173,440	166,016
Other Provisions	8		
Insurers' Guarantee Fund Provision		(19,457)	(20,098)
Insurers' Contribution Fund Provision		(12,200)	6,519
		(31,657)	(13,579)
Deficiency of Income Over Expenditure		(885,672)	(334,842)
Transferred to Accumulated Funds		(885,672)	(334,842)

The accompanying notes form part of these financial statements

WORKCOVER

Notes to and forming part of the Financial Statements – for the year ended 30 June 1998

Note 23 continued

BALANCE SHEET – as at 30 June 1998

	Note	1998 \$'000	1997 \$'000
Current Assets			
Cash		1,593	6,165
Receivables	9	227,081	270,123
Investments	10	1,053,604	1,073,605
Total Current Assets		1,282,278	1,349,893
Non-Current Assets			
Receivables	9	238,800	156,200
Investments	10	4,167,917	3,703,736
Total Non-Current Assets		4,406,717	3,859,936
Total Assets		5,688,995	5,209,829
Current Liabilities			
Creditors and Borrowings	12	158,549	184,173
Claims Provision	3&13	1,477,200	1,199,700
Unearned Premiums Provision	2	260,487	245,368
Other Provisions	8&14	45,400	10,000
Total Current Liabilities		1,941,636	1,639,241
Non-Current Liabilities			
Claims Provision	3&13	5,389,800	4,260,300
Other Provisions	8&14	32,100	99,157
Total Non-Current Liabilities		5,421,900	4,359,457
Total Liabilities		7,363,536	5,998,698
Net Assets		(1,674,541)	(788,869)
Equity Employed			
Accumulated Deficit	1(a)	(1,674,541)	(788,869)

The accompanying notes form part of these financial statements

WORKCOVER

workcover scheme statutory funds

Notes to and forming part of the Financial Statements -

STATEMENT OF CASH FLOWS - for the year ended 30 June 1998

	Note	1998 \$'000	1997 \$'000
		Inflows (Outflows)	Inflows (Outflows)
Cash Flows from Operating Activities			
Premiums Received		1,691,004	1,554,899
Statutory Levies Paid		(141,934)	(118,849)
Claims Paid		(1,467,737)	(1,367,805)
Recoveries Received		65,626	66,620
Interest Received		140,348	154,537
Dividends Received		73,134	70,949
Other Income		8,455	9,637
Insurers' Management Fees		(137,676)	(141,793)
Other Payments		(15,785)	(13,695)
Net Cash Provided by Operating Activities	17	215,435	214,500

Cash Flows from Investing Activities			
Payments for Investments		(6,844,158)	(7,148,503)
Proceeds from Investments		6,613,579	7,257,591
Net Cash (Used in)/Provided by Investing Activities		(230,579)	109,088
Net (Decrease)/Increase in Cash Held		(15,144)	323,588
Cash at the Beginning of the Financial Year		1,002,816	679,228
Cash at the End of the Financial Year	18	987,672	1,002,816

The accompanying notes form part of these financial statements

WORKCOVER

Notes to and forming part of the Financial Statements – for the year ended 30 June 1998

Note 23 continued

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.
- The WorkCover Scheme accumulated deficit has increased to \$1,675m as at 30 June 1998. To continue the reform process to address the scheme deficit, the Government commissioned an inquiry by Richard Grellman which resulted in a report released in September 1997 and the establishment of an Interim Advisory Council to consider the Grellman recommendations for reform. The Interim Advisory Council comprising the key stakeholders (ie employer and worker representatives) of the WorkCover Scheme was empowered by Government to achieve consensus on wide ranging reforms which address the scheme deficit and meet stakeholder objectives and expectations.

The Interim Advisory Council, after a comprehensive review, made recommendations on scheme reforms to the Government which culminated in a new Workplace Injury Management and Workers Compensation Act 1998 being passed by Parliament on 3 July 1998. The new 1998 Act contains two phases for reforms to address the scheme deficit:-

* The first phase comprises provisions commencing August and September 1998 to strengthen the injury management and return to work focus of the scheme.

* The second phase will be the introduction of private underwriting of workers' compensation insurance from 1 October 1999.

With the commencement of private

underwriting of workers' compensation insurance from 1 October 1999, 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 issued to 30 September 1999 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 new 1998 Act 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 from 1 October 1999.

The accounting policies adopted are consistent with those of the comparative reporting period. Income and expenditure have been brought to account on an accrual basis.

- (b) The financial statements are based on audited returns lodged by licensed insurers and aggregate the accounts of the statutory funds established and maintained by licensed insurers under Division 4 of Part 7 of the Workers' Compensation Act 1987. A list of insurers licensed to operate under the WorkCover Scheme Statutory Funds system during the year ended 30 June 1998 is given in Note 16.

The claims provision (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 claims provision

(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) AAS 28 Statement of Cash Flows was reissued in October 1997 with a revised definition of cash equivalents. For the purposes of the Statement of Cash Flows, cash is defined as cash on hand, bank overdrafts, money market deposits and bank and non-bank bills. Money market deposits and bank and non-bank bills were previously not included in the definition of cash. The effect of this change is to increase the net cash used in investing activities by \$9.5m and the cash at the end of the financial year by \$1,024m. Comparative figures have been adjusted to reflect the new definition of cash.
- (j) Comparative figures have not been provided on the financial instruments disclosure (Note 11) because AAS 33 'Presentation and Disclosure of Financial Instruments' has been applied for the first time.

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 make up the unearned premiums provision.

3. Claims Provision

This provision is the amount which WorkCover's consulting actuary has estimated as at 30 June 1998 as being 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.

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

WORKCOVER

Notes to and forming part of the Financial Statements – for the year ended 30 June 1998

Note 23 continued

(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.

The claims provision is based on actuarial central estimates and includes a \$120m provision for any additional claims handling expenses that may be incurred after the scheme moves into run-off and a \$47m provision for unexpired risks.

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	1998 Prior Years \$m	Total \$m	Current Year \$m	1997 Prior Years \$m	Total \$m
Direct Business						
Gross claims incurred and related expenses – undiscounted	2,570	201	2,771	2,254	(4)	2,250
Reinsurance & other recoveries – undiscounted	(101)	(88)	(189)	(78)	15	(63)
Net claims incurred – undiscounted	2,469	113	2,582	2,176	11	2,187
Discount and discount movement – gross claims incurred	(567)	671	104	(602)	799	197
Discount and discount movement – reinsurance & other recoveries	22	9	31	16	(32)	(16)
Net discount movement	(545)	680	135	(586)	767	181
Net claims incurred	1,924	793	2,717	1,590	778	2,368

Explanation of material variances

The net claims incurred from prior years is primarily a result of the discount movement, including the reduction in discount rate from 7.5% to 6%. A smaller amount was contributed by a continuing deterioration in claims experience.

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6. Investment Revenue

	1998	1997
	\$'000	\$'000
Dividends	74,979	70,866
Interest	140,509	152,537
Foreign Exchange Gain*	50,956	9,626
Unrealised (Loss)/Gain	(93,279)	264,984
Realised Gain on Sale of Investments	240,395	262,839
	413,560	760,852

* The above foreign exchange 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 \$27,500 (1997 : \$26,500) 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

This provision has been made to meet the cost of fully funding future claim payments from the Insurers' Contribution Fund. The Insurers' Contribution Fund compensates insurers for the inflationary effect of workers compensation benefit changes dating back to 1975.

Agreement has been reached with insurers that their liabilities are to be redeemed and so the fund is to be closed with effect from October 1998.

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

9. Receivables

	1998	1997
	\$'000	\$'000
(a) Current		
Premiums Receivable	148,347	151,299
Recoveries Receivable	51,200	41,800
Interest and Dividends Receivable	7,658	5,652
Trade Debtors	35,480	89,794
	242,685	288,545
Less : Provision for Doubtful Debts	15,604	18,422
	227,081	270,123
(b) Non-Current		
Recoveries Receivable	238,800	156,200

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.

WORKCOVER

Notes to and forming part of the Financial Statements – for the year ended 30 June 1998

Note 23 continued

10. Investments *continued*

	1998	1997
	\$'000	\$'000
(a) Current		
Money Market Deposits	152,781	225,365
Bank and Non-Bank Bills	871,159	808,085
Fixed Interest Securities	29,664	40,155
	<u>1,053,604</u>	<u>1,073,605</u>

	1998	1997
	\$'000	\$'000
(b) Non-Current		
Fixed Interest Securities	1,604,806	1,296,653
CPI Indexed Bonds	680,720	599,522
Convertible Notes	7,441	14,312
Australian Equities	1,135,325	1,070,136
International Trust	270,290	258,767
Australian Property Trusts	477,474	472,530
Exchange Traded Options	(1,294)	3
Exchange Traded Futures	2,292	1,350
	<u>4,177,054</u>	<u>3,713,273</u>
Less : Estimated Costs		
of Realisation	9,137	9,537
	<u>4,167,917</u>	<u>3,703,736</u>
Total Investments	<u>5,221,521</u>	<u>4,777,341</u>

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 installments. 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 monthly. Since all permitted derivatives are traded on an organised exchange, market values may be readily verified to publicly available data sources.	Investments have an average duration of 3.8 years.

WORKCOVER

workcover scheme statutory funds

11. Financial Instruments *continued*

Recognised Financial Instrument	Balance Sheet Notes	Accounting Policies	Terms and Conditions
Financial Liabilities			
Bank Overdraft	12	Bank overdrafts are carried at the principal amount.	These represent unpresented cheques. All bank accounts were in credit as at 30 June 1998.
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.

Interest rate risk

The exposure to interest rate risk and the effective interest rates of financial assets and liabilities are summarised in the following table :

	Note	1 9 9 8					Total \$'000
		Floating Interest Rate \$'000	1 Year or Less \$'000	1 to 5 Years \$'000	More Than 5 Years \$'000	Non- Interest Bearing \$'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 has been adopted in arriving at the range of effective interest rates stated. The scheme has interest rate exposures from the holding of financial assets and liabilities in the normal course of business.

Credit Risk

The credit risk on financial assets is the carrying amount, net of any provision for doubtful debts. 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'.

WORKCOVER

Notes to and forming part of the Financial Statements – for the year ended 30 June 1998

Note 23 continued

11. Financial Instruments *continued*

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 call or put options and sell call options 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 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 exchange traded options and exchange traded futures comprises :-

	1998	1997
	\$'000	\$'000
Exchange Traded Options		
Options Purchased	2	-
Options Sold	(1,296)	3
Net Position	(1,294)	3
Exchange Traded Futures		
Bill Futures		
Futures Bought	120	-
SPI Futures		
Futures Bought	2,283	2,976
Futures Sold	(212)	(1,619)
Bond Futures		
Futures Bought	175	(5)
Futures Sold	(74)	(2)
Net Position	2,292	1,350

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.

WORKCOVER

workcover scheme statutory funds

12. Creditors and Borrowings

	1998	1997
	\$'000	\$'000
Bank Overdraft	37,861	36,799
Management Fees Payable	64,724	55,747
Statutory Levies Payable	14,347	21,602
Other Creditors	41,617	70,025
	158,549	184,173

13. Claims Provision

	1998	1997
	\$'000	\$'000
(a) Expected Future		
Gross Claims		
Payments		
(Undiscounted)	8,906,800	7,603,800
Discount to		
Present Value	(2,039,800)	(2,143,800)
Liability for		
Outstanding		
Claims	6,867,000	5,460,000
Current	1,477,200	1,199,700
Non-Current	5,389,800	4,260,300
	6,867,000	5,460,000
(b) Expected Future Recoveries		
(Undiscounted)	381,000	257,700
Discount to		
Present Value	(91,000)	(59,700)
	290,000	198,000
(c) Net Outstanding Claims		
	6,577,000	5,262,000

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

	1998	1997
	% pa	% pa
For the first succeeding year		
Inflation rate	3.5	4.0
Discount rate	6.0	7.5
For subsequent years		
Inflation rate	3.5	4.0
Discount rate	6.0	7.5

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 4.0 years (1997 : 3.9 years).

14. Other Provisions

	1998	1997
	\$'000	\$'000
(a) Insurers' Guarantee		
Fund Provision	32,100	51,557
Insurers' Contribution		
Fund Provision	45,400	57,600
	77,500	109,157
(b) Current	45,400	10,000
Non-Current	32,100	99,157
	77,500	109,157

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).

WORKCOVER

Notes to and forming part of the Financial Statements – for the year ended 30 June 1998

Note 23 continued

16. Licensed Insurers

The insurers licensed to operate under the WorkCover Scheme Statutory Funds system during the year ended 30 June 1998 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 Winterthur Workers' Compensation (NSW) Pty. Limited
 Mercantile Mutual Insurance (N.S.W.) Workers' Compensation Limited
 MMI Workers' Compensation (NSW) Limited
 NZI Workers' Compensation (NSW) Limited
 QBE Workers' Compensation (NSW) Limited
 Royal & Sun Alliance Workers' Compensation (NSW) Limited
 Zurich Australian Workers' Compensation Limited

17. Reconciliation of Net Cash Provided by Operating Activities to Deficiency of Income Over Expenditure

	1998 \$'000	1997 \$'000
Deficiency of		
Income Over Expenditure	(885,672)	(334,842)
Decrease/(Increase) in		
Operating Assets		
Premiums Receivable	2,952	4,419
Recoveries Receivable	(92,000)	(11,900)
Interest and Dividends		
Receivable	(2,006)	2,084
Trade Debtors and		
Prepayments	121	(104)
(Decrease)/Increase in		
Operating Liabilities		
Provision for Doubtful Debts	(2,818)	(2,322)
Management Fees Payable	8,977	(754)
Statutory Levies Payable	(7,255)	2,434
Other Creditors and Accruals	746	608
Provision for		
Outstanding Claims	1,407,000	1,079,200
Unearned Premiums		
Provision	15,119	26,706
Other Provisions	(31,657)	(13,579)
Realised Gain on Sale		
of Investments	(250,363)	(262,149)
Unrealised Gain/(Loss)		
on Investments	52,291	(275,301)
Net Cash Inflow from		
Operating Activities	<u>215,435</u>	<u>214,500</u>

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 :

	1998	1997
	\$'000	\$'000
Cash at Bank	1,593	6,165
Money Market Deposits	152,781	225,365
Bank and Non-Bank Bills	871,159	808,085
Bank Overdraft	(37,861)	(36,799)
	<u>987,672</u>	<u>1,002,816</u>

19. Contingent Liabilities

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

20. Events Occurring After Balance Date

The new Workplace Injury Management and Workers Compensation Act 1998 was passed by Parliament on 3 July 1998 and provides for private underwriting of insurance policies from 1 October 1999 (refer to note 1(a) for more details). This new Act also 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. Any such rebate will be paid out of the WorkCover Scheme Statutory Funds.

End of Audited Financial Statements

WORKCOVER

Annexure A

WorkCover Authority of NSW

Comparative Income and Expenditure Statement – for the year ended 30 June 1998

	Major Funds						Minor*		Total**	
	WorkCover Authority Fund		Insurers' Contribution Fund		Insurers' Guarantee Fund		Funds			
	1998 \$'m	1997 \$'m	1998 \$'m	1997 \$'m	1998 \$'m	1997 \$'m	1998 \$'m	1997 \$'m	1998 \$'m	1997 \$'m
Income										
Contributions	113.00	99.70	(11.80)	6.70	(19.50)	(10.50)	10.30	1.10	94.20	96.10
Investment										
Income	5.90	11.0	3.00	6.80	3.00	2.90	1.10	1.40	13.00	22.20
Other	17.10	14.80	–	–	33.30	21.10	–	–	49.60	35.00
Total Income	136.00	125.50	(8.80)	13.50	16.80	13.50	11.40	2.50	156.80	153.30
Expenditure										
WorkCover										
Operations	86.50	85.20	0.50	0.50	2.30	2.50	0.30	0.20	88.70	87.60
Compensation										
Court	19.60	20.60	–	–	–	–	–	–	19.60	20.60
Cost of Claims	21.10	19.80	(9.30)	13.00	14.50	11.00	11.10	2.30	39.70	45.30
Other	4.20	4.00	–	–	–	–	–	–	4.20	3.90
Total Expenditure	131.40	129.60	(8.80)	13.50	16.80	13.50	11.40	2.50	152.20	157.40
Operating Surplus (deficit)	4.70	(4.10)	–	–	–	–	–	–	4.60	(4.10)

*Minor Funds comprise:

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

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

WORKCOVER

Annexure B

WorkCover Authority of NSW

Comparative Balance Sheet – as at 30 June 1998

	Major Funds						Minor*		Total**	
	WorkCover Authority Fund		Insurers' Contribution Fund		Insurers' Guarantee Fund		Funds			
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Assets										
Investments	111.30	97.10	41.60	51.70	70.80	46.10	14.90	14.10	238.60	209.00
Receivables	26.30	20.40	45.60	57.70	32.10	55.80	14.20	5.70	118.20	137.30
Other	26.60	22.60	1.60	0.20	0.30	2.20	0.60	1.10	29.00	26.10
Total Assets	164.20	140.10	88.80	109.60	103.20	104.10	29.70	20.90	385.80	372.40
Liabilities										
Outstanding claims	89.70	76.40	88.80	105.40	102.80	102.60	21.90	15.20	303.10	297.40
Other	21.90	22.60	–	4.20	0.40	1.50	7.80	5.70	30.10	33.90
Total Liabilities	111.60	99.00	88.80	109.60	103.20	104.10	29.70	20.90	333.20	331.30
Equity Employed	52.60	41.10	–	–	–	–	–	–	52.60	41.10

*Minor Funds comprise:

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

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

WORKCOVER

Annexure C

WorkCover Authority of NSW

Comparative Statement of Cash Flows - for the year ended 30 June 1998

	Major Funds						Minor*		Total**	
	WorkCover Authority Fund		Insurers' Contribution Fund		Insurers' Guarantee Fund		Funds			
	1998 \$'m	1997 \$'m	1998 \$'m	1997 \$'m	1998 \$'m	1997 \$'m	1998 \$'m	1997 \$'m	1998 \$'m	1997 \$'m
Operating Activities										
Inflows										
Contributions	105.20	92.40	0.10	0.10	-	10.00	4.00	2.80	109.30	105.40
Investment income	4.20	6.70	1.00	3.80	0.60	0.60	0.10	0.10	5.90	11.10
Other	24.50	17.20	-	-	36.00	24.20	0.20	-	59.90	40.70
(Outflows)										
WorkCover operations	(60.90)	(55.40)	(0.40)	(0.40)	(0.40)	(2.30)	(0.20)	(0.20)	(61.20)	(55.50)
Compensation court	(20.50)	(20.00)	-	-	-	-	-	-	(20.50)	(20.00)
Claims	(8.60)	(8.40)	(11.50)	(15.20)	(13.90)	(15.20)	(4.70)	(3.30)	(38.60)	(42.10)
Other	(26.40)	(25.40)	-	-	(2.00)	(0.10)	(0.10)	(0.10)	(28.50)	(27.70)
Net Cash	17.50	7.10	(10.80)	(11.70)	20.30	17.20	(0.70)	(0.70)	26.30	11.90
Investing Activities										
Net Cash	(18.50)	(5.20)	12.10	11.30	(22.30)	(15.70)	0.20	(0.80)	(28.50)	(10.40)
Net Increase (decrease) in Cash	(1.00)	1.90	1.30	(0.40)	(2.00)	1.50	(0.50)	(1.50)	(2.20)	1.50

*Minor Funds comprise:

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

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

WORKCOVER

Budget Statement

	Budget 1997/98 \$m	Actual 1997/98 \$m	Budget 1998/99 \$m
Income			
Contributions	124.9	94.2	116.1
Investment Income	13.9	13.0	10.3
Other	16.5	49.6	36.3
Total Income	155.3	156.8	162.7
Expenditure			
WorkCover Operations	97.5	88.8	97.2
Compensation Court	25.3	19.6	25.6
Net Claims Incurred	34.0	39.7	28.4
Workers Compensation Resolution Service	2.3	2.3	11.2
Other	4.3	1.8	10.6
Total Expenditure	163.4	152.2	173.0
Operating Surplus (Deficit)	(8.1)	4.6	(10.3)

1997/98

The operating surplus of \$4.6 m was \$12.7m higher than a budgeted deficit of \$8.1m.

Total Income marginally exceeded budget (\$1.5m).

An unbudgeted distribution of \$33m was received by the Insurers' Guarantee Fund from the liquidators of National Employers Mutual General Insurance Association Ltd (NEM) and this distribution consequentially reduced the amounts otherwise required from insurers as contributions.

Expenditure was \$11.2m (7%) lower than budget. Staff numbers were 6% lower following continuing control over recruitment, particularly during an organisational review. Superannuation costs were \$7m lower than budget, and the Compensation Court costs were \$5.7m (29%) lower due also to superannuation credits and following reorganisation. Claims costs, however, were \$5.7m (17%) higher, primarily as a result of higher than expected actuarial

estimates of outstanding claims liabilities for the Bush Fire Fighters Compensation Fund and the Insurers' Guarantee Fund.

1998/99

A deficit of \$10.3m is planned for 1998/99 due to the higher than necessary level of reserves held by WorkCover.

Total Expenditure is budgeted at \$173m. The newly established Workers Compensation Resolution Service is being expanded and funding of the Compensation Court and WorkCover is at the same level of budget for 1997/98. A provision of \$7m has been made by WorkCover to fund an OH&S awareness campaign. Claims costs are budgeted to reduce, principally in the Insurers' Guarantee Fund, the Uninsured Liability and Indemnity Scheme and the Bush Fire Fighters Compensation Fund.

WORKCOVER

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5	Identification of audited financial statements	complies
6	Detailed budget	complies
7	Place for inclusion of detailed budget	complies
8	Additional matters for inclusion in annual reports	
	(1) code of conduct - no changes made in the 1996-97 year	
	(2) number of copies printed and cost	136
9	Unaudited financial statements in annual report	not applicable
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