WorkCover
QUEENSLAND

ANNUAL REPORT 2011-2012

Welcome

Welcome to WorkCover Queensland's annual report for 2011–2012.

WorkCover is committed to open communication with our customers and stakeholders. This annual report summarises WorkCover's results, performance, outlook and financial position for 2011–2012.

Under the *Workers' Compensation and Rehabilitation Act 2003*, WorkCover is required to produce an annual report. This report has been prepared to meet the needs of stakeholders and the accountability requirements under the *Financial Accountability Act 2009*.

WorkCover is committed to providing accessible services to Queenslanders from all cultural and linguistic backgrounds. If you have difficulty understanding this report, you can contact us on 1300 362 128 and we will arrange an interpreter to communicate the report to you.

To view previous reports please visit our website workcoverqld.com.au.

We welcome your feedback to help us improve future annual reports. To provide feedback, please visit www.surveymonkey.com/s/QQH3GR9 and complete the survey.

If you wish to speak to us about this report, please contact:
Communications
WorkCover Queensland
GPO Box 2459, Brisbane QLD 4001
Tel: 1300 362 128
Fax: 1300 651 387
workcoverqld.com.au
Email: info@workcoverqld.com.au

ISSN 1329–6539

Letter of compliance

31 August 2012

The Honourable Jarrod Bleijie MP
Attorney-General and Minister for Justice
State Law Building
50 Ann Street
Brisbane QLD 4000

Dear Attorney-General

I am pleased to present the 2011–2012 WorkCover Queensland annual report.

I acknowledge the hard work and dedication of our people, each of whom has helped us care about our customers and provide appropriate workers' compensation cover.

WorkCover Queensland's Board of Directors demonstrated excellent stewardship in moving WorkCover towards a solid financial position at 30 June 2012. I acknowledge the contributions of the previous Chair, Mr Ian Brusasco AO, and previous Directors Mr Terry White, Ms Christine Lohman, Mr Bill Ludwig, Mr Ron Monaghan, Ms Helen Skippen and Ms Melinda Bailey, towards achieving this pleasing result. I am confident WorkCover's current Board will show the same dedication in guiding WorkCover towards its vision.

I certify that this annual report complies with:

- the requirements under the *Workers' Compensation and Rehabilitation Act 2003*
- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial Performance Management Standard 2009*, and
- the detailed requirements set out in the *Annual Report Requirements for Queensland Government Agencies 2012*.

A checklist outlining the annual reporting requirements can be found on page 89.

Yours sincerely

Glenn Ferguson
Chair

Table of contents

About WorkCover

In 2011–2012 WorkCover:

- insured more than 150 000 employers
- managed over 93 000 new statutory claims
- managed over 3 700 new common law claims
- employed 810 full time equivalent people.

Our business

WorkCover Queensland (WorkCover) is a government owned statutory body, operating as an independent, self-funded, non-profit and commercial enterprise. Since forming in 1997, we have been the main provider of workers' compensation insurance in Queensland.

Income is derived from premiums paid by employers and returns on invested funds. As a non-profit organisation, we return excess funds to employers and workers through premium rate reductions, improved benefits and better services. Despite being mandatory for every Queensland employer, unless they hold a self-insurance licence, we strive to be the insurer of choice in Queensland.

We are a customer focused insurer and aim for insurance excellence. Our strategy is simple: build lasting, valued relationships with our customers and stakeholders. This means understanding and meeting customers' needs and evolving our business processes to suit these needs.

You can find out more about us at our website, workcoverqld.com.au, or call us on 1300 362 128. Our corporate office is located at 280 Adelaide Street, Brisbane.

Our services

A WorkCover accident insurance policy covers employers for the cost of work-related injuries and provides injured workers with weekly compensation, medical and other rehabilitation benefits after a workplace accident. By working with all parties including the worker, their employer and medical and allied health providers, we help the worker achieve a positive stay at, or prompt return to work.

Our customer relationship model brings all areas of claims management together and aligns service delivery by industry.

WorkCover also offers household worker insurance, covering an injured household worker (such as a gardener); workplace personal injury insurance, providing protection for individuals who, other than workers, receive remuneration or other benefits for performing work or providing services (such as a director of a corporation); and other contracts of insurance.

Our industry

The *Workers' Compensation and Rehabilitation Act 2003* states every Queensland employer must have a workers' compensation policy with WorkCover Queensland, unless licensed as a self-insurer. We manage 90% of all workers' compensation claims, with self-insurers accounting for the remaining 10%. Queensland's workers' compensation scheme has two components: 'no-fault' statutory claims, where workers have the right to apply for compensation no matter who, or what, caused their workplace injury; and common law claims where injured workers may sue their employer for negligence.

Unlike other workers' compensation authorities in Australia, WorkCover is not responsible for regulating workplace health and safety. In Queensland, this regulatory activity aimed at preventing workplace accidents is the responsibility of Workplace Health and Safety Queensland (WHSQ), within the Department of Justice and Attorney-General. WorkCover works with WHSQ to encourage employers to provide safe work environments for their employees, ultimately reducing their claim frequency and insurance premium. In 2011–2012, WorkCover began work with a new Government, Premier, and Attorney-General and Minister for Justice, the Honourable Jarrod Bleijie MP.

The Queensland workers' compensation scheme is independently regulated by Q-COMP.

Our 2012–2013 vision, values and goals

Our vision

To excel in workers' compensation insurance to provide the best possible benefits and rehabilitation programs for workers at the lowest possible premium for employers.

Our values

Excellence	We seek to excel and pursue continual improvement.
Integrity	We aim to always do the right thing.
Responsiveness	We respond in a timely and welcoming way and deliver solutions.
Respect	We are considerate of the rights and dignity of others.

Goals

WorkCover's goals are to be:

- financially viable, well managed and efficient, balancing injured worker and employer needs
- a customer focused insurer
- an organisation of professional, engaged people.

Statement of Corporate Intent 2011–2012

Introduction

This Statement of Corporate Intent has been prepared under the direction of, and is submitted by, the Board of Directors of WorkCover Queensland, in accordance with the *Workers' Compensation and Rehabilitation Act 2003* (the Act).

This Statement of Corporate Intent should be read with the 2011–2015 WorkCover Queensland Corporate plan.

Goals

WorkCover's goals are to be:

- financially viable, balancing injured worker and employer needs
- a customer focused insurer
- an organisation of professional, engaged people.

Main undertakings

WorkCover is a government owned statutory body and is the main provider of workers' compensation insurance in Queensland. A WorkCover accident insurance policy covers injured workers for their lost wages and medical and rehabilitation costs after a workplace accident, and covers employers against these costs and possible common law claims.

The main provisions of the Act provide the following for workers and employers:

- compensation
- access to damages
- employers' liability for compensation
- employers' obligation to be covered against liability for compensation and damages under a WorkCover accident insurance policy
- management of compensation claims by WorkCover
- injury management, emphasising rehabilitation of workers particularly for return to work.

It is intended that WorkCover will:

- maintain a balance between:
  - providing fair and appropriate benefits for injured workers, and
  - ensuring reasonable premium levels for employers.
- ensure that injured workers or dependants are treated fairly
- provide for employers and injured workers to participate in effective return to work programs
- provide flexible insurance arrangements suited to the particular needs of industry.

Nature and scope of activities during 2011–2012

Goal	Strategies
Financial	Seek appropriate legislative change as necessary.
	Appropriately price premium.
	Contain the average cost of common law claims through targeted litigation strategies.
	Continue to monitor and identify the drivers of common law claims and implement strategies to manage controllable drivers.
	Continue to monitor medical expenditure and implement strategies to address these expenses.
	Reduce energy consumption in line with Strategic Energy Efficiency Policy for Queensland Government Buildings.
Customer/ Stakeholder	Initiate regular combined stakeholder forums to share information about our business and seek feedback on our services.
	Implement appropriate strategies to further improve our rehabilitation and return to work outcomes.
	Review our customer relationship model to deliver a complete service.
	Enhance key message communication with customers and stakeholders.
	Work with industry groups and government employers to improve claims experience.
	Reduce common law claim durations (excluding litigated claims).
	Target industry to reduce claim frequency.
People	Improve workplace health and safety and early return to work at WorkCover.
	Put into practice strategies that will lift overall employee engagement, in addition to targeted actions for critical issues.
	Continue training and developing our people so they excel at their job.
	Complete the Enterprise Bargaining Agreement for 2011–2014.

Financial and non-financial performance targets

Performance indicators are focused at the corporate level. As part of WorkCover's performance management system, managers and their people have indicators specifically directed to their business units. Actual performance against targets can be found in the Highlights section of this report.

Indicator	2011–2012 target
Financial	
funding ratio	110%
average premium rate	$1.42
average cost of a statutory claim	$5 800
average duration of a statutory claim	32.5 days
average cost of a common law claim	$161 500
average duration of a common law claim	45 weeks
energy consumption	3% reduction
Customer/stakeholder	
employer engagement	4.0 out of 5.0
injured worker engagement	4.0 out of 5.0
return to work	90%
statutory claim frequency (number of claims per $M in wages)	0.95
People	
employee engagement	3.8 out of 5.0
controllable employee injuries	3.5% of headcount

Capital structure and payments to the consolidated fund

In accordance with the Act, WorkCover is taken to be fully funded if it is able to meet its liabilities for compensation and damages payable from its funds and accounts, and maintain capital adequacy as required under the *Workers' Compensation and Rehabilitation Regulation 2003* (the Regulation). The Regulation states that in order to maintain capital adequacy, WorkCover's total assets must at least be equal to total liabilities (this correlates to a funding ratio of 100%).

The Act allows for payments to be made to the consolidated fund. The WorkCover Board will make a recommendation to the Minister with respect to such a payment (if any) following certification of the 2011–2012 financial statements.

WorkCover makes monthly payments to Workplace Health and Safety Queensland to assist in the prevention of injury to workers. WorkCover also pays an annual levy to Q-COMP to act as regulator of the scheme and ensure the Act is adhered to.

Borrowings made, proposed to be made

WorkCover currently has no borrowings and there are none planned for the immediate future. Investment funds are used to manage all cash flow requirements. WorkCover's borrowing policy is outlined below.

Policies adopted to minimise and manage risk of investments and borrowings that may adversely affect financial stability

Investment risk

WorkCover currently invests all excess funds with QIC. WorkCover maintains a balanced investment profile with a long-term outlook commensurate with being a long-term insurance operation. Derivative instruments are used as part of the investment strategy to hedge foreign exchange risks and rebalance asset classes.

An Investment Management Agreement governs the arrangement. In addition, the WorkCover Board monitors investment on a monthly basis and receives at least quarterly presentations from QIC. The Board reviews the investment strategy annually.

Business risk

WorkCover has a risk management program in place. Risk registers are maintained and monitored by each business division. Strategies to manage risk are incorporated into each division's business planning process. The WorkCover Board is responsible for overseeing the risk management program, including reviewing and monitoring WorkCover's top strategic risks.

Borrowing risk

The Act provides the framework for WorkCover's procedures for borrowing. WorkCover may enter into such arrangements to procure equipment up to an amount and on such terms as it considers appropriate. All financing arrangements will be made in conjunction with Queensland Treasury Corporation in order to establish that applicable rates are competitive and conditions are appropriate. Board approval is required for all financing arrangements over pre-defined expenditure limits. All limits are as stated in the WorkCover delegations.

Policies and procedures relating to acquisition and disposal of major assets

- In acquiring or disposing of major assets, WorkCover complies with the *Financial and Performance Management Standard 2009* and Queensland Treasury guideline—Non-Current Asset Policies for the Queensland Public Sector.
- Major assets may be acquired via purchase, finance lease agreement, donations or transfer from other government entities. A business case must be submitted to the CEO and/or General Manager Finance seeking approval. The CEO will present any major initiatives to the Board for approval. Approval limits are as stated in the WorkCover delegations.
- In disposing of major assets, approval must be sought from the appropriate delegated authority. Approval limits are as stated in the WorkCover delegations.

Accounting policies applying to preparation of accounts

WorkCover's accounting policies are outlined each year in the annual report and are reviewed as part of the financial statements audit process. Further information on accounting policies is provided in WorkCover's Financial Management Practices Manual.

Community service obligations

It is not envisaged that the government will require WorkCover to perform any specific community service obligations.

Employment and industrial relations plan

WorkCover has implemented an employment and industrial relations plan based on human resources management practices that are able to respond to the needs of a dynamic environment. Human resource management issues such as the retention of key people, the development and reinforcement of a performance culture, the alignment of training and development activities with business goals and customer service are critical to the on-going success of the organisation and have been addressed in the plan.

Information to be reported to the Minister

Quarterly reporting

A quarterly report will be provided to the Minister within one month of the end of the relevant quarter as required by the Act. The report will contain information regarding WorkCover's performance against the Statement of corporate intent.

Annual reporting

A full annual report will be provided to the Minister in accordance with the Act and in compliance with the *Financial and Performance Management Standard 2009*, which requires WorkCover to give the annual report to the Minister to allow the report to be tabled in the Legislative Assembly within three months after the conclusion of each financial year.

Highlights

Acknowledging 15 years of operation

Over the last 15 years, we have demonstrated our commitment to being a customer focused insurer, balancing the needs of workers and employers. Our journey has been marked by having one of the lowest average workers' compensation rates in Australia, while still providing excellent benefits for workers, achieving high return to work rates and consistently good customer satisfaction ratings. Our business environment is always changing—legislative, political, technical and social changes impact our business every day. We will continue to look at the way we work, the way employers work, the way workers live and improve the way we deliver excellent services.

The health benefits of work

WorkCover Queensland supports the Australasian Faculty of Occupational Environmental Medicine of the Royal Australasian College of Physicians position statement, '*Realising the health benefits of work*'. This year, we have focused on promoting the health benefits of work, encouraging stay at work, or for those who need to take a break from work, returning to work as soon as possible. As a result, we have seen positive return to work outcomes increase to 97.6% from 93.6% last year.

Customer and stakeholder relationships

As part of our commitment to communicating with our customers and stakeholders, we have continued to deliver actuarial briefings in conjunction with Q-COMP, and have hosted forums for customers and stakeholders on injury management, return to work and injury prevention. We will continue to offer and expand this service in 2012–2013. We have further strengthened our relationship with WHSQ and Q-COMP, promoting interagency initiatives.

New customer service model

From 1 July 2011, we rolled out our new customer service model that focuses on end-to-end claims management and industry alignment. All of our claims management for a particular industry is now handled by one region, from the initial determination of a claim, through case management, return to work and common law. This new structure has improved return to work outcomes, and provides our people with a better understanding of employer and worker needs within an industry.

Performance overview

The scorecard below provides an overview of our performance, including targets from our Statement of corporate intent.

Aims	What did we achieve?
Funding ratio of 110%	Funding ratio of 119%
Appropriately price premium at average premium rate of $1.42	Determined industry rates based on industry claims experience, actuarially costed to maintain financial viability The average premium rate in 2011-2012 was $1.42
Manage the average cost of statutory and common law claims: Statutory claim target: $5 800 Common law target: $161 500	 Statutory claim actual: $6 362 (2010-11: $5 574) Common law actual: $150 403 (2010-11: $160 109)
Monitor medical expenditure	Development of surgery guidelines Contracts established with private hospitals
Reduce energy consumption in line with Strategic Energy Efficiency Policy: 20% by 2014–2015	Reduced electricity consumption so far by 16% from 2005-2006 levels
Initiate regular stakeholder forums to share information and seek feedback	Stakeholder actuarial briefings held every six months Stakeholder forums on injury management, return to work, claim prevention and premium initiatives held every six months
Work with industry groups	Industry plans developed in conjunction with employer associations and unions Held regular industry forums on industry specific issues
Implement enhanced return to work strategies achieving a 90% return to work outcome	97.6% of workers with time lost claims returned to work
Review customer relationship model to deliver a complete service offering	Implemented end-to-end and industry aligned customer service model
Work with government employers to improve claims experience	Participated in Regional Government Area Network Meetings, focused on targeted delivery of key messages relevant to industry trends Presented at various safety workshops across government departments
Reduce statutory and common law average claim durations: Statutory claim target: 32.5 days Common law target: 45 weeks	 Statutory claim actual: 28 days (2010-11: 26.5 days) Common law actual: 54 weeks—higher litigation rate has prevented decrease (2010-11: 49.9 weeks)
Target industry reductions in claims frequency	Held industry forums focused on injury prevention and claim management Partnered with WHSQ on industry specific initiatives to improve workplace safety
Be a customer focused insurer with high levels of customer engagement: Worker engagement 4.0 out of 5.0 Employer engagement 4.0 out of 5.0	 4.2 out of 5.0 (2010-11: 4.2) 3.6 out of 5.0 (2010-11: 3.7)
Employee engagement 4.0 out of 5.0	3.7 out of 5.0 (2009-10: 3.7) Provide quarterly updates for staff Moved 200 staff from central business district to customer service centres Updated role specific training in Customer Services
Improve our workplace health and safety performance by reducing workplace injuries and durations	Held quarterly Injury Prevention and Management Committee meetings to consider our own claims experience Delivered monthly online 'toolbox talks' to staff on topics such as manual handling and repetitive injuries Implemented Health and Safety Representatives to facilitate opportunities for our people to participate in decisions regarding their health and safety at work
Continue training and developing our people so they excel at their job	Promoted range of online training courses for Customer Advisors to assist with professional development Continued to offer Insight Management program and access to Certified Personal Injury Professionals program Provided access to external workshops focused on time management, mentoring and communication
Complete the Enterprise Bargaining Agreement for 2011-2014	The *WorkCover Employing Office Certified Agreement 2011* was certified on 18 January 2012

Chair and CEO report

We are pleased to present the WorkCover Queensland annual report for 2011–2012. This year has seen many changes as we continued to improve our service delivery to address the needs of our customers and stakeholders. Focusing on our relationships and methods of communication, we have implemented new strategies to help employers improve injury management and achieve positive stay at work and return to work.

New customer service model

From 1 July 2011, we started the first stage of a move to a new end-to-end customer service model in which all of our claims management for a particular industry will be handled by the one customer service centre, from the initial determination of a claim, through case management, return to work and common law. After undertaking a period of transition for our customers, all of our employers and their claims are now aligned by industry and we have the foundation for closer working relationships with employers and industry. Our industry alignment has enabled us to better understand our employers' businesses and workers' roles within their particular industry. With this holistic approach, we are seeing the initial outcomes of improved return to work rates and positive feedback from employers.

Customer and stakeholder liaison

We continue to deliver well received, six-monthly stakeholder actuarial briefings in conjunction with Q-COMP, and have begun hosting forums for customers and stakeholders on our strategies for injury management, return to work and claim prevention. We will continue to build on the strategies implemented in 2011–2012 to provide better services for our customers and stakeholders. We have further strengthened our relationship with WHSQ and Q-COMP to promote interagency initiatives that will reduce workplace injuries and improve injured worker return to work outcomes, and look forward to continuing this work in the coming year.

Realising the health benefits of work

WorkCover has embraced the Royal Australasian College of Physicians Faculty of Occupational & Environmental Medicine's position statement, '*Realising the health benefits of work*'. This evidence based statement reports that work plays an important role in any rehabilitation process because 'doing' promotes recovery and as such, we have actively been promoting stay at work, or for those who need to take a break from work, return to work as soon as they are certified functionally capable. Our return to work outcomes have increased again this year, reaching 97.6% for the year compared to 93.6% for 2010–2011 and we will continue to promote the health benefits of work.

Workers' compensation scheme review

In June, the Attorney-General and Minister for Justice, the Honourable Jarrod Bleijie MP, announced the government is bringing forward the legislated review of the workers' compensation scheme. The Finance and Administration Committee will review the scheme and report back to parliament by 28 February 2013. As we have done in previous reviews, we will participate fully and in an open and transparent way.

Change in government and Board of Directors

The 2011-2012 year has seen WorkCover work with a new Government, Premier and Attorney-General and Minister for Justice. We have focused our efforts to support the government's plans to grow a four pillar economy by improving our front line services and cutting waste and improving efficiencies. Our industry aligned service delivery model also addresses the government's renewed focus on developing Queensland's strengths of tourism, agriculture, resources and construction. We acknowledge the contributions of the previous Chair, Mr Ian Brusasco, and previous Directors, and are confident WorkCover's current Board will show the same dedication in guiding WorkCover towards its vision.

Financial performance

WorkCover has continued to be fully funded. WorkCover Queensland's operating result for 2011–2012 was $199.637 million, after tax. Our operating result this year was most positively impacted by higher than expected wages growth and decrease in the outstanding claims liability. Common law claims expense this year was lower than expected due to lower registrations and lower average settlements. Statutory claims expenses partially offset this by being above expected levels due to return to work focus and higher than expected medical costs. We remain committed to maintaining a financially viable and stable fund and we will continue to develop, grow and engage all our people to ensure we deliver the best workers' compensation system to Queensland employers and workers.

Investment return

In 2011–2012, the net return on our investment portfolio was 3.4% (2010–2011: 12.8%) as a result of a sound investment strategy but within a volatile global economy. Our investment strategy targets an estimated long-term return of 7.5% net of fees, by holding investments in a balanced portfolio. We will continue to work with our investment fund manager to effectively manage our investment risk to ensure our portfolio achieves its long term objectives.

Acknowledging 15 years of WorkCover Queensland

This year, WorkCover achieved the milestone 15 years of operation, moving from an under performing insurer in the mid-1990s, to one of Australia's leading workers' compensation insurers today. We have worked hard to become a leader in the workers' compensation industry, and we would like to thank our Board members, executive management team and all of our people for their dedication and hard work. Because of their commitment and dedication, WorkCover can look positively to the future. We would also like to thank the Honourable Jarrod Bleijie MP, Attorney-General and Minister for Justice, and the Queensland Government for their ongoing support. We look forward to continuing the trend of delivering the best possible benefits to workers at the lowest possible cost to employers.

Glenn Ferguson
Chair

Tony Hawkins
CEO

Board of Directors

Glenn Ferguson
Chair

Glenn is a Director of Ferguson Cannon, Lexon Insurance and the Queensland Law Foundation.

Justin O'Connor *BArts*
Deputy Chair

Justin is Chief Executive of the Queensland Hotels Association Union of Employers and is a Director at Intrust Super Fund and IS Financial Planning Pty Ltd. Justin is a member of the Queensland Responsible Gambling Advisory Committee and delegate to the National Executive of the Australian Hotels Association.

Melinda Bailey *BComm (Hons), FCPA, FAICD*

Melinda is the Chief Financial Officer of the southern-south east Queensland water authority, Allconnex Water/Gold Coast City Council. Melinda is a Fellow CPA and is a Fellow of the Australian Institute of Company Directors.

John Crittall *BEcon (Hons) M Admin (IR)*

John is a Director at Master Builders, a role he has held for over nine years and is responsible for the key areas of industrial relations, workplace health and safety, legal and contractual services and training. John is a Director of the Workplace Health and Safety Queensland Board and a Director of QLeave.

Barry Leahy *BEcon*

Barry is the Associate Director-General, Office of Fair and Safe Work Queensland, Department of Justice and Attorney-General. Barry has worked in the public service for over 30 years in a number of senior positions in industrial relations and occupational health and safety, including the Chief Executive Officer of Comcare from 2001–2004.

Ian Leavers

Ian is General President and CEO of the Queensland Police Union of Employees and has held this position since 2009. He has been involved with the Queensland Police Union and as a Union official since 1997.

Ian Winterburn *Dip. Acc., B Econ., MB Econ. (Hons)*

Ian is the Deputy Chairman of the National Retailers Association and has been a Board member for the past six years. He is also the Chief Financial Officer and Company Secretary for the Wallace Bishop Jewellery Group.

Executive team

Tony Hawkins *BCom, Dip Fin Mgt, FCPA*
Chief Executive Officer

Tony has led WorkCover as Chief Executive Officer since 1998. He is a director of Workplace Health and Safety Queensland. Prior to this, Tony had 13 years insurance experience with the AXA Group and 14 years mining experience with CSR. As Chief Executive Officer, Tony continues to guide WorkCover with a clear focus on continuing excellence.

Trevor Barrenger *BA*
General Manager Business Solutions

Trevor has had extensive experience in the delivery of business solutions and technology systems in a number of global consulting organisations. He has had the opportunity to work on large projects across Europe, America and Australia, and his experience supports his ability to deliver technology solutions to meet WorkCover's business needs and customer service outcomes.

David Heley *BAdmin, FCPA, DFP, FPA (Aff), Grad Dip CSP*
General Manager Finance

David has more than 20 years experience in the finance and insurance sector. As Chief Financial Officer, David ensures WorkCover maintains a strong financial position. His division provides financial strategy, reporting and analysis, taxation, treasury, compliance, audit functions that support our business. David is also the Company Secretary.

Sharon Stratford *B Phty, Grad Dip Bus Sys, Grad Cert Mgt*
General Manager Customer Services

Sharon has over ten years senior management experience with WorkCover and has worked in the workers' compensation industry for over 20 years. Her background and experience support her ability to achieve quality outcomes for injured workers, at the lowest cost for employers. She places a priority on engaging with stakeholders and delivering customer focused services.

Irene Violet *BHSc (Rehab Couns), BA (Psych), MBA*
General Manager Corporate Services

Irene has worked in the personal injury sector for over 17 years and in the last three years as a General Manager with WorkCover. She has driven continual improvements in WorkCover's high volume processing centres to deliver a more responsive service to customers. She is also responsible for the customer compliance, communication, property and facilities management and human resources teams.

Customer and stakeholder engagement

Aim

We strive to be a customer focused insurer, actively engaging with our customers and stakeholders. We encourage employers to focus on injury prevention and, in the event of an injury, a stay at or return to work outcome for workers. To achieve the best possible results for our customers, we constantly review and refine our processes and service delivery.

Our relationships

Our customers are the employers we insure and the workers we help to recover from work-related injuries. In our efforts to achieve quality results for our customers, we also work closely with our stakeholders including medical and allied health providers, industry and union associations, lawyers, as well as the wider Queensland community and our interstate counterparts.

Customer service commitment

In November 2011, we revised our customer service commitment. Our values of excellence, integrity, responsiveness and respect are expected to be incorporated into everything we do:

Service

WorkCover's aim is to deliver excellent customer service and to make doing business with us easy. We will always strive to meet your expectations by:

- personally answering calls during business hours
- listening first, then responding in a timely way
- communicating openly and in plain language
- providing contact details of a person to assist
- being fair and impartial in all our interactions.

Engagement

WorkCover cares about our customers and stakeholders and wants to engage with you in a positive way for our mutual benefit through:

- understanding individual requirements
- asking how we can improve
- providing regular updates
- proactively building relationships
- offering value added services.

Information and feedback

WorkCover values the information and feedback you give us. We take all reasonable precautions to protect the information you give us and your privacy by:

- storing your personal information securely
- allowing access to information quickly and easily.

We welcome feedback which can help us to improve the service we provide.

Recovery from injury

WorkCover is here to support the often difficult and emotional experience of a work-related injury. We are committed to assisting recovery at work and liaising with all parties involved to achieve the best possible outcome by:

- communicating regularly with everyone involved
- undertaking necessary rehabilitation required
- facilitating early, safe and appropriate return to work
- providing support to reduce the impact of the injury
- assisting to reduce the disruption any injury can cause.

Stakeholder liaison

This year WorkCover Queensland continued to deliver six-monthly stakeholder actuarial briefings in conjunction with Q-COMP. The briefings are well received and provide stakeholders with up-to-date information on the scheme's financial and claims performance. Attendees included unions, industry group representatives, members of the legal fraternity and government parties.

We also delivered six-monthly stakeholder forums to share and seek feedback on WorkCover's strategies, with topics including approaches to management of psychological injuries, workplace conflict, return to work, claim prevention, premium initiatives and customer communication. In addition, we held specific stakeholder forums such as:

- allied health associations to discuss specific issues and strategies including reporting, payment methods and vocational rehabilitation
- barristers as well as plaintiff and panel lawyers to discuss WorkCover's common law claims management and litigation strategies
- medical advisory panel to discuss best practice medical management of claims.

On a regular basis, we assist organisations with their injury training needs. For example, during the year we helped the Queensland Council of Unions (QCU) with training their workplace health and safety/rehabilitation union officials on the determination of asbestos related conditions. Feedback from the QCU was that the session was well received.

In 2011, Deakin Prime held a series of Summit Conferences in each of the states and territories across Australia. The Summit Conferences brought together a range of industry stakeholders to gather feedback about their respective schemes. Deakin Prime particularly praised Queensland for its efforts. They noted that WorkCover's stakeholders were significantly more positive than those of any other state. This was with respect to the perception of WorkCover being accessible for public input, interested in the opinions and options presented by stakeholders and responsive to public input.

"WorkCover seem to be consulting with us more regularly and taking our opinion more. They are coming to us and discussing industry issues and getting our response to proposed resolutions" – ***Employer Association, 2012***

Customer and stakeholder engagement surveys

WorkCover measures customer engagement, rather than just satisfaction levels, to ensure we are strengthening relationships with our customers and stakeholders. In May 2012, an independent market research company conducted surveys on our behalf.

Overall, positive results were obtained from the workers and stakeholder associations surveyed. Employer engagement did not improve this year and was impacted by increasing common law claim costs and premiums. The implementation of our new customer service model impacted on the results. It was noted by employers that this provides a positive platform for increasing engagement levels with employers in the future.

> *"I think the Industry Alignment is a good idea and hopefully employers and workers will start to see the benefit of this in the near future"* – ***Employer, 2012***

National involvement

We recognise the importance of liaising with our interstate counterparts to further improve outcomes for our customers and the Queensland scheme. This year, interaction with other workers' compensation jurisdictions included:

- contributing, along with WHSQ and Q-COMP, to the Temporary Advisory Groups progressing Safework Australia's National Workers' Compensation Action Plan 2010–2013
- participating, as Queensland's representative, on the Heads of Workers' Compensation Authorities
- being a member of the Personal Injury Education Foundation (PIEF) including representation on the Board and its strategy subcommittee, as well as the events subcommittee to assist with the national PIEF conference held in Brisbane in August 2012
- communicating and consulting with other workers' compensation authorities and insurers to further improve services and outcomes for our customers.

From 1 January 2012, harmonised workplace health and safety laws were introduced throughout Australia. WorkCover, together with WHSQ, kept employers and businesses up to date on all legislative changes through regular news items and social media communications.

New customer service model

WorkCover is committed to working with employers in all industries to improve injury outcomes for employers and their workers. During 2010–2011, we developed a new customer service model that focused on end-to-end claims management and industry alignment. From 1 July 2011, we started implementing the new model, whereby all of our claims management would be handled by the one region for a particular industry, from the initial determination of a claim, through case management/ return to work and common law. All of our customers are now aligned by industry to one of our North, South, East and West Customer Service Centres (*refer Figure 1: Customer service model*).

Industry strategies have been developed in conjunction with industry associations and unions, and we have begun implementing these plans.

Customer Service Centres

North	South	East	West
Transport	Manufacturing	Agriculture	Building/Construction
Health	Accommodation	Electricity	Labour Hire
Timber	Rental Services	Financial Services	Education
Arts/Recreation	Amusement Parks	Telecommunications	Admin Services
Other Services		Mining	
		Public Admin/Safety	
		Retail/Wholesale	

Figure 1: Customer service model

Industry initiatives

Tourism and accommodation

- The first industry forum for the Accommodation and Food Services industry was held in June 2012, hosted by Mantra Hospitality Admin Pty Ltd at Surfers Paradise on the Gold Coast. At the forum, the Group OHS Manager spoke about the positive changes the hotel group has seen as a result of taking quality and achievable steps relating to safety and injury management. The Chair of the Australasian Faculty of Occupational and Environment Medicine also presented information on the health benefits of work.
- WorkCover is a regular contributor to the Accommodation Association of Australia's newsletter. We have been invited to present in the coming year at their member meetings and we are working with the Queensland Hotels Association to educate their employers.

Agriculture

- Agriculture, Forestry and Fishing comprises 2.2% of WorkCover claims, however 3.9% of costs of claims. A focus for this industry has been on developing relationships with industry associations and working with WHSQ to identify higher risk sub-classifications, to educate farmers about prevention and return to work.
- As the beef cattle industry has a high number of employers and injuries, WorkCover attended Beef Week 2012 in Rockhampton with WHSQ and Department of Primary Industries. This event gave us valuable exposure to the industry and allowed us to present information on topical issues such as quad bike injuries, the health benefits of work and how employers can assist in the rehabilitative process.

Mining and resources

- Our mining industry team in our East Customer Service Centre conducted various visits to worksites to gain further understanding of the environment and key issues within the industry from an injury management perspective. We attended the annual Queensland Safety in Mining conference and fostered relationships with industry and union associations, and have focused on strengthening relationships with key employers in the industry by providing educational updates on the claims process, injury prevention and common law.

- Developing strategies to overcome barriers in return to work due to geographical constraints and fly in, fly out arrangements, is one of our key focus areas. We have been working with our employers to assist them in reducing their claims costs by getting their injured workers back to work early in meaningful roles, and keep them at work wherever possible following an injury.

Construction

- In 2011, an Industry Reference Group was established by the Department of Justice to investigate the incidence and impact of sham contracting arrangements in Queensland's building and construction industry, and make recommendations to the Minister for Education and Industrial Relations at the time. As a result of this investigation, WorkCover established the Contract Arrangements Team (CAT) in early 2012, to conduct random visits to workplaces and respond to tip-offs and referrals. The CAT has been working very closely with the construction teams at the West Customer Service Centre, providing advice and education to employers within the construction industry, especially in relation to who is a 'worker' and assisting employers with meeting their obligations under the Act.
- To assist and encourage a timely return to work, WorkCover is currently working in consultation with the Construction, Forestry, Mining and Energy Union, Master Builders Association of Queensland and four major Queensland principal contractors on a pilot 'Blueprint for return to work'. The pilot will facilitate the development of a suitable duties register for all positions within the construction industry. As part of the pilot, principal contractors will have access to a collection of possible suitable duties developed in consultation with occupational physicians, unions and employer associations. The aim of this partnership is to achieve timely and sustainable return to work outcomes for the worker.
- WorkCover this year has participated in a number of construction industry events such as the Queensland Tradies Expo in May 2012. At this two-day expo, WorkCover representatives provided advice and information to workers and employers in the construction industry.
- In March 2012, we held a forum for a group of medium to large Queensland employers, industry representatives and employer association groups from the construction industry. Topics of discussion focused on 'who is a worker', strategies to improve injury management outcomes with a focus on early return to work and emerging trends within the construction industry. WorkCover will continue to work in partnership with the construction industry to deliver regular forums on topics specific to the industry.
- In response to customer and stakeholder feedback to help filter through the vast amount of information about workers' compensation, we have continued to develop our website. We released a construction industry site to provide our employers with tailored news, events, articles and information relevant to their industry. The construction industry site allows those in construction to stay up to date on the latest workers' compensation and safety information from their industry, enter into discussions on case studies and forum presentations and share information with their peers. The feedback received to date has been extremely positive, and we will continue to launch more industry sites throughout 2012.

Transport

- Our first 'Cover Stories' short educational film focused on the transport industry, profiling a truck driver with a supportive employer who was able to provide varied alternative duties to help him return to work promptly, as alternative duties can be difficult to find in transport, making it an industry with longer than average claims.
- In association with the Queensland Trucking Association, WorkCover delivered a presentation to its members detailing the harmonised occupational health and safety legislation and the benefits of recovering at work, specific to the transport industry.

- Alongside WHSQ and Q-COMP, WorkCover implemented a tripartite plan to improve injury prevention in the workplace and return to work outcomes in the transport industry. WorkCover continues to work with WHSQ at their Transport Regional Network meetings and regularly attends the Industry Standing Sector Committee convened by WHSQ.
- WorkCover has been leveraging off and promoting the Zero Harm at Work program run by WHSQ with all industries, but particularly with those in the transport industry to look at sustainable and early return to work outcomes, with a focus on stay at work.

Manufacturing

- There are a number of 'role model' employers in the manufacturing industry, such as Carlton United Breweries (CUB) and G&S Engineering, who we have been working with to provide positive examples of what can be achieved in terms of prevention and recovery. A forum was recently held at CUB for manufacturing employers, which included a site tour to see firsthand what CUB, a winner of many safety awards, has done to foster a safety culture. A video snapshot of the forum presentations were uploaded to the WorkCover website to enable those who were unable to attend to access this valuable information. We will continue to make use of the information and experience 'role model' employers—small and large—can provide by holding more forums in the future.
- We have been working with OH&S providers to offer assistance to employers in establishing risk management solutions, and to help in developing suitable duties plans to ensure we achieve better stay at and return to work results. Return to work outcomes have increased in recent years in manufacturing, but there are still challenges ensuring a high durable return to work rate. WorkCover has been working with employers to find durable options in those manufacturing sectors that are experiencing growth.
- This year, WorkCover has been promoting a number of initiatives run by WHSQ for the manufacturing industry, one of which is the Participative Ergonomic for Manual Tasks program (PErforM). The program is for employers who experience high numbers of musculoskeletal injuries, with workers in the metals, plastics and meat processing areas identified as high risk. These campaigns involve engaging with industry associations and employers to develop specific solutions to reduce risks and educating employers on the benefits of investing in innovative solutions that will improve their safety and reduce their premiums.

Labour hire

- WorkCover also hosted a forum for the Labour Hire industry. In attendance were employers from various medium to large businesses, as well as industry and employer association representatives. The attendees appreciated the opportunity to discuss common challenges and share strategies with each other, particularly focusing on early return to work.

Timber

- During the year, we focused on initiatives to help improve injury prevention and injury management within the Timber industry. On 25 October 2011, WorkCover sponsored a workshop hosted by Timber Queensland which was attended by 60 employers. The workshop featured presentations by WHSQ as well as WorkCover, on injury prevention and management in the Timber industry.

Health and Communities

- WorkCover partnered with WHSQ and Q-COMP to deliver the HealthSAFE Forum 2012. This forum focused on managing client initiated aggression and violence in a community setting, and allowed us to work closely with key employers in the Health Care industry on injury prevention and stay at work.
- Further initiatives included WorkCover hosting a trade display at the Queensland Health 'Organisation Health and Safety Practitioners' Network Forum' in May 2012, and a joint presentation with WHSQ to the Queensland Health District CEO on national harmonisation OHS laws and workers' compensation.

Working with our Government employers

- WorkCover actively participates in the Regional Government Area Network Meetings (ReGAN), which focus on the targeted delivery of key messages relevant to industry trends. Some initiatives have included education sessions for government agencies, regular face to face worksite visits and meetings with various departments to discuss claims management and specific issues.
- In conjunction with WHSQ, WorkCover has been working to ensure executive management groups are aware of their department's claims experience by presenting employer scorecards and industry performance summaries to assist with internal industry benchmarking and risk management assessments.

Easy to do business with us

WorkCover continuously reviews and refines processes to deliver the best and most efficient services to our customers. We are increasing and enhancing online information available to our customers and stakeholders, reducing paperwork and providing flexible ways of doing business.

As we continue to work at making it easier to do business with us, our range of online services continues to grow. This year we introduced Worker online. Using this online service, workers can view, download or print remittance notices, and set their notification preferences. For example, 17% of new claims this year were lodged online, and our New Business online service, introduced in September, has already processed more than 6 000 new policy requests.

With approximately 4 000 registered users, Provider online offers a customised set of services most relevant to medical, allied health and legal providers. Recent enhancements to this online service include the ability for providers to review, search and reconcile payment remittances, allowing for timely notification and a reduction in the printing of provider remittance notices by more than 50%. The new invoice submission service has also allowed more than 49 000 invoices to be submitted directly for immediate processing.

Through Premium online, employers are able to enter their wages details, generate a premium notice in real-time and pay their premium, all in one online session. In 2011–2012 more than a third of premium assessments were completed electronically through this service.

Almost 10 000 employers take advantage of our Employer online service. This service allows employers to access their business and industry performance scorecards, a premium simulator and up-to-date claims information. The scorecards compare the employer's data against industry averages for a range of key performance indicators and enables employers to gain an understanding of how to better manage their premium. Industry performance information is also available to key industry groups to enable discussion on current claims performance of industry sectors.

Communication

Films

In order to promote important key injury prevention and management messages to our customers and the community in a cost effective way, we continued with our series of short educational films 'Cover Stories' and introduced a range of animated films for educational purposes.

Fostering a healthy culture

'Fostering a healthy culture' was the second instalment in our 'Cover Stories' series, featuring Carlton United Brewers (CUB). The film focuses on the innovative programs CUB have implemented to ensure their workers have fewer injuries, leading to lower claim numbers and premium costs.

Your accident insurance policy explained in 90 seconds

To simplify the various definitions outlined in the *Workers' Compensation and Rehabilitation Act 2003 (the Act)*, we created a 90 second animated film about the no-fault nature of statutory claims. The film explains how the workers' compensation scheme in Queensland works, an employer's responsibilities and how WorkCover Queensland can help should an employee sustain an injury.

Who is a worker?

Many sub-contractors and sole traders who have their own ABN may be considered workers according to the Act, and this film was produced to assist employers in determining who is a worker when declaring wages. This short animation also explains why employers need to have the right cover to avoid being under insured or uninsured and thus liable for claim costs.

The 'Cover Stories' and short animated films can be found on our website, workcoverqld.com.au or on our You Tube channel, WorkCover Queensland.

Conferences

This year WorkCover was involved in a number of industry expos, conferences and seminars. WorkCover attended and sponsored, in conjunction with WHSQ and Q-COMP, the following conferences:

- Visions Safety Conference—14-16 September 2011
- AMA Private Practice Conference—29-30 July 2011
- Australian Physiotherapy Conference—27-30 October 2011
- 10th National Conference on Injury Prevention—2-4 November 2011

Safe Work Week Awards—23-29 October 2011

WorkCover supported WHSQ's Safe Work Week, designed to raise awareness about the importance of a safe and healthy workplace for all Queenslanders. Events were held across Queensland for the entire month of October, and we actively encouraged our employers from regional areas to attend. The Safe Work Week Awards were held in conjunction with the Q-COMP Return to work Awards, and recognise excellence in workplace health and safety. We would like to congratulate our employers who won awards at that ceremony.

Q-COMP Return to work Awards, Conference and Expo—26 October 2011

In October 2011, the annual Q-COMP Return to work Awards were held in conjunction with the annual Return to Work Conference and Trade Expo. This event recognised innovative ideas, leadership and dedication in helping injured workers return to work. WorkCover was a sponsor and held a trade booth at the awards, conference and expo. Many of our customers were nominated for awards, and our congratulations goes to all winners and finalists for their outstanding efforts.

Prevention and management

Injury Prevention and Management program

The Injury Prevention and Management program (IPaM) is a joint initiative between WorkCover and WHSQ, designed to help businesses develop better workplace health, safety and injury management systems. IPaM works with employers whose WorkCover premium rates were capped at twice the industry rate for three or more consecutive years. Around 1 200 employers have been involved in the program to date, with pleasing results including favourable claims frequency, cost and duration reductions resulting in premium rate drops and improvements in return to work outcomes.

Return to work

While we encourage employers to prevent injuries, when they do occur we aim to effectively manage the resulting claims and the recovery of workers. A stay at work, or prompt return to work following a workplace injury is the ideal outcome for both the worker and employer. Over the past two years, we have been focused on improving return to work outcomes, identifying suitable duties for workers at their workplace, and looking at alternative rehabilitation options when suitable duties are not available. As a result of these strategies, it is pleasing to see our return to work outcomes improve from 90% in 2009–2010 to 93% in 2010–2011 to over 97% this year (*refer Figure 2: Return to work*). While this is a fantastic result in itself, improved return to work outcomes also assist to reduce common law claims experience and an employer's premium.

We are committed to ensuring our workers recover from their injuries and are returned to a safe working environment in a timely manner. While the priority is always to return the worker to their pre-injury role, this is not a possibility in some cases due to the injury or unavailability of employment. These cases are identified early in the claim and plans are put in place to provide alternate job outcomes for the worker, which often includes identifying transferable skills and supporting appropriate training that will lead to sustainable employment. We have focused on these programs, working with external providers where appropriate, to deliver improved return to work outcomes.

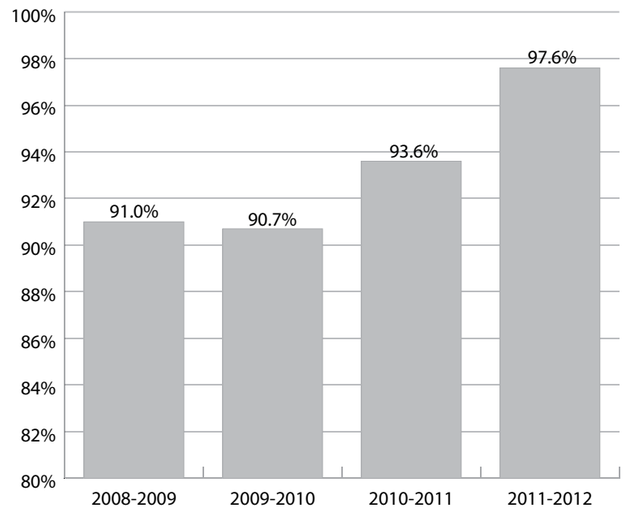

Figure 2: Return to work

Realising the health benefits of work

WorkCover supports the Australasian Faculty of Occupational & Environmental Medicine's (AFOEM) position on the health benefits of work (*refer Figure 3: Australia and New Zealand Consensus Statement on the health benefits of work*) and is a signatory to the AFOEM's consensus statement. WorkCover has been using the research contained in the statement with our stakeholders to encourage stay at or return to work.

The position statement highlights if a person is off work for:

- ***20 days, the chance of ever getting back to work is 70 per cent***
- ***45 days, the chance of ever getting back to work is 50 per cent***
- ***70 days, the chance of ever getting back to work is 35 per cent.***

Figure 3: Australia and New Zealand Consensus Statement on the health benefits of work

Medical and allied health strategies

We continue to work closely with doctors and allied health providers and their associations to ensure injured workers receive optimal care and services to help them recover at work or return to work as soon as possible. These services also need to be affordable and deliver cost-beneficial outcomes.

This year our medical and allied health strategy developed in conjunction with providers and associations has:

- introduced a standard comprehensive clinical report with orthopaedic specialists to help share information necessary to progress cases and ensure the earliest and most appropriate return to work
- reviewed injury profiles to ensure up-to-date guidelines for our people when managing cases
- signed up a number of additional hospitals to fixed price contracts for services provided to our workers.

Communicating with general practitioners

Throughout the year, WorkCover has:

- presented at the Australian Medical Association Queensland conference, the Central and Southern Queensland Training Consortium (1st year Registrars) and to regional GPs in Rockhampton as part of keeping the Rural Medical Education commitment
- provided case by case liaison and education with individual GPs on 'Realising the Health Benefits of Work' research and identifying what a person can do, as opposed to what they can't
- increased its focus on case conferencing with GPs and consulting on return to work and suitable duties plans.

Working with allied health providers

Throughout the year, WorkCover has:

- together with other workers' compensation jurisdictions, assisted in the development of the Clinical Service Capability Framework for Public and Licensed Private Health Facilities, which outlines the minimum support services, staffing, safety standards and other requirements in both public and private health facilities to ensure safe and appropriate supported clinical services
- presented lectures to final year physiotherapy and occupational therapy students to improve

understanding on workers' compensation and injury management

- increased consultation and liaison with relevant allied health associations to ensure an increased focus on consulting with GPs on return to work and suitable duties plans.

Enhanced relationships with specialists

Throughout the year, WorkCover has:

- developed and enhanced Hand, Knee, Shoulder/Elbow and Spinal Surgery Guidelines for billing in consultation with the relevant specialties and associations, ensuring our people are able to approve requests and invoices for surgery promptly
- initiated a pilot program for Comprehensive Clinical Reports in consultation with Australian Orthopaedic Association and Australian Society of Orthopaedic Surgeons.

Common law

Over the past year we have seen common law claim numbers stabilise. As increasing common law claim numbers were previously identified as a threat to the scheme's viability, this trend is pleasing. Our common law claims management philosophy is to be firm but fair. Where employer negligence can be established, we make our best offer at the earliest opportunity and then maintain our position, but also defend non-meritorious claims without unnecessary delay or expense (*refer Figure 4: Claims closed during litigation*).

This year, this framework has resulted in:

- reduced average damages, also contributed to by an increase in smaller claims and legislative restrictions for new claims in the amount of damages claimable
- continuing higher litigation rates and longer claim durations for which we have introduced a litigation strategy to assist in bringing these durations down.

We continue to look for ways to reduce the impact of common law claims on the scheme and to ensure workers receive appropriate benefits and services. As well as earlier identification and actioning of potential common law claims through the introduction of our end-to-end customer service model, we have introduced a return to work strategy for common law claims to provide rehabilitation as part of the common law process. This strategy has shown to help reduce economic loss, which is the biggest component of most common law claims.

Information on common law is sought by our customers and stakeholders. We continue to share information such as case summaries and precedents on our website and with customers directly. We have regularly shared our common law experience and claims management philosophies at employer and self-insurer forums, legal conferences and through relationship management with key plaintiff law firms and the key legal associations (Australian Lawyers Alliance, Queensland Law Society and the Bar Association of Queensland).

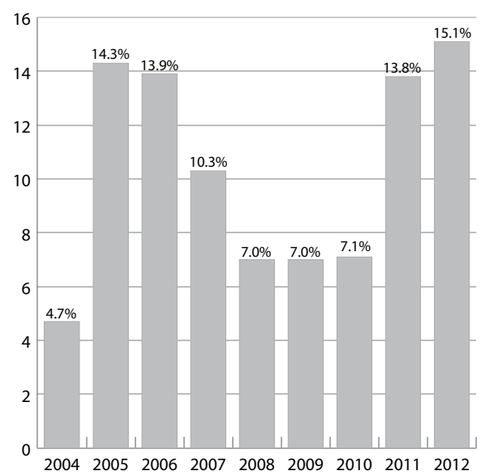

Figure 4: % claims closed during litigation

Engaged people

Overview of workforce

- **810** full time equivalents
- **585** female employees
- **84** part time employees
- Average number of service years is **7.04**
- Permanent retention rate is **86.3%**
- Permanent separation rate is **14.2%**

To be an excellent customer focused insurer, we recognise that we need people who are engaged, believe in and are committed to our vision and values. Engaged employees are more customer focused, safer, and more likely to remain committed and loyal in the pursuit of excellence in workers' compensation.

In 2012, we conducted our second employee engagement survey. The implementation of our new customer relationship model and industry alignment has allowed our people to develop knowledge and skills across a range of industries, as well as many of our people being able to work closer to home. Moving to the end-to-end, industry aligned model was a significant transition for our people, but similarly to our customers, we now have a good foundation.

In addition to the survey we commissioned this year, the Personal Injury Education Foundation (PIEF) ran a survey to gauge the satisfaction levels of people working in the personal injury industry nationwide. Over 1 800 responses were received, with 11% of those being from our people. Pleasingly, our peoples' satisfaction was the highest of all member organisations at 83%, and more people would recommend the industry. As an organisation, it's important to us that our people are engaged and prepared to better service our customers and their businesses.

Enterprise bargaining

The WorkCover Employing Office reached agreement with Together Queensland, Industrial Union of Employees on the terms of a new Enterprise Bargaining Agreement (2011–2014).

On 30 September 2011, the *WorkCover Employing Office Certified Agreement 2008* expired. Negotiations for a new certified agreement commenced in July 2011, with the negotiating committee meeting on a regular basis to discuss the log of claims that were exchanged. A new agreement, was certified by the Queensland Industrial Relations Commission in January 2012, effective 1 October 2011. The agreement allows for salary increases each year for three years and sets out a range of initiatives aimed at ensuring our people continue to enjoy a supportive and progressive work environment.

On 12 May 2012, the *Workers' Compensation Queensland Award – State 2012* was issued by the Queensland Industrial Relations Commission and replaced the *WorkCover Queensland Award - State 2003*. The purpose of the award review was to remove out-of-date clauses and terminology, and extend coverage to relevant employees of the Workers' Compensation Regulatory Authority.

IT tools

To enhance productivity and assist our people in their daily activities, we continue to provide our people with up-to-date equipment and access to the latest technology.

Over the past year, WorkCover has:

- delivered comprehensive dashboards to our front-line managers, tracking key performance measures on a daily basis and assisting decision making to drive improvements in customer service
- deployed a modern VOIP telephone system, replacing an aged and support intensive fixed line system, improving the quality of service for telephone calls
- implemented new computer infrastructure in two modern data centres, and entered in an agreement with external print fulfilment provider for regular and large print production. This has allowed WorkCover to remove all core and specialist infrastructure from the 280 Adelaide Street building and removed reliance of owning and maintaining complex printing hardware and related ancillary equipment
- continued towards a 'paper-less' work environment, moving all personnel files to an electronic format
- provided customer facing staff with modern laptops and tablets allowing them to access tailored online service portals, which support core relationship management activities at stakeholder sites.

Q-COMP Return to work Awards

We are proud of the work our people do, and their focus on delivering exceptional outcomes for our customers. During the year, a number of our people were recognised for the great service they deliver. Q-COMP's Return to work Awards are designed to celebrate the achievements of injured workers who get back to work, and the professionals that help them reach their goals. Six of our people were nominated in the Case Management Achievement award category, with Helen Creagh announced as the overall winner. Congratulations to:

- Donna Moore
- Helen Creagh
- Mary-Ann Webb
- Sybille Coleman
- Travis Cole

These finalists demonstrated their commitment to building a strong return to work culture in Queensland and were selected from hundreds of entries across Queensland.

Wellness

At WorkCover, we recognise the importance of providing a work environment that supports the wellbeing of our people. Our wellness program encourages employee wellbeing in and outside of work, so that our people are healthier, more resilient and more productive at work.

All of our people have access to:

- our wellness program
- free flu vaccinations
- support and assistance through the Employee Assistance Program for employees and their families
- a wellness intranet site with information on healthy websites and quit smoking programs.

To help our people balance work and outside interests we offer flexible working arrangements such as purchased leave, banked time, paid maternity leave, and part-time work arrangements.

Training and development

We encourage our people to take control of their own learning through on-the-job training and self-directed learning. Our people invest their time in learning about technical, compliance and professional development topics such as emotional intelligence, listening skills and consulting skills through our internal e-learning platform.

Certified Personal Injury Professionals program

The Certified Personal Injury Professional designation sets the benchmark for the personal injury industry across Australia and New Zealand. Since its inception in January 2011, 27 of our people have registered with the program, and WorkCover has helped facilitate some of the ongoing development activities run nationally.

Insight

Insight is our 12-week program designed to provide fundamental management information for people who have been selected for their potential, aptitude and interest in a management career with WorkCover. We had three managers successfully complete this program this year.

Study assistance program

Our study assistance program aims to support and assist employees to achieve their career goals through tertiary education by providing leave and funding options from graduate diplomas through to masters programs.

During the year:

- nine people graduated from tertiary education
- 23 people were approved for financial assistance to study
- 29 students were reimbursed for their study during the financial year.

Development opportunities

Our people have the opportunity to undertake internal and external development courses on a range of topics:

- International speaker Dr Richard Pimentel, an expert in placing people with disabilities with employers, presented to our Customer Advisors in September 2011 in conjunction with PIEF
- Senior Constable Derrick McManus spoke to our people about his incredible experience surviving 14 gunshot wounds during a siege in 1994 and gave tips and advice on how to motivate and encourage individuals to get back to work
- Internal training programs for managers on the new harmonised national health and safety laws that came into effect on 1 January 2012
- External workshops in time management, coaching and mentoring, communication, presentations and resilience and influencing workshops were also offered to our managers
- To support and reward customer service, we offered sponsorship for people who showed outstanding customer service to complete a module through PIEF.

Statistics

Organisational

Organisational structure

After the implementation of the new industry aligned Customer Services Division, WorkCover reviewed the way the rest of the organisation would support the new model. To maximise the success of the new customer service model, WorkCover implemented a number of structural changes within the rest of the organisation, designed to improve consistency in customer service (*refer Figure 5: Organisational structure and reporting*). The changes were implemented in early January 2012.

Refurbishments

In 2011, the WorkCover Customer Service Centres underwent renovations and upgrades. In addition to accommodating staff relocation from our 280 Adelaide Street building due to the new customer service model, these refurbishments improved safety and energy efficiencies and provided fresh and innovative work spaces. We will now turn our attention to plans for the future of the 280 Adelaide Street office building space.

Organisational structure and reporting

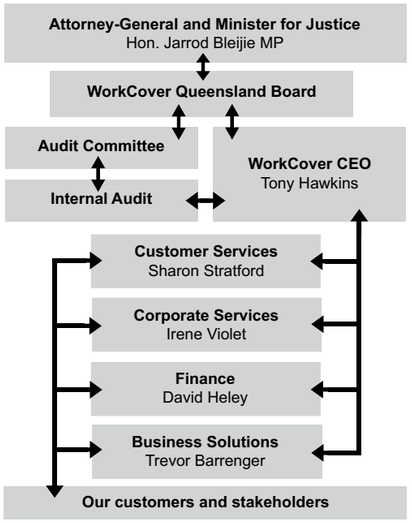

Figure 5: Organisational structure and reporting

Community involvement

We encourage our people to support community groups, both local and abroad. Our people are dedicated to helping the community both personally and professionally and are keen to support community groups that share our values.

In 2011–2012 we held fundraising events or contributed in other ways to the following charities:

- Youngcare
- Foodbank Queensland
- Jeans for Genes Day
- Autism Queensland 'Go Blue for Autism'
- Lifeline Kids Helpline Book & Toy Christmas Appeal
- SIDS & Kids Red Nose Day
- RSPCA Cupcake Day
- R U OK? Day

We received over 93 000 claims this year, insured more than 150 000 employers and managed 90% of workers' compensation claims in Queensland.

The average cost of a statutory claim is $6 362, with the average duration being 28 days. The average cost of a common law claim is $150 403, with the average duration being 54 weeks.

Statutory and common law payments

	2012		2011	
	$M	%	$M	%
Statutory claims				
Weekly compensation	270.2	22.5	236.8	20.0
Medical/rehabilitation	171.2	14.2	154.8	12.5
Lump sum	170.6	14.2	153.3	13.6
Hospital	68.1	5.7	62.9	5.0
Travel	6.6	0.5	6.0	0.5
Legal	1.2	0.1	0.5	0.1
Funeral	0.6	0.1	0.5	0.1
Gross statutory payments	688.5		614.8	
Common law claims				
Settlement out of court	45.0	3.7	460.2	44.1
Settlement in court	2.3	0.2	3.9	0.2
Legal cost for defendants	13.4	1.1	36.1	2.9
Outlays for defendants	0.5	0.0	11.4	0.8
Legal costs for plaintiffs	2.1	0.2	2.7	0.2
Outlays for plaintiffs	450.5	37.5	0.2	0.0
Gross common law payments	513.9		514.5	
Total gross payments	**1 202.4**	**100**	**1 129.3**	**100**

Statutory claims and payments by injury location

	Number of new statutory claims				Statutory claim payments			
	2012		2011		2012		2011	
	No.	%	No.	%	$M	%	$M	%
Back	17 436	18.6	17 466	18.8	114.6	16.6	103.2	16.8
Foot and toes	2 929	3.1	2 788	3.1	14.6	2.1	14.3	2.3
Hand and fingers	15 168	16.2	15 414	16.6	50.6	7.4	49.2	8.0
Head and face	9 375	10.0	9 320	10.1	36.4	5.3	35.6	5.8
Lower limbs	14 378	15.4	14 066	15.2	104.7	15.2	94.3	15.3
Multiple locations	2 423	2.6	2 370	2.6	32.6	4.7	30.0	4.9
Neck	3 741	4.0	3 631	3.9	24.5	3.6	19.4	3.1
Systemic	4 589	4.9	4 645	5.0	50.8	7.4	46.9	7.6
Trunk	4 644	5.0	4 482	4.8	91.6	13.3	70.9	11.5
Unspecified location	1 769	1.9	1 588	1.7	22.7	3.3	17.9	3.0
Upper limbs	17 100	18.3	16 889	18.2	145.5	21.1	133.1	21.7
Total	**93 552**	**100**	**92 659**	**100%**	**688.5**	**100**	**614.8**	**100**

Statutory claims and payments by industry classification

	Number of new statutory claims				Statutory claim payments			
	2012		2011		2012		2011	
	No.	%	No.	%	$M	%	$M	%
Accommodation and Food Services	5 447	5.8	5 497	5.9	29.2	4.2	25.2	4.1
Administrative and Support Services	2 892	3.1	2 886	3.1	20.3	2.9	20.5	3.3
Agriculture, Forestry and Fishing	2 063	2.2	2 130	2.3	26.7	3.9	23.5	3.8
Arts and Recreation Services	1 241	1.3	1 341	1.4	7.1	1.0	6.3	1.0
Construction	11 319	12.1	10 814	11.7	110.2	16.0	93.5	15.2
Education and Training	6 707	7.2	6 908	7.5	37.7	5.5	39.1	6.4
Electricity, Gas, Water and Waste Services	1 640	1.8	1 623	1.8	9.2	1.3	8.2	1.3
Financial and Insurance Services	640	0.7	652	0.7	3.6	0.5	4.0	0.7
Health Care and Social Assistance	12 113	13.0	11 711	12.6	90.8	13.2	78.7	12.8
Information Media and Telecommunications	464	0.5	470	0.5	2.4	0.4	2.3	0.4
Manufacturing	17 907	19.1	18 679	20.2	97.5	14.2	94.9	15.4
Mining	2 744	2.9	2 174	2.3	31.8	4.6	20.4	3.3
Other	861	0.9	1 421	1.5	10.4	1.5	12.4	2.0
Other Services	3 073	3.3	3 012	3.3	20.4	3.0	17.1	2.8
Professional, Scientific and Technical Services	2 027	2.2	1 955	2.1	16.3	2.4	11.6	1.9
Public Administration and Safety	5 662	6.1	4 755	5.1	49.7	7.2	39.5	6.4
Rental, Hiring and Real Estate Services	1 356	1.4	1 268	1.4	8.7	1.3	10.2	1.7
Retail Trade	5 830	6.2	5 767	6.2	34.0	4.9	30.0	4.9
Transport, Postal and Warehousing	4 723	5.0	4 458	4.8	53.4	7.8	50.0	8.1
Wholesale Trade	4 843	5.2	5 138	5.6	29.1	4.2	27.6	4.5
Total	**93 552**	**100**	**92 659**	**100**	**688.5**	**100**	**614.8**	**100**

Note: Other includes Household Worker, WPII, Voluntary policies

Statutory claims and payments by injury nature

	Number of new statutory claims				Statutory claim payments			
	2012		2011		2012		2011	
	No.	%	No.	%	$M	%	$M	%
Burns	1 935	2.1	2 023	2.2	4.2	0.6	3.8	0.6
Fractures	4 908	5.2	4 963	5.3	82.0	11.9	77.7	12.6
Intracranial injuries and injuries to nerves and spinal cord	415	0.4	464	0.5	12.3	1.8	11.1	1.8
Mental disorders	4 038	4.3	3 992	4.3	47.9	7.0	42.5	6.9
Musculoskeletal injuries and diseases	48 414	51.8	48 292	52.1	313.1	45.5	286.5	46.6
Nervous system and sense organ diseases	2 017	2.2	1 920	2.1	18.6	2.7	17.2	2.8
Other injuries and diseases	10 309	11.0	9 230	10.0	131.7	19.1	100.0	16.3
Respiratory system diseases	590	0.6	526	0.6	13.4	1.9	16.0	2.6
Skin and subcutaneous tissue diseases	766	0.8	767	0.8	1.5	0.2	2.4	0.4
Wounds, lacerations, amputations and internal organ damage	20 160	21.6	20 482	22.1	63.9	9.3	57.6	9.4
Total	**93 552**	**100**	**92 659**	**100**	**688.5**	**100**	**614.8**	**100**

Common law claims and payments by injury location

	Number of new common law claims				Common law claim payments			
	2012		2011		2012		2011	
	No.	%	No.	%	$M	%	$M	%
Back	1 187	31.7	1 157	30.0	169.5	33.0	167.2	32.5
Foot and toes	70	1.9	80	2.1	11.5	2.2	12.6	2.5
Hand and fingers	266	7.1	331	8.6	36.5	7.1	35.9	7.0
Head and face	138	3.7	132	3.5	21.8	4.2	20.8	4.0
Lower limbs	513	13.7	434	11.2	62.6	12.2	63.1	12.3
Multiple locations	84	2.2	77	2.0	10.5	2.1	10.7	2.1
Neck	118	3.2	150	3.9	16.7	3.2	19.8	3.8
Systemic	345	9.2	336	8.7	40.3	7.9	37.8	7.3
Trunk	152	4.1	173	4.5	25.4	4.9	26.8	5.2
Unspecified location	27	0.7	27	0.7	3.8	0.7	3.6	0.7
Upper limbs	841	22.5	966	25.0	115.5	22.5	116.4	22.6
Total	**3 741**	**100**	**3 863**	**100**	**513.9**	**100**	**514.5**	**100**

Common law claims and payments by industry classification

	Number of new common law claims				Common law payments			
	2012		2011		2012		2011	
	No.	%	No.	%	$M	%	$M	%
Accommodation and Food Services	196	5.2	197	5.1	24.3	4.7	21.4	4.2
Administrative and Support Services	108	2.9	130	3.4	13.0	2.5	15.4	3.0
Agriculture, Forestry and Fishing	99	2.6	107	2.8	14.6	2.8	15.8	3.1
Arts and Recreation Services	47	1.2	40	1.0	5.0	1.0	4.2	0.8
Construction	462	12.4	517	13.4	91.4	17.8	86.7	16.9
Education and Training	126	3.4	115	3.0	14.2	2.8	14.2	2.8
Electricity, Gas, Water and Waste Services	44	1.2	45	1.2	5.9	1.1	6.1	1.2
Financial and Insurance Services	15	0.4	12	0.3	1.0	0.2	2.9	0.6
Health Care and Social Assistance	515	13.8	494	12.8	54.0	10.5	51.5	10.0
Information Media and Telecommunications	8	0.2	11	0.3	2.8	0.6	0.9	0.2
Manufacturing	831	22.2	802	20.8	106.7	20.8	101.1	19.6
Mining	148	3.9	139	3.6	30.5	5.9	31.9	6.2
Other	36	1.0	133	3.4	3.8	0.7	21.4	4.2
Other Services	92	2.5	115	3.0	14.7	2.9	11.2	2.2
Professional, Scientific and Technical Services	51	1.4	43	1.1	5.5	1.1	5.9	1.1
Public Administration and Safety	211	5.6	195	5.0	23.8	4.6	23.4	4.5
Rental, Hiring and Real Estate Services	43	1.2	49	1.3	6.8	1.3	7.4	1.4
Retail Trade	222	5.9	225	5.8	32.2	6.3	28.6	5.5
Transport, Postal and Warehousing	276	7.4	287	7.4	38.6	7.5	35.1	6.8
Wholesale Trade	210	5.6	207	5.3	25.3	4.9	29.5	5.7
Total	**3 741**	**100**	**3 863**	**100**	**513.9**	**100**	**514.5**	**100**

Note: Other includes Household Worker, WPII, Voluntary policies

Common law claims and payments by injury nature

	Number of new common law claims				Common law claim payments			
	2012		2011		2012		2011	
	No.	%	No.	%	$M	%	$M	%
Burns	29	0.8	44	1.1	6.5	1.3	5.1	1.0
Fractures	334	8.9	329	8.5	57.2	11.1	63.1	12.2
Intracranial injuries and injuries to nerves and spinal cord	33	0.9	26	0.7	6.4	1.2	9.9	1.9
Mental disorders	319	8.5	322	8.3	38.9	7.6	35.1	6.8
Musculoskeletal injuries and diseases	2 315	61.9	2 458	63.6	309.0	60.1	306.9	59.7
Nervous system and sense organ diseases	69	1.8	76	2.0	6.4	1.2	7.6	1.5
Other injuries and diseases	207	5.5	197	5.1	30.8	6.0	23.5	4.6
Respiratory system diseases	40	1.1	45	1.2	6.0	1.2	8.1	1.6
Skin and subcutaneous tissue diseases	6	0.2	10	0.3	0.8	0.2	0.7	0.1
Wounds, lacerations, amputations and internal organ damage	388	10.4	356	9.2	51.9	10.1	54.5	10.6
Total	**3 741**	**100**	**3 863**	**100**	**513.9**	**100**	**514.5**	**100**

Corporate governance

WorkCover Queensland's corporate governance structure guides the way we manage our business, minimise our risks and ensure integrity. Our structure is supported by an integrated framework for governance, ethics, compliance and risk management. Reporting against this framework occurs monthly at board meetings.

Our systems are based on strong ethical foundations and our commitment to fairness, accountability and transparency. Our corporate governance policy outlines our commitment to best practice governance and the means by which we ensure this. This policy is available on our website.

Strategic planning

A four year Corporate Plan and Statement of Corporate Intent are prepared annually and approved by the Minister in accordance with the *Workers' Compensation and Rehabilitation Act 2003*.

The Corporate Plan summarises our vision, values, goals, strategies and performance indicators. The plan forms the basis for divisional business plans, which define operational strategies to meet our business projections. The divisional business plans outline our key financial and operational performance indicators, which we monitor monthly. Our Statement of Corporate Intent outlines our objectives and major activities, and specifies various financial and non-financial performance targets for the financial year.

Board of Directors

The Board of Directors sets the strategic direction for WorkCover and tracks performance to ensure the organisation meets the financial and non-financial targets set out in our Statement of corporate intent. The Board reports to the Attorney-General and Minister for Justice, The Honourable Jarrod Bleijie MP.

The statutory role and requirements of the Board are set out in section 427 of the *Workers' Compensation and Rehabilitation Act 2003*, and chapter 8 outlines the powers and functions of WorkCover. The WorkCover Board charter specifies the role and responsibilities of the Board in detail and is available on our website.

The WorkCover Board consists of seven independent non-executive Directors appointed by the Governor-in-Council who is responsible for selecting Directors, based on experience and knowledge, and determining their remuneration. As at 30 June 2012, the Board of Directors contracts expired. A new Board was appointed by the Governor-in-Council effective from 1 July 2012. Information on Directors' and executives' benefits is detailed in Note 28 of the financial statements.

Directors length of service

Directors	First appointed	Expired
I Brusasco AO, Chairman	17/07/98	30/06/12
T A White AO, Deputy Chairman	01/02/97	30/06/12
C Lohman	28/02/08	30/06/12
W P Ludwig OAM	17/07/98	30/06/12
R W Monaghan	11/12/03	30/06/12
H A Skippen	01/07/03	30/06/12

Directors	First appointed	Expiring
G Ferguson, Chair	01/07/12	30/06/14
J O'Connor, Deputy Chair	01/07/12	30/06/14
M Bailey	01/07/09	30/06/14
I Winterburn	01/07/12	30/06/14
J Crittall	01/07/12	30/06/14
I Leavers	01/07/12	30/06/14
B Leahy	01/07/12	30/06/14

The Queensland Government provides those Directors who were first appointed prior to July 2006 with an indemnity for any liability incurred arising as a result of the performance of his/her duties. WorkCover also maintains Directors' and officers' insurance. The insurance conditions provide indemnity for costs and expenses incurred by the relevant Director or officer defending either civil or criminal legal proceedings or other liabilities that may arise from their position. It does not cover conduct involving a wilful breach of duty or improper use of information for personal gain.

To assist Directors in exercising their duties, WorkCover makes available independent professional advice as required and at the expense of the organisation. The Board also tracks its performance against the charter quarterly and the Chair facilitates an annual self-assessment of the Board's performance.

Audit Committee

The primary role of the Audit Committee is to assist the WorkCover Board in monitoring our systems of internal control and ensuring integrity of the financial reporting process. The Audit Committee charter, which is available on our website, defines the role and responsibilities of the Committee. The Committee tracks its performance against the charter each meeting, with due regard for *Queensland Treasury's Audit Committee Guidelines: Improving Accountability and Performance*.

The Audit Committee is made up of three independent, non-executive Directors. Internal Audit, External Audit, the Chair, the CEO and the General Manager Finance are invited to Audit Committee meetings at the discretion of the Committee. The Committee meets quarterly.

Directors' meetings

During the year, WorkCover held 11 formal Board meetings and four Audit Committee meetings. The CEO attends all Board meetings and General Managers are often invited to present and discuss relevant issues. A register of Directors' material interests is updated at each Board meeting to avoid conflicts of interest.

	Board meetings		Audit Committee meetings	
Directors	**A**	**B**	**A**	**B**
I Brusasco AO, Chairman	10	11	0	0
T A White AO, Deputy Chairman	10	11	0	0
M Bailey	10	11	4	4
C Lohman	10	11	0	0
W P Ludwig OAM	9	11	0	0
R W Monaghan	10	11	3	4
H A Skippen	11	11	4	4

A: Number of meetings attended
B: Number of meetings eligible to attend

Senior executives

The CEO assesses performance of senior executives on an annual basis as part of the organisation's performance review process. The Board also assesses the performance of the CEO as part of this process.

Stakeholder feedback

Every year, WorkCover conducts a customer survey and receives feedback from its customers. In 2011–2012 we also undertook a survey of some of our stakeholders seeking their feedback. Further details are available in the Customer and stakeholder engagement section of this report.

All complaints are managed in accordance with *Queensland Ombudsman's Guide to Developing Effective Complaints Management Policies and Procedures*, which incorporates *AS ISO 10002:2006 Customer Satisfaction - Guidelines for complaints handling in organisations* and the *Queensland Ombudsman's Guide to Developing Effective Complaints Management Policies and Procedures*.

We believe that all customer feedback, positive or negative, presents an opportunity for improvement. WorkCover is committed to resolving customer complaints quickly and fairly, and we empower our people to resolve issues as they arise.

Mandatory on-line reporting

WorkCover has reported on-line information in relation to the following topics, in line with mandatory requirements:

- information systems and record keeping;
- consultancies; and;
- overseas travel.

Ethics, compliance and risk management

Ethics

Ethics provide the overarching principles and rules that govern the behaviour of WorkCover Queensland's people.

Code of conduct

WorkCover's code of conduct, supports our values and provides a framework for high ethical standards. Our code of conduct has been written to align with the requirements of the *Public Sector Ethics Act 1994* (PSEA). The code was implemented from 1 July 2011, at which point our internal processes were revised to be in line with this new code and internal training performed. The code is communicated to our people through the corporate induction program and is available on the WorkCover intranet and website. Annually our staff receive refresher training on this document. Our internal policies and practices additionally align with this code and the PSEA.

The WorkCover Board is bound by ethical standards outlined in the *Workers' Compensation and Rehabilitation Act 2003* (the Act), which requires Directors to act honestly, disclose interests, exercise due diligence and not use information or their position inappropriately. From 1 July 2011, the Directors have been bound by the PSEA and as such, WorkCover's code of conduct. Additionally, the Board follows the guidelines set out in *Welcome Aboard: A Guide for Members of Government Boards, Committees and Statutory Authorities*.

Environmental regulation

WorkCover is committed to minimising energy consumption in line with the Queensland Government's Strategic Energy Efficiency Policy (SEEP) and as at 30 June 2012 has already met the 2015 reduction targets from this policy.

WorkCover established an environmental committee during the 2011-12 financial year. This committee has been tasked with the following goals:

- reducing our use of energy, water, paper and other materials
- reducing our waste and recycling more material where possible
- reducing our transport impacts by using technologies where appropriate
- including environmental considerations in our general purchasing decisions and encouraging suppliers to reduce their own environmental impacts.

Systems and processes are also continually being reviewed and aligned to help reduce wastage and assist with continuous improvement.

Compliance

We maintain a number of policies and procedures detailing our compliance obligations in relation to relevant legislation, regulations, and codes of practice. We continually monitor our systems and processes to ensure these obligations are met.

Internal audit

Internal audit is responsible for assisting the WorkCover Audit Committee meet its charter and provide independent, impartial advice to executive management and the Board. This is achieved through the systematic and disciplined evaluation of the effectiveness of WorkCover's risk management controls and corporate governance processes.

WorkCover's independent internal audit function is currently outsourced to a specialised accounting firm. As part of the agreed contract terms with this firm, this function is to be performed in an economical manner. The internal audit charter outlines the objectives, duties, authority and responsibilities of the internal audit function. Both the strategic and annual audit plans prepared by the Internal Auditors are endorsed by the Audit Committee. This Committee operates with due regard for Treasury's Audit Committee Guidelines, including through monitoring the effectiveness, efficiency and economy of the Internal Audit function. Significant financial and operational risks identified by the Internal Auditors are reported through to the Audit Committee, as per the Internal Audit Charter. The 2011-12 audit program has been completed in line with budgeted time-frames and costs.

Quality assurance reviews

Our quality assurance reviews are designed to confirm that the controls in place to manage risks are effective and identify potential areas for improvement to our processes, policies, and procedures.

Training

All staff complete regular training to remain up to date with compliance requirements in a number of key areas including code of conduct, privacy and workplace health and safety.

Customer compliance

To be able to provide a fair and balanced workers' compensation scheme, compliance to the legislation by all customers is extremely important. To assist with this compliance, WorkCover have a dedicated compliance and prosecutions team. Their tasks include conducting audits, investigating, recovering, and prosecuting individuals and entities who contravene their legislative requirements, including failing to insure, defrauding the scheme and providing false and misleading statements.

During the year we investigated 63 cases of potential fraud, mainly relating to statutory claims. A total of ten prosecutions were successfully completed, 11 matters remain before the Courts for determination, and ten matters are being prepared to go before the Courts.

There is also a comprehensive audit program to ensure employers are insuring their workers and declaring the correct amount of wages. During 2011–2012, we conducted 1 575 random site visits through which we found 379 non-compliant employers representing 24% of employers being non-compliant. We also carried out 1 947 audits during the year and identified 983 employers to be non-compliant with the Act, representing 50% non-compliance.

Risk management

WorkCover follows a risk management policy based on AS/NZS ISO 31000:30009 Risk Management – Principles and guidelines, which involves the establishment of an appropriate infrastructure and culture designed to systematically identify, analyse, treat, monitor and communicate key risks associated with its activities. Our risk management policy is available on our website.

Workplace health and safety

WorkCover has maintained a strong culture of employee awareness of health and safety. As a result, WorkCover continues to achieve a low incidence of claims.

Our workplace health and safety framework was audited for compliance with the *Work Health and Safety Act 2011* introduced in January 2012. In addition to updating our policies and procedures, training was provided for our people to educate them on the changes to the new legislation and their responsibilities.

We also implemented a new system for recording workplace incidents. Reports from this system are used to provide information to our Workplace Health and Safety Committee for review and setting of strategies to mitigate the risk of injuries. These reports are also presented to the Board to assist in meeting their obligations of due diligence to our people and maintaining a safe work environment.

Workplace health and safety training is delivered on a monthly basis to all staff via toolbox talks. The presentations are on topical issues such as manual handling, flu prevention and repetitive injuries.

Business continuity management

Our business continuity and disaster recovery plan have been developed to ensure minimal disruption to our operations and our customers in the event of a major incident. These plans are reviewed and tested on a regular basis.

Financial performance

Our core financial goal is to maintain a fully funded financial position that allows an appropriate balance between worker benefits and employer premiums.

Financial results

WorkCover Queensland's operating result for 2011–2012 was $199.637 million, after tax. Our operating result this year was most positively impacted by higher than expected wages growth and a decrease in the outstanding claims liability.

Financial results	2012	2011
	$'000	$'000
Statement of comprehensive income		
Net premium revenue	1 441 670	1 136 273
Net claims incurred	(1 233 540)	(1 492 624)
Underwriting expenses (net of claims handling)	(22 033)	(18 985)
Investment income	100 039	316 116
Other income	897	980
Other expenses	(4 660)	(4 718)
Income tax equivalents (expense)/benefit	(82 736)	21 345
Operating result for the year after income tax equivalents	199 637	(41 613)
Statement of financial position		
Total assets	3 409 853	3 284 958
Total liabilities	2 868 789	2 942 382
Net assets	541 064	342 576
Statement of changes in equity		
Reserves	17 274	18 423
Accumulated surplus	523 790	324 153
Total equity	541 064	342 576

Premium revenue

Our net premium revenue was $1.442 billion for the year, representing a 26.9% increase on the same period last year (2010–2011: $1.136 billion). This increase was primarily due to uplift in the premium rate to $1.42 in 2011–2012 and higher than expected wages growth.

As part of our commitment to maintaining a prudent financial position, we have announced an increase to our premium rate to $1.45 for the coming year. This rate will allow us to continue balancing the needs of our policyholders with the needs of injured workers whilst ensuring financial stability.

Average premium rate per $100 of wages	2012	2011
Queensland	1.42	1.30
New South Wales	1.68	1.66
Victoria	1.34	1.34
South Australia	2.75	2.75
Western Australia	1.57	1.50
Tasmania	2.19	2.10
ComCare	1.40	1.25

Note: Figures are based on information from individual workers' compensation entities.

Net claims incurred

Net claims incurred was $1.234 billion (2010–2011: $1.493 billion).

Net claims costs decreased in 2011–2012 due to a reduction in the valuation of the outstanding claims liability. The valuation of the net outstanding claims liability decreased to $2.682 billion (2010–2011: $2.763 billion). This is due to:

- a reduction in the ultimate number of projected Common Law claims;
- an increase in the anticipated Common Law claims finalised with no damage payment (nil finalisations);
- a reduction in the expected Common Law average settlement size;
- a lower risk margin reflecting stabilisation of claims experience;
- removal of notification only statutory asbestos claims, which ultimately never receive a material benefit.

These improvements have been partially offset by a significant reduction in the discount interest rates since 30 June 2011.

In addition, common law claims expense was lower than expected due to lower registrations and lower average settlements. Statutory claims expenses partially offset this by being above expected levels due to return to work focus and higher than expected medical costs.

Underwriting expenses

Underwriting expenses include WorkCover's management and operational expenses and the annual levies payable to Q-COMP and Workplace Health and Safety Queensland. To meet disclosure requirements under accounting standards, the claims handling expense portion of underwriting expenses is added to gross claims expense to reflect the cost of administering claims during the year. WorkCover continues to drive efficiencies throughout all our operations and we will continue to look for efficiencies that further improve services to our customers.

Investment portfolio

In 2011–2012, the net return on our investment portfolio was 3.4% (2010–2011: 12.8%) as a result of a sound investment strategy but within a volatile global economy. Our investment strategy targets an estimated long-term return of 7.5% net of fees, by holding investments in a balanced portfolio.

QIC manages WorkCover's investments and as at 30 June 2012, the net market value in funds invested was $2.653 billion.

We will continue to work with our investment fund manager to effectively manage our investment risk to ensure our portfolio achieves its long term objectives.

Capital adequacy

The *Workers' Compensation and Rehabilitation Act 2003* and *Workers' Compensation and Rehabilitation Regulation 2003* outline specific requirements WorkCover must meet to be considered fully funded. In keeping with other workers' compensation schemes, WorkCover is fully funded if its total assets are at least equal to its total liabilities. WorkCover satisfied this requirement at 30 June 2012.

Looking to the future

We will continue to use prudent financial management to ensure a balanced, financially viable scheme for all customers and stakeholders. WorkCover also continues to monitor and review the effectiveness of the legislative reforms implemented in 2010.

Part of this continuing prudent financial management entails a focus by WorkCover in continuing to operate within budget, achieving value for money, and more generally, insuring WorkCover continues to minimise its costs and risks in relation to its liabilities and contingent liabilities. Premiums will be set, claims benefits reviewed, and operational expenses carefully managed in order to deliver this balance and we will continue our long term investment strategy built around a balanced portfolio.

Also during the 2012–2013 financial year, a Queensland parliamentary committee will undertake a review of the Queensland Worker's Compensation scheme to ensure that the long term viability of the scheme is assured and that the scheme is efficient, responsive and cost-effective.

Financial information

Consolidated statement of comprehensive income

For the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Net premium revenue	5	1,441,670	1,138,273
Gross claims expense	6	(1,286,417)	(1,540,760)
Claims recoveries revenue	6	52,877	48,136
Net claims incurred	6	(1,233,540)	(1,492,624)
Underwriting expenses	7	(22,033)	(18,985)
Underwriting result		**186,097**	**(376,336)**
Investment income	8	100,039	316,116
Other income	9	897	980
Other expenses	10	(4,660)	(4,718)
Operating result for the year before income tax equivalents		**282,373**	**(62,958)**
Income tax equivalents (expense)/benefit	11(a)	(82,736)	21,345
Operating result for the year		**199,637**	**(41,613)**
Other comprehensive (loss)			
Revaluation of land and building	24	(1,641)	(898)
Income tax effect on revaluation of land and building	24	492	269
Other comprehensive (loss) for the year, net of income tax equivalents		**(1,149)**	**(629)**
Total comprehensive income/(loss) for the year		**198,488**	**(42,242)**

The above consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets			
Cash and cash equivalents	12	68,166	29,814
Recoveries receivable on outstanding claims	13(a)	44,519	45,288
Receivables	14	16,408	18,921
Investments	15	1,033,422	1,024,900
Other assets	16	1,341	1,123
Total current assets		**1,163,856**	**1,120,046**
Non-current assets			
Recoveries receivable on outstanding claims	13(a)	101,816	97,341
Receivables	14	890	138
Investments	15	1,619,296	1,458,525
Property, plant, and equipment	17	44,659	43,780
Deferred tax assets	11(e)	470,253	553,429
Intangible assets	18	8,733	11,421
Other assets	16	350	278
Total non-current assets		**2,245,997**	**2,164,912**
Total assets		**3,409,853**	**3,284,958**
Current liabilities			
Payables	19	14,635	10,160
Unearned premium liability	20	6,252	7,524
Outstanding claims liability	21(a)	1,077,941	1,070,188
Provisions	22	252	18
Employee benefits	23(a)	13,449	12,474
Total current liabilities		**1,112,529**	**1,100,364**
Non-current liabilities			
Deferred tax liabilities	11(e)	3,527	4,459
Unearned premium liability	20	-	349
Outstanding claims liability	21(a)	1,750,209	1,835,283
Provisions	22	527	466
Employee benefits	23(a)	1,997	1,461
Total non-current liabilities		**1,756,260**	**1,842,018**
Total liabilities		**2,868,789**	**2,942,382**
Net assets		**541,064**	**342,576**
Equity			
Asset revaluation surplus	24	17,274	18,423
Accumulated surplus		523,790	324,153
Total equity		**541,064**	**342,576**

The above consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2012

	Note	Asset revaluation surplus $'000	Accumulated surplus $'000	Total $'000
Balance as at 1 July 2010		**19,052**	**365,766**	**384,818**
Operating result for the year		-	(41,613)	(41,613)
Other comprehensive (loss) for the year	24	(629)	-	(629)
Total comprehensive (loss) for the year		(629)	(41,613)	(42,242)
Balance as at 30 June 2011		**18,423**	**324,153**	**342,576**
Balance as at 1 July 2011		**18,423**	**324,153**	**342,576**
Operating result for the year		-	199,637	199,637
Other comprehensive (loss) for the year	24	(1,149)	-	(1,149)
Total comprehensive income/(loss) for the year		(1,149)	199,637	198,488
Balance as at 30 June 2012		**17,274**	**523,790**	**541,064**

The amounts disclosed above are net of tax.

The above consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Cash flows from operating activities			
Premiums received		1,456,169	1,154,710
Premiums refunded		(23,794)	(23,719)
Interest received		4,056	655
Unit trust distributions received		118,665	131,500
Investment management fees paid		(4,691)	(4,616)
GST collected on sales		143,735	112,879
GST refunded from ATO		2,631	7,026
Claims paid		(1,346,999)	(1,268,802)
Claims recoveries received		46,133	45,762
Underwriting expenses paid		(19,276)	(17,403)
Other revenue received		898	931
Other expenses paid		(45)	(53)
GST paid on purchases		(19,088)	(18,010)
GST remitted to the ATO		(120,411)	(105,929)
Income tax equivalents refunded		-	234
Net cash from operating activities	25	**237,983**	**15,165**
Cash flows from investing activities			
Acquisition of investments		(938,545)	(1,225,472)
Proceeds from sale of investments		746,658	1,214,766
Acquisition of intangible assets		(441)	(1,287)
Acquisition of property, plant, and equipment		(7,396)	(1,738)
Proceeds from sale of property, plant, and equipment		93	87
Net cash (used in) investing activities		**(199,631)**	**(13,644)**
Net increase in cash and cash equivalents		38,352	1,521
Cash and cash equivalents at the beginning of the year		29,814	28,293
Cash and cash equivalents at the end of the year	12	**68,166**	**29,814**

The above consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements
For the year ended 30 June 2012

1. Reporting entity

This financial report represents the financial statements for the consolidated entity 'WorkCover' consisting of WorkCover Queensland, the parent entity, and its special purpose entity (SPE), the WorkCover Employing Office.

WorkCover Queensland is a statutory body established under the *Workers' Compensation and Rehabilitation Act 2003*, and is controlled by the Queensland State Government. WorkCover is a not-for-profit entity.

The WorkCover Employing Office is a statutory body established under the *Workers' Compensation and Rehabilitation Act 2003*, and is controlled by WorkCover Queensland. A work performance arrangement exists between WorkCover Queensland and the WorkCover Employing Office, where the WorkCover Employing Office is required to provide staff to perform work for WorkCover Queensland.

WorkCover's principal place of business is 280 Adelaide Street, Brisbane, Queensland, Australia.

This financial report does not separately disclose WorkCover Queensland's financial statements due to the immaterial differences between the consolidated and parent entity's financial statements. These immaterial differences are disclosed in note 39.

The nature of WorkCover's operations and principal activities are included in the previous section of this annual report.

2. Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB), other authoritative pronouncements of the AASB, *Financial Accountability Act 2009, Financial Accountability Regulation 2009, Financial and Performance Management Standard 2009, Workers' Compensation and Rehabilitation Act 2003* and the *Workers' Compensation and Rehabilitation Regulation 2003*.

AASBs include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of WorkCover comply with International Financial Reporting Standards.

This financial report has been prepared on a historical cost basis, except as described in the accounting policies below.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying WorkCover's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements have been disclosed in note 4.

Notes to the consolidated financial statements
For the year ended 30 June 2012

2. Basis of preparation (continued)

This financial report has been prepared on a going concern basis based on the following factors:

- Continuing guarantee by the Queensland State Government to underwrite insurance liabilities should the need arise. Importantly, section 382(2) of the *Workers' Compensation and Rehabilitation Act 2003* provides that all insurance policies issued by or on behalf of WorkCover are guaranteed by the Queensland State Government.
- The Minister's on-going monitoring of the effectiveness of the reform package implemented from 1 July 2010 under the *Workers' Compensation and Rehabilitation and Other Legislation Amendment Act 2010 (QLD)*. WorkCover is also currently undergoing the required legislative review which is being conducted by the Finance and Administration Committee.
- The targeted long term return on investments of 7.5% adopted in formulating WorkCover's forecast solvency model. WorkCover's investments are established as a balanced portfolio through prudent management by the Queensland Investment Corporation (QIC).
- The new target average premium rate of $1.45 per $100 of wages from 1 July 2012 (up from $1.42 in 2011) specified by the WorkCover Queensland Board. The Board will continue to regularly review this rate and recommend any required adjustments.

WorkCover Queensland's Chairman, Mr Glenn Ferguson, authorised this report for issue on 28 August 2012.

3. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied for all years presented, unless otherwise stated.

(a) Basis of consolidation

In preparing the consolidated financial statements, all inter-entity balances and transactions, and income and expenses resulting from intra-group transactions have been eliminated in full.

Special purpose entities
A SPE is consolidated if, based on an evaluation of the substance of its relationship with the consolidated entity and the SPE's risks and rewards, the consolidated entity concludes that it controls the SPE.

SPEs are fully consolidated from the date on which control is obtained by the consolidated entity and cease to be consolidated from the date on which control is no longer with the consolidated entity.

The financial statements of the SPE are prepared on the basis of WorkCover's reporting period and accounting policies.

3. Summary of significant accounting policies (continued)

(b) Changes in accounting policies and disclosures

A number of new standards, amendments to standards and interpretations are effective for the period beginning 1 July 2011. None of these have had a material impact on the consolidated financial statements.

(c) Reinsurance

WorkCover does not enter into any reinsurance arrangements.

(d) Premium revenue

Premium revenue includes amounts charged to the policyholder, excluding stamp duty and goods and services tax (GST) received on behalf of the state and federal governments.

Premium revenue, including that on unclosed business, is recognised in the consolidated statement of comprehensive income from the date of attachment of risk i.e. when it has been earned. The pattern of recognition over the policy period is based on time, which is considered to closely approximate the pattern of risks underwritten.

The proportion of premium received or receivable not earned in the consolidated statement of comprehensive income at the reporting date is recognised as an unearned premium liability in the consolidated statement of financial position. The carrying value is deemed to reflect its fair value.

A discount is offered to policyholders for early payment subject to certain conditions. The discount is reflected in net premium revenue.

Section 382(2) of the *Workers' Compensation and Rehabilitation Act 2003* provides that all insurance policies issued by or on behalf of WorkCover are guaranteed by the Queensland State Government.

(e) Investment income and expenses

Interest income, investment expenses and distributions from unit trusts are recognised in the consolidated statement of comprehensive income on an accruals basis. Changes in the fair value of investments are recognised as income or losses in the consolidated statement of comprehensive income.

(f) Liability adequacy test

At each reporting period WorkCover assesses whether the unearned premium liability is sufficient to cover all expected future cash flows relating to future claims against current insurance contracts. This assessment is referred to as the liability adequacy test. This test is performed at a contract portfolio level using contracts that are broadly subject to similar risks and managed together as a single portfolio.

WorkCover applies a risk margin of 13.5% (2011: 14.4%) to the present value calculation of expected future cash flows arising from future claims. This allows for a 75% (2011: 75%) probability of sufficiency for future claims when considered in conjunction with the estimate of outstanding claims liability (see note 3(h)).

If the present value of the expected future cash flows relating to future claims and the additional risk margin reflecting the inherent uncertainty in the central estimate exceeds the unearned premium liability, the unearned premium liability is deemed to be deficient. If there is a deficiency, the entire deficiency is recognised immediately in the consolidated statement of comprehensive income.

3. Summary of significant accounting policies (continued)

For the purpose of the liability adequacy test, the present value of future cash flows for future claims, including the risk margin is $6.240 million (2011: $7.216 million); comprising the discounted central estimate of $5.497 million (2011: $6.309 million) and a margin of $0.743 million (2011: $1.209 million).

Compared to the unearned premium liability of $6.252 million (2011: $7.873 million), the liability adequacy test for the current financial year therefore identifies a surplus of $0.012 million (2011: $0.657 million) for the portfolio of contracts that WorkCover holds.

(g) Claims expense

Claims expenses are recognised in the consolidated statement of comprehensive income as the costs are incurred, which is usually the point in time when the event giving rise to the claim occurs. Further information is included at note 4(a).

(h) Outstanding claims liability

The liability for outstanding claims is measured as the central estimate of the present value of expected future payments for claims incurred at the end of the reporting period with an additional risk margin to allow for the inherent uncertainty in the central estimate. This liability is calculated by an independent actuary in accordance with the *Workers' Compensation and Rehabilitation Act 2003*.

The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not yet reported (IBNR), claims incurred but not enough reported (IBNER), and anticipated claims handling costs.

Future payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors arising during the period to settlement, such as normal and superimposed inflation. The expected future payments are discounted to present value at the reporting date using a risk free rate. The details of inflation and discount rates applied are included in note 32.

The outstanding claims liability includes a 9.5% risk margin (2011: 10.2%). This allows for a 75% (2011: 75%) probability of sufficiency for the liability in recognition that there are inherent uncertainties in the actuarial assumptions underlying the present value calculation. This risk margin was determined having regard to the inherent uncertainties in the actuarial models and economic assumptions, the quality of the underlying data used in the models, and industry and market conditions. The analysis of these inherent uncertainties was performed considering the statutory, common law, and asbestos related gross outstanding claims estimates separately.

The liability is calculated with reference to both the AASBs and the *Workers' Compensation and Rehabilitation Act 2003*. In respect of latent onset injuries, subdivision 3A of the *Workers' Compensation and Rehabilitation Act 2003* states that the definition of the date of injury for a latent onset injury, such as those caused by asbestos, is the date at which a medical practitioner diagnoses the injury. No liability is held for latent onset injuries where a medical practitioner has not yet diagnosed the injury.

(i) Deferred acquisition costs

Acquisition costs incurred in obtaining and recording general insurance contracts should be deferred and recognised as an asset where it is probable that they will give rise to premium revenue that will be recognised in the consolidated statement of comprehensive income in subsequent reporting periods, and where the value of the asset can be reliably measured. The general insurance contracts entered into by WorkCover tend to only give rise to immaterial amounts of premium revenue that will be recognised in the

3. Summary of significant accounting policies (continued)

consolidated statement of comprehensive income in subsequent reporting periods. As a result, no deferred acquisition costs have been recognised.

(j) Self-insurance

Payments and receipts
Under chapter 2, part 4 of the *Workers' Compensation and Rehabilitation Act 2003*, an employer may provide their own accident insurance for their workers instead of insuring with WorkCover. Upon separation, WorkCover will make a payment to the self-insurer for the estimated liability of outstanding claim payments, which relate to the period of insurance covered by WorkCover.

If a self-insurer returns to WorkCover as a policyholder, WorkCover will receive payment from the self-insurer for the estimated liability of outstanding claim payments for the period of self-insurance. Further information is included at note 6(b).

Bank guarantees and cash deposits
Bank guarantees and cash deposits are held by Q-COMP on behalf of self-insurers and are accounted for as unrecognised financial assets under chapter 2, part 4 of the *Workers' Compensation and Rehabilitation Act 2003*. Such guarantees have increased from $560.692 million in 2011 to $590.285 million in 2012, no cash deposits were held at 30 June 2012 (2011: $0). A net fair value has not been recognised.

(k) Income tax

Current tax
Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from, or paid to, the taxation authority based on the current period's taxable income. The amount is calculated using tax rates and tax laws that are enacted or substantively enacted at the reporting date.

Deferred income tax
Deferred income tax is accounted for using the comprehensive balance sheet liability method and is provided on all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent it is probable that sufficient future taxable profit will be available against which they can be recovered. However, deferred tax liabilities and assets are not recognised if the temporary differences arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply for the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflect WorkCover's expected tax consequences to recover or settle the carrying amount of its assets and liabilities at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

3. Summary of significant accounting policies (continued)

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(l) Goods and services tax

Revenues, expenses, assets, and liabilities (excluding receivables and payables respectively) are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or in the amount of the expense.

Receivables and payables are stated with the amount of GST included, where applicable.

GST on premium and premium related items are recorded on an accruals basis but remitted on a cash basis for the Business Activity Statement. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables, respectively, in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows net of the amount of GST. The GST component of cash flows arising from operating, investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

Commitments and contingencies are disclosed inclusive of the amount of GST recoverable from, or payable to, the ATO, where applicable.

WorkCover is grouped for GST purposes.

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash deposits held with financial institutions.

Individual bank accounts are managed so that a collective net positive balance is maintained at year end. WorkCover does not currently maintain any borrowings or overdraft facilities. Cash flow requirements are managed through a cash offset account and, if necessary, further cash can be obtained through available investment funds.

(n) Receivables

Receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost, less an allowance for impairment.

Allowance for impairment
Collectability of receivables is reviewed on an ongoing basis. An allowance for impairment of receivables is established when there is objective evidence that the amounts due will not be able to be collected in accordance with the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows. The discount is calculated using a risk free rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the allowance raised, used or derecognised is recognised in the consolidated statement of comprehensive income.

3. Summary of significant accounting policies (continued)

(o) Claim recoveries receivable

Claim recoveries received or receivable on outstanding claims liabilities are recognised as revenue in the consolidated statement of comprehensive income, and the receivable is recorded in the consolidated statement of financial position. This receivable is calculated by an independent actuary in accordance with the *Workers' Compensation and Rehabilitation Act 2003*.

Claims recoveries receivable are measured as the present value of the expected future receipts, calculated on the same basis as the liability for gross outstanding claims.

Details of inflation and discount rates applied are included in note 32.

(p) Property, plant, and equipment

Recognition and measurement
All items of property, plant, and equipment are recognised at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

With respect to plant and equipment, an asset recognition threshold of $5,000 exists. With respect to property, an asset recognition threshold of $10,000 exists for buildings and $1 for land. Property, plant, and equipment with a lesser cost are expensed.

Items or components that form an integral part of an asset are recognised as a single asset. The recognition threshold is applied to the aggregate cost of each functional asset.

Plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent additional costs
Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits, in excess of the originally assessed performance of the asset, will flow to the entity in future years. Costs that do not meet the criteria for capitalisation are expensed as incurred.

Valuation
Land and buildings are shown at fair value, based on annual valuations by an external independent valuer, less subsequent depreciation for buildings. On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Any revaluation increase is credited, net of tax equivalents, to the asset revaluation surplus of the appropriate class, except to the extent that it reverses a revaluation decrease for the same asset class previously recognised as an expense, in which case the increase is recognised as revenue.

Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited, net of tax equivalents, directly to the asset revaluation surplus to the extent of the credit balance existing in the asset revaluation surplus for that asset class.

3. Summary of significant accounting policies (continued)

Depreciation
Land is not depreciated.

Depreciation on property, plant, and equipment is calculated on a straight-line basis less its estimated residual value over the estimated useful life of the assets as follows:

Building	5 to 60 years
Plant and equipment:	
Computer equipment	2 to 10 years
Office equipment and furniture	2 to 10 years
Fixtures and fittings	2 to 10 years
Motor vehicles	4 to 6 years

Derecognition
Property, plant, and equipment assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Derecognition of property, plant, and equipment assets includes writing back accumulated depreciation and any accumulated impairment losses against the cost of acquisition. Any resulting gain or loss is represented by the difference between the proceeds, if any, and the carrying amount of the assets are recognised in the consolidated statement of comprehensive income.

The assets' residual values, useful lives, and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

(q) Intangible assets

Recognition and measurement
WorkCover has two classes of intangible assets, being purchased computer software and internally generated computer software.

Both software types have an asset recognition threshold of $100,000. Software with a lesser cost is expensed.

Intangible assets are measured at their cost of acquisition less accumulated amortisation and any accumulated impairment losses.

Subsequent additional costs
Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits, in excess of the originally assessed performance of the asset, will flow to the entity in future years. Costs that do not meet the criteria for capitalisation are expensed as incurred.

Amortisation
Software is amortised on a straight-line basis over the period in which the related benefits are expected to be realised. Current amortisation periods range between 3 and 12 years.

Derecognition
Intangible assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Derecognition of intangible assets includes writing back accumulated amortisation and any accumulated impairment losses against the cost of acquisition. Any resulting gain or loss is represented by the difference between the proceeds, if any, and the carrying amount of the intangible asset and is recognised in the consolidated statement of comprehensive income.

3. Summary of significant accounting policies (continued)

The assets' residual values, useful lives, and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(r) Impairment

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, WorkCover determines the asset's recoverable amount. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised as an expense, unless the asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

The asset's recoverable amount is determined as the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as revenue, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(s) Investments

As part of its investment strategy, WorkCover actively manages its investment portfolio to ensure that sufficient cash liquid assets are on hand to meet the expected future cash flows arising from general insurance liabilities.

Classification depends on the purpose for which the investments were acquired or originated. As the entity's strategy is to manage financial investments acquired to back its insurance contract liabilities, WorkCover classifies all its investments as follows:

Financial assets and liabilities at fair value through profit or loss
A financial asset or liability is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Fair value for managed unit trusts is based on the quoted bid price of the investment at reporting date. Attributable transaction costs are recognised in profit or loss when incurred. Gains and losses arising from changes in the fair value of financial assets and liabilities are included in the consolidated statement of comprehensive income in the period in which they arise.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the consolidated statement of comprehensive income.

Purchases and sales of financial assets are recognised on the settlement date.

3. Summary of significant accounting policies (continued)

Investments that are required to back current insurance liabilities are classified as current investments for the purposes of classification in the balance sheet. While this classification policy may result in a reported working capital deficit, included in non-current investments is a large proportion of liquid investments which QIC uses to ensure it is available to meet WorkCover's operating requirements.

Further disclosures on investments are included in note 33.

(t) Derivative financial instruments and hedge accounting

WorkCover's investment manager utilises derivative financial instruments as part of the entity's approved investment strategy. All derivatives are carried as assets when their fair values are positive and as liabilities when their fair values are negative. Derivatives are categorised as held for trading unless they are designated as hedges.

Derivative financial instruments held for trading
Such derivatives are entered into with the intention to settle in the near future. These instruments are initially recorded at fair value. Subsequent to initial recognition, these instruments are remeasured at fair value. Fair value for these instruments is based on settlement price. Realised and unrealised gains and losses on fair value are recognised in the consolidated statement of comprehensive income.

The purpose of these derivatives is to ensure liquidity as well as offset movements in the general investment funds in particular risk areas and to help achieve particular exposures by taking advantage of, and protecting against, market conditions.

Derivative financial instruments designated as hedging instruments
WorkCover's derivatives that meet the definition of a hedge have been classified as fair value hedges on the basis that they hedge exposure to changes in the fair value of a recognised asset or liability or an identified portion of such asset or liability that is attributable to a particular risk.

With respect to hedge contracting, as required under the overall hedging strategy, the relationship between hedging instruments and hedged items, as well as the risk management objective, strategy and purpose for undertaking the hedge, is formally documented in the Investment Management Agreement between the investment manager and WorkCover. Such hedges are expected to be highly effective in achieving offsetting changes in fair value and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting period, for which they are designated.

Hedges are initially recognised at fair value on the date at which the derivative contract is entered into. The carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged. The derivative is remeasured at fair value and gains and losses are recognised in the consolidated statement of comprehensive income.

WorkCover has the following fair value hedge:

Foreign currency overlay
The purpose of the foreign currency overlay is to hedge the foreign exchange risks on the market value of international equity assets held by WorkCover, via its investments in managed unit trusts. This activity is facilitated by holding a portfolio of forward exchange contracts within the overlay. The fair value is based on various independent price sources and is disclosed in note 15.

3. Summary of significant accounting policies (continued)

Embedded derivatives
WorkCover has embedded derivatives in some of its managed unit trust investments, but these derivatives are closely related to the underlying securities that are the subject of the derivative transactions.

Further disclosures on investments are included in note 33.

(u) Payables

Payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent trade creditors, premiums in credit and claims creditors. Trade creditors are liabilities recognised for amounts to be paid in the future for administrative goods or services received. Premiums in credit are liabilities recognised for premiums received in advance and policies in credit. Claims creditors are liabilities for amounts owed directly related to claims payments or claims made. The amounts are unsecured and are usually paid within 30 days of recognition.

(v) Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

If the effect of the time value of money is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provision for lease restoration
A provision for lease restoration is recognised in relation to the dismantling, removal or make-good restoration costs of leased office buildings following the cessation of a lease. The provision relates to all office buildings leased by WorkCover as lessee.

The lease restoration provision is determined based on an estimated market rate per square metre to return the premises to the same condition and standard prior to its rental. The market rate is inflated to the end of the lease period and then discounted to determine fair value.

Details of the process used to determine the inflation and discount rates applied are the same as the process included in note 32(b).

(w) Employee benefits

(i) Short-term employee benefits

Wages, salaries and annual leave
Liabilities for salaries and annual leave expected to be settled within 12 months of the reporting period represent current obligations resulting from employees' services provided up to the reporting date, and are calculated at undiscounted amounts based on salary rates, which are expected to be paid when the liability is settled. Related on-costs such as workers' compensation, superannuation and payroll tax have been included in the liability.

3. Summary of significant accounting policies (continued)

Sick leave
Sick leave entitlements are non-vesting and are only paid upon valid claims for sick leave by employees. Sick leave expense is brought to account in the reporting period in which it occurs. No liability for sick leave has been recognised as experience indicates on average, sick leave taken each financial year is less than the entitlement accruing in that year.

(ii) Post-employment benefits

Superannuation
WorkCover contributes to superannuation funds for the purpose of providing benefits for employees and their dependants on retirement, disability, or death. Contributions are charged as expenses when incurred.

Employer superannuation contributions for employees are paid to superannuation funds as nominated by employees including QSuper, the superannuation plan for Queensland Government employees. The rates for contributions to defined benefit plans are determined by the State Actuary.

No liability is recognised for accruing superannuation benefits in these consolidated financial statements. The liability is held on a whole-of-government basis and reported in the financial report prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

(iii) Other long-term employee benefits

Long service leave
The liability for long service leave is recognised and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future salary rates, experience of employee departures, and periods of service. Expected future payments are discounted using interest rates on national government securities with terms to maturity that match, as closely as possible, the estimated future cash outflows. Related on-costs such as workers' compensation, superannuation and payroll tax have been included in the liability.

(iv) Termination benefits

Termination benefits are recognised as an expense when WorkCover is demonstrably committed, to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or provide termination benefits for voluntary redundancies where an offer of voluntary redundancy is probable and can be reliably estimated.

(x) Operating leases

Lease income and expenses derived/incurred under operating leases are recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease in accordance with the requirements of AASB 117 *Leases*.

(y) Presentation currency and rounding

This financial report is presented in Australian dollars and amounts included in the consolidated financial statements have been rounded to the nearest $1,000 or, where that amount is less than $500, to zero.

3. Summary of significant accounting policies (continued)

Amounts mentioned in the commentary in the notes to the financial statements have been rounded to the nearest $1,000.

(z) New and revised Australian Accounting Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for periods beginning after 30 June 2012, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant impact on the consolidated financial statements except for AASB 9 *Financial Instruments*.

WorkCover is expected to apply AASB 9 *Financial Instruments* for the year ended 30 June 2014, and the extent of the impact has not yet been determined. AASB 9 *Financial Instruments* is part of phase 1 of the International Accounting Standards Board's comprehensive project to replace AASB 139 *Financial Instruments: Recognition and Measurement* and deals with the classification and measurement of financial assets.

The standard contains two primary measurement categories for financial assets: amortised cost and fair value. For investments not held for trading (excluding derivatives) the standard permits an irrevocable election on initial recognition to present all fair value changes from the investment in other comprehensive income. Investment income on such investments would be recognised in the operating result, unless they clearly represent a partial recovery of the cost of the investment. Otherwise, investments would be measured at fair value with changes in fair value recognised in the operating result.

Under AASB 1023 *General Insurance Contracts* WorkCover is required to value financial instruments at fair value through profit and loss. Other than this requirement, WorkCover is yet to determine the approach it will adopt to comply with the requirements of AASB 9 *Financial Instruments*.

4. Critical accounting judgements and estimates

WorkCover makes estimates and assumptions in respect of certain key assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas in which critical estimates have been applied are described below.

(a) The ultimate liability arising from claims made under insurance contracts

Provision is made at year end for the estimated cost of claims incurred, including the cost of claims IBNR, but not settled as at the reporting date. An independent actuary undertakes this calculation.

The estimated cost of claims includes direct expenses to be incurred in settling claims net of the expected value of salvage and other recoveries. The actuary takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The estimation of claims IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to WorkCover as more information about the claim event is generally available. IBNR claims may often not be apparent until many years after the claim event. Claims reported soon after the claim event typically tend to display lower levels of volatility. In calculating the estimated cost of unpaid claims the actuary uses a variety of estimation techniques, generally based upon

4. Critical accounting judgements and estimates (continued)

statistical analyses of historical experience. These techniques assume that the development pattern of the current claims will be consistent with past experience.

However, allowance is made for changes or uncertainties that may create distortions in the underlying statistics of which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims, including:

- changes in WorkCover's processes, which might accelerate or slow down the development and/or recording of paid or incurred claims, compared with the statistics from previous periods
- changes in the legal environment
- the effects of inflation
- the impact of large losses
- movements in industry benchmarks
- medical and technological developments.

A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating these costs, the actuary gives regard to the claim circumstance as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods.

Large claims are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of these large claims.

Where possible, the actuary adopts multiple techniques to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Details of specific assumptions used in deriving the outstanding claims liability at year end are detailed in note 32(a).

(b) Estimation of claims recoveries receivable

In addition to the calculation of the gross outstanding claims liability, estimates for potential claim recoveries are also derived using the above methods. These calculations are also based on past recovery experience and include adjustments to these assumptions where appropriate. In addition, the recoverability of the assets are assessed on a periodic basis to ensure that the balance is reflective of the amounts that will ultimately be received, taking into consideration such factors as credit risk. Impairment is recognised where there is objective evidence that WorkCover may not receive the amounts due, and where these amounts can be reliably measured.

(c) Taxation

WorkCover's accounting policy for taxation requires judgement in assessing whether deferred tax assets are recognised on the consolidated statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Notes to the consolidated financial statements

For the year ended 30 June 2012

4. Critical accounting judgements and estimates (continued)

Assumptions about the generation of future taxable profits depend on estimates of future cash flows. These depend on estimates of future premium revenue, investment income, operating costs, claim costs, capital expenditure, and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the consolidated statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the consolidated statement of comprehensive income.

	Note	2012 $'000	2011 $'000
5 Net premium revenue			
Gross written premiums		1,462,943	1,155,446
Discount on premiums		(25,251)	(20,640)
Premium penalties		2,357	1,769
		1,440,049	1,136,575
Movement in unearned premium	20	1,621	(302)
		1,441,670	**1,136,273**

6 Net claims incurred

(a) Net claims incurred

	Note	2012 $'000 Current year	2012 $'000 Prior years	2012 $'000 Total	2011 $'000 Current year	2011 $'000 Prior years	2011 $'000 Total
Gross claims expense							
Gross claims expense - undiscounted		1,644,086	(508,869)	1,135,217	1,672,547	(46,437)	1,626,110
Discount		(69,333)	220,533	151,200	(140,925)	55,575	(85,350)
	21(b)	1,574,753	(288,336)	1,286,417	1,531,622	9,138	1,540,760
Claims recoveries revenue							
Claims recoveries revenue - undiscounted		(49,543)	2,842	(46,701)	(51,183)	1,853	(49,330)
Discount		3,286	(9,462)	(6,176)	6,165	(4,971)	1,194
	13(b)	(46,257)	(6,620)	(52,877)	(45,018)	(3,118)	(48,136)
Net claims incurred		**1,528,496**	**(294,956)**	**1,233,540**	**1,486,604**	**6,020**	**1,492,624**

Current year claims relate to risks borne in the current financial year. Prior year claims relate to a reassessment of the expense for risks borne in all previous financial years.

Injury years prior to 2012 provide a $506.0M release for net claims incurred before unwinding one year of discounting on future payments. This is driven by a release for common law benefits and a reduction in risk margin, offset by a strengthening in the liability for statutory benefits.

The reduction in the common law provision is largely attributable to the lower recent experience which has driven;
- Lower settlement sizes
- Reduction in expected ultimate intimations.

The increase in statutory benefits is caused by, increases in the expected future weekly, medical and rehabilitation payments, reflecting the recent higher experience.

	Note	2012 $'000	2011 $'000
(b) Reconciliation of net claims incurred			
Gross claims expense/payments made			
Gross claims paid - statutory		688,499	614,828
Gross claims paid - common law		513,870	514,517
Claims handling expenses	7	160,810	161,613
Net self insurance payments		559	34
	21(b)	1,363,738	1,290,992
Claims recoveries revenue received			
Gross claims recovered - statutory		(46,636)	(42,909)
Gross claims recovered - common law		(2,535)	(1,937)
	13(b)	(49,171)	(44,846)
Movement in net outstanding claims liability			
Gross claims liability		(77,321)	259,768
Recoveries receivable		(3,706)	(3,296)
		(81,027)	256,472
		1,233,540	**1,492,624**

	Note	2012 $'000	2011 $'000
7 Underwriting expenses			
Employee benefits expense[1]		74,310	71,256
Contractors		5,139	5,042
Consultancy fees	27	56	59
Computer costs		4,684	4,069
Operating lease rental expense		2,308	3,591
Other administration expenses		11,010	11,023
Depreciation of property, plant, and equipment	17	3,719	4,652
Amortisation of intangible assets	18	3,110	3,304
Net loss on disposal of property, plant, and equipment	25	765	496
Transfer to allowance for impairment of receivables	14	4,051	1,706
Bad debts expense		7,263	3,116
Q-COMP levy		25,318	62,254
WHSQ grant[2]		41,110	-
		182,643	**170,508**
Claims handling expenses allocated to gross claims expense	6(b)	(160,610)	(151,613)
		22,033	**18,895**

[1] Recognised within employee benefits expense, is $6.172 million (2011: $6.302 million) of superannuation contributions recognised as an expense.
[2] In prior years this grant was paid to Q-COMP who redistributed the funds to Workplace Health & Safety Queensland.

8 Investment income

All investments consist of financial assets and liabilities held at fair value through profit and loss.

	2012 $'000	2011 $'000
Designated upon initial recognition		
Interest from bank deposits	1,927	276
Interest from fair value hedge	12	1,014
Managed unit trust distributions	104,371	128,573
Realised (loss)/gain on managed unit trusts	(160,205)	50,846
Unrealised gain/(loss)on fair value of managed unit trusts	133,894	(27,440)
Realised gain on fair value hedge	9,799	97,050
Unrealised gain on fair value hedge	5,779	7,527
	96,577	257,846
Held for trading		
Interest from overlay instruments	2,117	(635)
Realised (loss) on investments other than derivative financial instruments	-	(388)
Realised (loss)/gain on derivatives	(22,279)	69,201
Unrealised gain/(loss) on derivatives	23,624	(9,908)
	3,462	58,270
	100,039	**316,116**

9 Other income

	2012 $'000	2011 $'000
Property income	798	878
Sundry income	99	102
	897	**980**

10 Other expenses

	2012 $'000	2011 $'000
Investment expenses	4,615	4,667
Property expenses	45	51
	4,660	**4,718**

All investment expenses arise from financial assets and liabilities held at fair value through profit and loss.

	Note	2012 $'000	2011 $'000
11 Income tax equivalents			
(a) Income tax equivalents (expense)/benefit			
Deferred income tax equivalents (expense)/benefit		(62,736)	21,345
		(62,736)	**21,345**
Reconciliation of income tax equivalents (expense)/benefit			
Operating result for the year before income tax equivalents		282,373	(62,958)
Income tax equivalents at the standard tax rate of 30% (2011: 30%)		(84,712)	18,887
Tax effect of amounts which are not deductible (taxable) in calculating income tax equivalents (expense)/benefit:			
Gross up of foreign income tax offset received		(56)	(29)
Gross up of franking tax offset received		(1,126)	(1,126)
Current year capital losses		(182)	(261)
Non-deductible expenses		(400)	(2)
Tax offset for franked dividends		3,761	3,733
Other deductible expenses		78	78
Non-assessable income		-	59
Adjustments for income tax equivalents of prior years		(94)	-
Income tax equivalents (expense)/benefit attributable to operating result		**(62,736)**	**21,345**
(b) Income tax equivalents recognised in other comprehensive income			
Revaluation of land and building		**8,666**	**9,158**
(c) Net current tax equivalents assets			
Carrying amount at the beginning of the financial year		-	234
Income tax equivalents refund		-	(234)
		-	-

Tax refundable of $234,000 was disclosed as part of receivables at 30 June 2010. This refund was subsequently received during the 30 June 2011 year.

(d) Unrecognised deferred tax assets

	2012 $'000	2011 $'000
Deferred tax assets have not been recognised in respect of the following items:		
Capital losses	2,408	1,784
Lease restoration provision	579	484
Non-deductible demolition costs (leases)	80	-
	3,067	**2,268**
Potential tax effect at 30%	**920**	**680**

WorkCover has capital losses which are available indefinitely for offset against future capital gains subject to continuing to meet relevant statutory tests. Deferred tax assets have not been recognised in respect of these capital losses and future capital losses because it is not probable that future capital gains will be available against which WorkCover can utilise these losses.

(e) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Income tax equivalent losses	355,143	393,530	-	-	355,143	393,530
Unrealised investment losses	52,157	101,402	-	-	52,157	101,402
Indirect claims handling expenses	60,674	56,798	-	-	60,674	56,798
Employee benefits	60	57	-	-	60	57
Other provisions	1,532	945	-	-	1,532	945
Other items	687	697	-	-	687	697
Property, plant, and equipment	-	-	(1,440)	(2,381)	(1,440)	(2,381)
Intangibles	-	-	(2,075)	(2,057)	(2,075)	(2,057)
Other items	-	-	(12)	(21)	(12)	(21)
Tax assets (liabilities)	**470,253**	**553,429**	**(3,527)**	**(4,459)**	**466,726**	**548,970**

11 Income tax equivalents (continued)

Movement in deferred tax balances during the year

	Balance 1 July 2010 $'000	Recognised in operating result $'000	Recognised in other comprehensive income/(loss) $'000	Balance 30 June 2011 $'000	Recognised in operating result $'000	Recognised in other comprehensive income/(loss) $'000	Balance 30 June 2012 $'000
Income tax equivalent losses	385,410	8,120	-	393,530	(38,387)	-	355,143
Unrealised investment losses	92,456	8,946	-	101,402	(49,245)	-	52,157
Indirect claims handling expenses	54,477	2,321	-	56,798	3,876	-	60,674
Employee benefits	48	9	-	57	3	-	60
Other provisions	630	315	-	945	587	-	1,532
Other items	287	410	-	697	(10)	-	687
Property, plant, and equipment	(3,478)	828	269	(2,381)	448	492	(1,441)
Intangibles	(2,453)	376	-	(2,057)	(18)	-	(2,075)
Other items	(41)	20	-	(21)	10	-	(11)
	527,356	21,345	269	548,970	(82,734)	492	466,728

	Note	2012 $'000	2011 $'000
12 Cash and cash equivalents			
Current			
Cash and cash equivalents	33(a), (d)	**68,166**	**29,914**

Cash includes cash at bank. WorkCover has no unused borrowing or overdraft facilities.

13 Recoveries receivable on outstanding claims

(a) Recoveries receivable on outstanding claims

Expected future recoveries undiscounted	153,740	156,209
Discount to present value	(7,405)	(13,580)
	146,335	**142,629**
Represented by:		
Current	44,519	45,288
Non-current	101,816	97,341
	146,335	**142,629**

(b) Reconciliation of movement during the year

Carrying amount at the beginning of the year		142,629	139,336
Effect of changes in assumptions to prior year provisions	6(a)	6,620	3,118
Recoveries provision made during the year	6(a)	46,257	45,018
Recoveries received during the year	6(b)	(49,171)	(44,844)
Carrying amount at the end of the year		**146,335**	**142,629**

14 Receivables

Premiums and related penalties	13,525	12,383
Claims and related penalties	13,715	8,299
Other recoveries	299	411
Unclosed business	3	20
Sundry debtors	349	128
Less allowance for impairment of receivables	(4,905)	(3,150)
	22,986	**18,091**
GST receivable	1,523	1,318
GST payable	(7,211)	(350)
Net GST receivable	(5,688)	968
33(a), (d)	**17,298**	**19,059**
Represented by:		
Current	16,408	18,921
Non-current	890	138
	17,298	**19,059**

Reconciliation of allowance for impairment of receivables

Carrying amount at the beginning of the year		3,150	2,100
Net debts written off during the year		(2,296)	(656)
Allowance made during the year	7	4,051	1,706
Carrying amount at the end of the year	33(b)	**4,905**	**3,150**

	Note	2012 $'000	2011 $'000
15 Investments			
All investments are financial assets held at fair value through profit and loss.			
Designated upon initial recognition			
Managed unit trusts		2,433,607	2,287,880
Derivative financial instruments designated as a fair value hedge		14,317	7,853
	33(a)	2,447,924	2,295,733
Held for trading			
Investments other than derivative financial instruments		-	9
Derivative financial instruments		204,794	187,683
	33(a)	204,794	187,692
	33(a), (d)	**2,652,718**	**2,483,425**
Represented by:			
Current		1,033,422	1,024,900
Non-current		1,619,296	1,458,525
	33(a), (d)	**2,652,718**	**2,483,425**
16 Other assets			
Prepayments		1,682	1,392
Lease security bonds		9	9
		1,691	**1,401**
Represented by:			
Current		1,341	1,123
Non-current		350	278
		1,691	**1,401**
17 Property, plant, and equipment			
Land at fair value		14,000	14,000
Building		41,363	40,781
Less accumulated depreciation		(17,363)	(16,281)
Building at fair value		24,000	24,500
Total property		38,000	38,500
Plant and equipment at cost		11,441	21,130
Less accumulated depreciation		(4,819)	(16,094)
Total plant and equipment		6,622	5,036
Building work in progress		37	201
Plant and equipment work in progress		-	43
Total work in progress		37	244
		44,659	**43,780**

Reconciliation of property, plant, and equipment

	Note	Land $'000	Building $'000	Plant and equipment $'000	Work in progress $'000	Total $'000
Carrying amount at the beginning of the year		14,000	24,500	5,036	244	43,780
Acquisitions		-	2,685	4,420	37	7,142
Disposals		-	(168)	(735)	-	(903)
Transfers		-	201	43	(244)	-
Depreciation	7, 25	-	(1,577)	(2,142)	-	(3,719)
Revaluation decrement	24	-	(1,641)	-	-	(1,641)
Carrying amount at the end of the year		**14,000**	**24,000**	**6,622**	**37**	**44,659**

An independent valuation of land and building was performed as at 30 June 2012 by McGees Property. The valuation basis of land and building is fair value, being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, having regard to the highest and best use of the asset. McGees Property provided a report detailing the assumptions used to value the land and building in line with industry standard benchmarks.

Plant and equipment with an original cost of $1.081 million and a written down value of zero is still being used in the provision of services. A portion of these assets with a gross cost of $0.246 million are expected to be replaced in 2012-13. Also, plant and equipment with an original cost of $0.045 million and a written down value equal to a residual value above zero is still being used in the provision of services. Plant and equipment at cost of $14.152 million was disposed of during 2012-13.

	Note	2012 $'000	2011 $'000
18 Intangible assets			
Purchased computer software at cost		1,888	1,988
Less computer software written off		(232)	(100)
Less accumulated amortisation		(1,795)	(1,801)
Add accumulated amortisation write-back on disposals		232	100
Total purchased computer software		93	187
Internally generated computer software at cost		32,920	32,571
Less software written off		(4,030)	-
Less accumulated amortisation		(24,670)	(21,654)
Add accumulated amortisation write-back on disposals		4,030	-
Total internally generated computer software		8,250	10,917
Software work in progress		390	317
		8,733	**11,421**

Reconciliation of intangible assets

	Note	Purchased computer software $'000	Internally generated computer software $'000	Work in progress $'000	Total $'000
Carrying amount at the beginning of the year		187	10,917	317	11,421
Acquisitions		-	32	390	422
Transfers		-	317	(317)	-
Amortisation	7, 26	(94)	(3,016)	-	(3,110)
Carrying amount at the end of the year		**93**	**8,250**	**390**	**8,733**

Software with an original cost of $1.0 million and a written down value of zero is still being used in the provision of services.

19 Payables	Note	2012 $'000	2011 $'000
Current			
Trade creditors		11,747	7,538
Premiums in credit		658	882
Claims creditors		2,230	1,742
	33(a), (c), (d)	**14,635**	**10,160**
20 Unearned premium liability			
(a) Aggregate liability for unearned premium		**6,252**	**7,873**
Represented by:			
Current		6,252	7,524
Non-current		-	349
		6,252	**7,873**
(b) Reconciliation of unearned premium liabilities			
Unearned premium at beginning of the year		7,873	7,571
Movement in unearned premium:			
Deferral of premiums on contracts written during the year		5,993	7,873
Earning of premiums written in previous years		(7,534)	(7,571)
	5	(1,621)	302
Unearned premium at the end of the year		**6,252**	**7,873**
21 Outstanding claims liability			
(a) Gross outstanding claims liability			
Central estimate		2,533,326	2,729,782
Risk margin		259,061	297,436
Claims handing expenses		195,774	189,467
		2,988,161	3,216,685
Less discount to present value		(160,011)	(311,214)
Gross outstanding claims liability at present value		**2,828,150**	**2,905,471**
Represented by:			
Current		1,077,941	1,070,188
Non-current		1,750,209	1,835,283
		2,828,150	**2,905,471**
(b) Reconciliation of movement during the year			
Carrying amount at the beginning of the year		2,905,471	2,645,703
Effect of changes in assumptions to prior year provisions	6(a)	(268,336)	9,138
Provisions made during the year	6(a)	1,574,753	1,531,622
Payments made during the year	6(b)	(1,383,738)	(1,280,992)
Carrying amount at the end of the year		**2,828,150**	**2,905,471**

(c) Claims development

The following tables show the development of gross and net undiscounted outstanding claims relative to the ultimate expected claims.

(i) Gross

Injury year	2003 & Prior $'000	2004 $'000	2005 $'000	2006 $'000	2007 $'000	2008 $'000	2009 $'000	2010 $'000	2011 $'000	2012 $'000	Total $'000
Estimate of ultimate claims cost											
At end of injury year		652,210	645,866	722,634	855,054	955,826	1,061,688	1,249,278	1,332,474	1,315,327	
One year later		588,858	625,647	768,959	863,763	992,169	1,181,424	1,234,048	1,204,512		
Two years later		576,148	659,338	782,458	908,667	1,072,324	1,189,127	1,116,051			
Three years later		579,685	657,462	813,309	939,236	1,088,519	1,119,791				
Four years later		586,289	659,957	823,624	953,557	1,050,185					
Five years later		583,946	664,463	834,494	941,539						
Six years later		582,218	666,511	823,120							
Seven years later		575,949	659,996								
Eight years later		572,701									
Current estimate of cumulative claims cost		572,701	659,996	823,120	941,539	1,050,185	1,119,791	1,116,051	1,204,512	1,315,327	8,803,222
Cumulative payments		(565,085)	(645,747)	(802,669)	(903,158)	(988,500)	(937,853)	(720,848)	(509,448)	(287,555)	(6,340,863)
Central estimate outstanding claims - undiscounted		7,616	11,249	20,451	38,381	61,685	181,938	395,203	695,064	1,027,772	2,462,359
Central estimate of outstanding claims for prior injury years	73,967										73,967
Total central estimate of outstanding claims											2,533,326
Discount	(5,733)	(878)	(1,157)	(1,717)	(2,944)	(4,838)	(8,731)	(17,418)	(34,838)	(57,828)	(135,077)
Central estimate outstanding claims - discounted	68,234	6,738	10,091	18,734	35,437	76,847	173,207	377,785	661,026	970,144	2,398,249
Claims handling expenses	9,884	1,130	1,415	1,750	2,382	3,139	5,874	14,630	38,649	105,859	184,712
Prudential margin	7,416	747	1,082	1,945	3,580	7,593	16,889	37,250	66,417	102,140	245,189
Provision for outstanding claims - discounted	85,534	8,615	12,588	22,429	41,400	87,579	196,065	429,667	766,094	1,178,145	2,828,150

(ii) Net

Injury year	2003 & Prior $'000	2004 $'000	2005 $'000	2006 $'000	2007 $'000	2008 $'000	2009 $'000	2010 $'000	2011 $'000	2012 $'000	Total $'000
Estimate of ultimate claims cost											
At end of injury year		626,007	619,941	693,874	821,166	917,856	1,024,774	1,207,018	1,287,647	1,270,052	
One year later		565,921	599,843	741,518	829,892	955,230	1,139,274	1,191,562	1,160,950		
Two years later		546,200	633,659	755,236	874,805	1,030,179	1,146,233	1,075,612			
Three years later		558,032	629,062	784,931	902,207	1,047,316	1,075,537				
Four years later		558,678	633,836	793,758	919,587	1,008,737					
Five years later		562,443	637,525	803,494	908,364						
Six years later		566,960	639,123	791,782							
Seven years later		554,531	631,104								
Eight years later		556,743									
Current estimate of cumulative claims cost		556,743	631,104	791,782	908,364	1,008,737	1,075,537	1,075,612	1,160,950	1,270,052	8,472,881
Cumulative payments		(543,139)	(619,936)	(772,229)	(873,261)	(935,369)	(909,088)	(708,185)	(505,461)	(287,743)	(6,153,911)
Central estimate outstanding claims - undiscounted		7,604	11,168	19,553	35,103	73,368	166,449	367,427	655,489	982,309	2,318,970
Central estimate of outstanding claims for prior injury years	73,947										73,947
Total central estimate of outstanding claims											2,392,917
Discount	(5,733)	(878)	(1,157)	(1,704)	(2,873)	(4,613)	(8,228)	(16,385)	(32,129)	(54,625)	(128,316)
Central estimate outstanding claims - discounted	68,214	6,726	10,031	17,849	32,230	68,755	158,221	351,042	623,349	928,184	2,264,601
Claims handling expenses	9,884	1,130	1,415	1,750	2,382	3,139	5,874	14,630	38,649	105,859	184,712
Prudential margin	7,413	746	1,087	1,880	3,286	6,826	15,477	34,711	62,840	98,157	232,503
Provision for outstanding claims - discounted	85,511	8,602	12,533	21,479	37,898	78,719	179,572	400,383	724,838	1,132,200	2,681,816

	Note	2012 $'000	2011 $'000
22 Provisions			
Provision for lease restoration		**779**	**484**
Represented by:			
Current		252	18
Non-current		527	466
		779	**484**
Reconciliation of provision for lease restoration			
Carrying amount at the beginning of the year		484	767
Provision adjustments during the year		233	(26)
Reductions in provision as a result of payments made during the year		-	(66)
Unused provision reversed during the year		-	(202)
Discount rate adjustments		62	31
Carrying amount at the end of the year		**779**	**484**
23 Employee benefits			
(a) Aggregate liability for employee benefits		**15,446**	**13,935**
Represented by:			
Current:			
Accrued wages and other benefits		290	-
Accrued annual leave		4,612	4,394
Provision for long service leave		8,547	7,620
Provision for termination benefits		-	460
		13,449	12,474
Non-current:			
Provision for long service leave		1,997	1,461
		15,446	**13,935**
(b) Reconciliation of provision for employee benefits			
Current:			
Carrying amount at the beginning of the year		12,474	10,906
Provision movements during the year		7,046	8,155
Reductions in provision as a result of payments made during the year		(6,489)	(5,827)
Unused provision reversed during the year		(55)	(351)
Discount rate adjustments		473	(309)
Carrying amount at the end of the year		13,449	12,474
Non-current:			
Carrying amount at the beginning of the year		1,461	2,863
Provision movements during the year		352	(1,900)
Discount rate adjustments		184	498
Carrying amount at the end of the year		1,997	1,461
		15,446	**13,935**

The following assumptions have been adopted to measure the present value of annual and long service leave:

Assumed rate of increase for contract salaries	3.0%	4.0%
Assumed rate of increase for non-contract salaries	5.0%	6.0%
Discount rate	3.0%	5.2%
Settlement term for long service leave	7.0 years	7.0 years

	Note	Land $'000	Building $'000	Total $'000
24 Asset revaluation surplus by class				
Carrying amount at the beginning of the prior year		6,720	12,332	19,052
Movements for the prior year revaluation:				
Revaluation of land and building		-	(893)	(893)
Income tax effect on revaluation of land and building	25	-	269	269
		-	(624)	(624)
Carrying amount at the end of the prior year		**6,720**	**11,708**	**18,428**
Carrying amount at the beginning of the current year		6,720	11,708	18,428
Movements for the current year revaluation:				
Revaluation of land and building	17	-	(1,641)	(1,641)
Income tax effect on revaluation of land and building	25	-	492	492
		-	(1,149)	(1,149)
Carrying amount at the end of the current year		**6,720**	**10,559**	**17,274**

	Note	2012 $'000	2011 $'000
25 Reconciliation of cash flows from operating activities			
Operating result for the year		199,637	(41,613)
Adjustments for:			
Investment income/(loss) - change in fair value of financial assets		22,594	(183,961)
Net loss on disposal of property, plant and equipment	7	765	496
Depreciation of property, plant, and equipment	17	3,719	4,652
Amortisation of intangible assets	18	3,110	3,304
Tax effect of revaluation on land and building	24	492	269
Change in operating assets and liabilities			
(Increase) in receivables		(1,945)	(9,097)
(Increase)/decrease in other assets		(290)	185
Decrease/(increase) in net deferred tax assets		82,244	(21,614)
Increase in payables and unearned premium liability		3,172	2,793
(Decrease)/increase in provisions, outstanding claims liability and employee benefits		(75,515)	259,751
Net cash from operating activities		**237,983**	**15,165**

	Note	2012 $'000	2011 $'000

26 Commitments

(a) Property, plant, and equipment commitments

WorkCover is committed to the acquisition of property, plant, and equipment assets (inclusive of anticipated GST) as follows:

Not later than one year		
Building	-	3,190
Plant and equipment	-	3,183
	-	6,373

(b) Support and maintenance expenditure commitments

WorkCover is committed to the expenditure on support and maintenance agreements for intangible and property, plant, and equipment assets (inclusive of anticipated GST) as follows:

Not later than one year	3,624	1,468
Later than one year and not later than five years	3,142	-
	6,766	1,468

(c) Operating lease payable

WorkCover leases office premises at various regional locations throughout Queensland under non-cancellable operating leases. The leases have remaining terms of between one and six years and include inflation escalation clauses and renewal options. There are no restrictions placed upon WorkCover by entering these leases.

Future minimum rentals (inclusive of anticipated GST) payable under non-cancellable operating leases at reporting date are as follows:

Not later than one year	2,305	2,246
Later than one year and not later than five years	7,122	8,738
Later than five years	210	944
	9,637	11,928

(d) Operating lease receivables

WorkCover has one lease agreement with respect of the 280 Adelaide Street building. This non-cancellable lease has a remaining term of one year and includes a clause to enable upward revision of the rental charge on an annual basis according to a fixed percentage.

Future minimum rental (inclusive of anticipated GST) revenue under the non-cancellable operating lease at reporting date is as follows:

Not later than one year	572	499
Later than one year and not later than five years	-	572
	572	1,071

27 Consultancy fees

Information technology		54	35
Professional/technical		2	24
	7	56	59

28 Key management personnel disclosures

(a) WorkCover key management personnel disclosures

Details of key management personnel

Directors	*Position Title*	*Appointment Date*	*Cessation Date*
I Brusasco AO	Chairman (non-executive)	17/07/1998	30/06/2012
T A White AO	Deputy Chairman (non-executive)	01/02/1997	30/06/2012
M J Bailey	Director (non-executive)	01/07/2009	
C L Lohman	Director (non-executive)	28/02/2008	30/06/2012
W P Ludwig OAM	Director (non-executive)	17/07/1998	30/06/2012
R W Monaghan	Director (non-executive)	11/12/2003	30/06/2012
H A Skippen	Director (non-executive)	01/07/2003	30/06/2012
G W Ferguson	Chairman (non-executive)	01/07/2012	
J R O'Connor	Deputy Chairman (non-executive)	01/07/2012	
J M Crittall	Director (non-executive)	01/07/2012	
B Leahy	Director (non-executive)	01/07/2012	
I J Leavers	Director (non-executive)	01/07/2012	
I R Winterburn	Director (non-executive)	01/07/2012	
CEO and Senior Executives			
A J Hawkins	Chief Executive Officer	19/01/1998	
T A Barrenger	General Manager Business Solutions	19/06/2006	
D E Heley	General Manager Finance	01/10/2002	
S L Stratford	General Manager Customer Services	11/06/2007	
I A Violet	General Manager Corporate Services	08/06/2009	
P H Worthy	General Manager Common Law	15/09/2007	16/09/2011

Remuneration of key management personnel

Remuneration policy

Remuneration levels for key management personnel are competitively set to attract and retain appropriately qualified and experienced directors, the CEO, and senior executives.

Payments to the CEO and the directors of the Board are paid by WorkCover Queensland. All other staff are remunerated by the WorkCover Employing Office.

Directors

The remuneration of directors is approved by the Governor-in-Council as part of the terms of appointment.

Each director receives a fee for being a director of WorkCover Queensland.

CEO and Senior Executives

The Chairman of the Board of Directors is responsible for determining and reviewing the remuneration arrangements for the CEO. The remuneration arrangements for the senior executives is determined by the CEO, in consultation with the Chairman of the Board of Directors.

Remuneration and other terms of employment for the CEO and each senior executive are formalised in executive employment contracts. Notice periods range from three to four months.

The CEO and senior executives are given the opportunity to receive their fixed remuneration in a variety of forms, including cash and fringe benefits. Fixed remuneration is reviewed annually to ensure the CEO's and senior executives' pay is competitive with the market.

28 Key management personnel disclosures (continued)

Details of remuneration

Details of the remuneration of the directors and key management personnel of WorkCover Queensland are set out in the following tables:

Directors		Short-term		Post employment	Other long-term benefits	Termination benefits	Total
		Fees [1]	Other [2]	Superannuation			
		$'000	$'000	$'000	$'000	$'000	$'000
I Brusasco AO (ceased 30 June 2012)	2012	55	4	-	-	-	59
Chairman	2011	55	4	-	-	-	59
T A White AO (ceased 30 June 2012)	2012	38	4	-	-	-	42
Deputy Chairman	2011	35	3	3	-	-	41
M J Bailey	2012	28	3	3	-	-	34
Director	2011	28	3	3	-	-	34
C L Lohman (ceased 30 June 2012)	2012	25	5	2	-	-	32
Director	2011	25	5	2	-	-	32
W P Ludwig OAM (ceased 30 June 2012)	2012	27	4	-	-	-	31
Director	2011	27	3	-	-	-	30
R W Monaghan (ceased 30 June 2012) [3]	2012	27	3	-	-	-	30
Director	2011	27	3	-	-	-	30
H A Skippen (ceased 30 June 2012)	2012	27	4	2	-	-	33
Director	2011	27	3	2	-	-	32
Total remuneration: directors	**2012**	**227**	**27**	**7**	**-**	**-**	**261**
	2011	**224**	**24**	**10**	**-**	**-**	**258**

[1] Directors do not receive cash bonuses.
[2] Short-term other benefits received by all directors includes an allocation of insurance premiums paid by WorkCover Queensland in respect of their duties.
[3] The fee payments were made to the Queensland Council of Unions.

CEO and Senior Executives		Short-term				Post employment	Other long-term benefits	Termination benefits	Total
		Salary [1]	Non-monetary [2]	Annual leave accruals [3]	Other [4]	Superannuation	Long service leave accruals [5]		
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
A J Hawkins	2012	373	24	(10)	4	50	18	-	459
CEO	2011	360	29	15	3	50	12	-	469
T A Barnanger	2012	177	2	2	4	48	7	-	240
GM Business Solutions	2011	176	1	3	3	39	7	-	229
D E Haley	2012	190	11	6	3	24	12	-	246
GM Finance	2011	179	10	3	3	25	9	-	229
S L Stratford	2012	202	1	-	3	18	5	-	229
GM Customer Services	2011	182	1	3	3	17	6	-	212
I A Vidler	2012	194	2	(4)	3	18	8	-	221
GM Corporate Services	2011	184	5	(3)	3	17	10	-	216
P H Worthy (ceased 16 September 2011)	2012	103	-	(13)	1	5	7	107	210
GM Common Law	2011	186	2	3	3	25	5	-	224
Total remuneration: executives	**2012**	**1,239**	**40**	**(19)**	**18**	**183**	**57**	**107**	**1,665**
	2011	**1,287**	**48**	**24**	**18**	**173**	**49**	**-**	**1,579**

[1] Salary represents amounts paid in cash during the financial year and associated accrual adjustments. WorkCover Queensland and WorkCover Employing Office do not pay the CEO and senior executives cash bonuses.
[2] Short-term non-monetary benefits relate to fringe benefits provided to the CEO and senior executives.
[3] Annual leave accruals as determined in accordance with AASB 119 *Employee Benefits*.
[4] Short-term other benefits received by all key management personnel includes an allocation of insurance premiums paid by WorkCover Queensland in respect of their duties.
[5] Long service leave accruals as determined in accordance with AASB 119 *Employee Benefits*.

28 Key management personnel disclosures (continued)

(b) WorkCover Employing Office key management personnel disclosures

Details of key management personnel

Executive Officer (EO)
A J Hawkins

Remuneration of key management personnel
No remuneration is paid to A J Hawkins for the role of EO of the WorkCover Employing Office.

29 Related parties

Terms and conditions of any transaction with directors, CEO, senior executives, and their related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director or executive related entities on an arm's length basis.

30 Auditors' remuneration	Note	2012 $'000	2011 $'000
Amounts paid or payable to the auditors:			
Audit services			
Auditors of the organisation			
Audit of the financial report		223	181
Non-audit services		-	-
		223	**181**

Total external audit fees relating to the 2011-12 financial year are estimated to be $223,000 (2011: $184,700). There are no non-audit services included in this amount.

31 Insurance risk

(a) Objectives in managing risks arising from insurance contracts and policies for mitigating those risks

WorkCover has an objective to control insurance risk, thus reducing the volatility of operating results. In addition to the inherent uncertainty of insurance risk, which can lead to significant variability in the loss experience, operating results from WorkCover's insurance business are affected by market factors, particularly movements in asset values. Short-term variability is, to some extent, a feature of the insurance business.

Key aspects of processes established to mitigate insurance risks include:

- The maintenance and use of management information systems, which provide up-to-date, reliable data on the risks to which WorkCover is exposed to at any point in time.
- Actuarial models, using information from the management information system, are used to monitor claims patterns and calculate premiums. Past experience and statistical methods are used as part of the process.
- The mix of assets in which WorkCover invests is driven by the nature and term of insurance liabilities. The management of assets and liabilities is closely monitored to attempt to match maturity dates of assets with the expected pattern of claim payments.

(b) Terms and conditions of insurance contracts

The terms and conditions attaching to insurance contracts affect the level of insurance risk accepted by WorkCover. All insurance contracts entered into are in the same standard form and are subject to substantially the same terms and conditions under the *Workers' Compensation and Rehabilitation Act 2003*.

(c) Concentration of insurance risk

WorkCover's exposure to a concentration of insurance risk is due to injury caused through an event or disaster that occurred during the reporting period. WorkCover's outstanding claims liability includes an amount estimated to cover any such occurrences. This figure is reviewed on a bi-annual basis.

(d) Development of claims

There is a possibility that changes may occur in the estimate of WorkCover's obligations over time. The tables at note 21(c) show WorkCover's estimates of total net and gross claims outstanding for each underwriting year at successive year ends.

(e) Interest rate risk

WorkCover is exposed to the risk that interest rate movements may materially impact the value of the outstanding claims provision. The financial impact of changing interest rates on outstanding claims is expected to be offset in the longer term by similar changes in claims inflation.

The discount rates being applied to future claims payments in determining the valuation of outstanding claims is disclosed in note 32.

The exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out in note 33(d)(ii).

(f) Liquidity risk

WorkCover's exposure to liquidity risk is managed by ensuring that investments held to match policyholder liabilities are matched to the expected duration of those liabilities and sufficient cash deposits are available to meet day-to-day operations.

32 Actuarial assumptions and methods

WorkCover writes one class of business, workers' compensation. It provides two types of insurance - accident insurance and contracts of insurance.

All employers in Queensland are required to have accident insurance coverage for all employees that meet the definition of a 'worker'.

WorkCover also provides optional insurance instruments (i.e. contracts of insurance). These instruments provide cover to individuals, employees, or members of associations who do not meet the definition of "worker" and are, therefore, not covered by the accident insurance policies.

The process to determine the value of net outstanding claims liability is detailed below.

Claims estimates are derived from analysis of the results of several different actuarial models. Ultimate numbers of claims are projected based on past reporting patterns. Payments experience is analysed based on averages paid per claim incurred and averages paid per claim settled, active or finalised. The resulting average claim sizes from these models are analysed in order to determine a final estimate of gross outstanding claims.

Recoveries are analysed separately using similar payment's based models. Estimated outstanding recoveries are then subtracted from gross outstanding claims to arrive at net outstanding claims estimate.

Claims inflation is incorporated into the resulting projected payments to allow for general economic inflation. Projected payments are discounted to allow for the time value of money, which is the investment return expected based on risk free rates in the period to settlement.

(a) Actuarial assumptions

The following assumptions have been made in determining the net outstanding claims liability:

Variable	2012	2011
Recoveries receivable on outstanding claims		
Discount rates		
Not later than one year	2.8%	4.8%
Later than one year	2.4%	4.8%
Inflation rates		
Not later than one year	4.5%	4.1%
Later than one year [1]	4.5%	4.5%
Average weighted term to settlement from claims reporting date	2.0 years	1.9 years
Gross outstanding claims		
Discount rates		
Not later than one year	2.8%	4.8%
Later than one year	2.5%	4.8%
Inflation rates (average weekly earnings)		
Not later than one year	4.5%	4.1%
Later than one year [2]	4.5%	4.5%
Average weighted term to settlement from claims reporting date	2.0 years	2.0 years
Ultimate claim numbers per annum – statutory claims	77,711	77,947
Ultimate claim numbers per annum – common law	3,857	4,084
Ultimate claim numbers per annum – asbestos related	256	299
Ultimate claims size – statutory claims	$7,131	$6,145
Ultimate claims size – common law	$160,275	$167,137
Ultimate claims size – asbestos related	$91,759	$87,715
Expense rate – statutory claims	30.0%	30.0%
Expense rate – common law	3.0%	3.0%
Expense rate – asbestos related	3.0%	3.0%

[1] The inflation rate for later than one year is based on a weighted average of the uninflated and undiscounted recovery outstanding cashflow.
[2] The inflation rate for later than one year is based on a weighted average of the uninflated and undiscounted gross outstanding cashflow.

32 Actuarial assumptions and methods (continued)

(b) Process used to determine assumptions

A description of the processes used to determine these assumptions is provided below.

Discount rates
Discount rates derived from market yields on Commonwealth Government securities at reporting date have been adopted.

Inflation rates
Economic inflation assumptions are set by reference to current economic indicators.

Average weighted term to settlement
The average weighted term to settlement is calculated separately based on historic settlement patterns.

Ultimate claim numbers per annum

The incurred claims total for the current underwriting year has been estimated based on past reporting patterns for statutory and common law claims separately, taking into account trends or changes in reporting patterns. The ratio of numbers of common law to statutory claims is also examined for reasonableness. The incurred claims total for asbestos related claims for the current underwriting year is an estimate of all claims diagnosed in the current year. This is estimated using past reporting patterns and delays from diagnosis to report for asbestos-related claims.

Ultimate claim size
The average ultimate claim size for the current underwriting year has been estimated based on past payment patterns for statutory, common law, and asbestos related claims separately, taking into account trends or changes in payment patterns.

Expense rate
Claims handling expenses are calculated by reference to past experience of claims handling costs as a percentage of past payments.

(c) Sensitivity analysis - insurance contracts

(i) Summary

WorkCover conducts sensitivity analysis to quantify the exposure to risk of changes in the key underlying variables. The valuations included in the reported results are calculated using certain assumptions about these variables as disclosed above. The movement in any key variable will impact the operating result and equity of WorkCover.

The table below describes how a change in each assumption will affect the insurance liabilities and show an analysis of the sensitivity of the operating result and equity to changes in these assumptions.

Variable	Impact of movement in variable
Discount rates	The outstanding claims liability is calculated by reference to expected future payments. These payments are discounted to adjust for the time value of money. An increase or decrease in the assumed discount rate will have an opposing impact on total claims expense.
Inflation	Expected future payments are inflated to take account of inflationary increases. An increase or decrease in the assumed level of inflation would have a corresponding impact on claims expense, with particular reference to longer tail business.
Average weighted term to settlement	A decrease in the average term to settlement rates would lead to more claims being paid sooner than anticipated. Expected payment patterns are used to determine the gross outstanding claims liability. Given the assumed future inflation rate is currently lower than the assumed discount rates, an increase or decrease in the average weighted term would have an opposing impact on claims expense.
Ultimate claim numbers per annum	Numbers of claims incurred are used in determining the estimates in respect of claims IBNR for statutory and common law claims and in respect of claims diagnosed but not reported (DBNR) for asbestos related claims. An increase or decrease in the estimated numbers of claims incurred would have a corresponding impact on the claims expense.
Ultimate claim size	Ultimate claim sizes are used in determining the estimates in respect of all claim payments made in the future. An increase or decrease in the estimated ultimate claim sizes would have a corresponding impact on the claims expense.
Expense rate	An estimate for the internal costs of handling claims is included in the outstanding claims liability. An increase or decrease in the expense rate assumption would have a corresponding impact on claims expense.

32 Actuarial assumptions and methods (continued)

(ii) Impact of changes in key variables

Variable	Movement in variable	Impact on operating result and equity 2012 $'000	2011 $'000
Discount rates - claims expected to be paid not later than one year	+1%	+20,358	+20,798
	-1%	-20,737	-21,179
Discount rates - claims expected to be paid later than one year	+1%	+30,054	+30,579
	-1%	-31,773	-32,143
Inflation rates - claims expected to be paid not later than one year	+1%	-18,647	-19,094
	-1%	+18,664	+19,911
Inflation rates - claims expected to be paid later than one year	+1%	-28,562	-30,309
	-1%	+27,625	+29,432
Average weighted term to settlement - years	+0.5	-16,856	+11,189
	-0.5	+16,577	-11,330
Ultimate claim numbers per annum - latest year	+10%	-163,839	-154,415
	-10%	+163,219	+152,394
Ultimate claims size – latest year	+10%	-163,839	-154,415
	-10%	+163,219	+152,394
Expense rate	+1%	-24,796	-25,735
	-1%	+24,796	+25,735

33 Financial instruments

(a) Categories of financial instruments

WorkCover has the following categories of financial assets and financial liabilities:

	Note	2012 $'000	2011 $'000
Financial assets			
Cash and cash equivalents	12	68,166	29,814
Receivables	14	17,298	19,059
Financial assets at fair value through profit and loss			
Designated upon initial recognition	15	2,447,924	2,296,733
Held for trading	15	204,794	187,692
	15	2,652,718	2,483,425
		2,738,182	**2,532,298**
Financial liabilities			
Financial liabilities carried at amortised cost			
Payables	19	14,635	10,160
		14,635	**10,160**

The carrying amounts disclosed above reasonably approximate fair value at reporting date.

33 Financial instruments (continued)

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2012					
Investments					
Financial assets designated at fair value through profit or loss	15	-	2,433,607	-	2,433,607
Financial assets held for trading	15	-	-	-	-
Derivative financial assets designated at fair value through profit or loss	15	11	14,306	-	14,317
Derivative financial assets held for trading	15	69,290	135,504	-	204,794
	15	**69,301**	**2,583,417**	-	**2,652,718**
2011					
Investments					
Financial assets designated at fair value through profit or loss	15	-	2,287,880	-	2,287,880
Financial assets held for trading	15	9	-	-	9
Derivative financial assets designated at fair value through profit or loss	15	323	7,530	-	7,853
Derivative financial assets held for trading	15	148,489	39,194	-	187,683
		148,821	**2,334,604**	-	**2,483,425**

There have been no significant transfers in either direction between level 1, level 2 and level 3 during the year ended 30 June 2012 (2011: no significant transfers in either direction between level 1, level 2 and level 3).

(b) Credit risk

Credit risk represents the extent of credit related losses that WorkCover may be subject to on amounts to be exchanged under financial instrument contracts or the amount receivable from trade and other debtors.

(i) Investments
Transactions involving derivative financial instruments are with counterparties. The investment manager (on behalf of WorkCover) closely monitors counterparty risk with the use of various key contracts which outline predetermined thresholds and transaction limits.

Credit risk is further minimised by the investment manager through ensuring:
- The credit ratings of all counterparties are monitored very closely and limits adjusted where necessary.
- That transactions are undertaken with a large number of counterparties.
- That the majority of transactions are undertaken on recognised derivative trading exchanges where practical.

There may be further exposure to counterparty risk due to the overlay accounts (excluding the Australian Equities Transition) if/when they invest in swaps.

There is currently no intention to invest in swaps in the foreseeable future. If swaps are used, the risk will be managed as per above.

(ii) Receivables
Receivables are closely monitored upon falling overdue and various actions including subsequent legal recovery may occur as debts begin to age.

Policyholder accounts that fall overdue render an employer uninsured and liable for any claims costs should they incur a claim against their policy.

The maximum exposure to credit risk at reporting date is the carrying amount, net of any allowance for impairment, of each financial asset. Exposure to credit risk is monitored on a regular basis.

No collateral is held as security relating to the financial assets held by WorkCover Consolidated. Trading terms do not generally include the requirement for customers to provide collateral as security for financial assets.

There are no significant concentrations of credit risk as WorkCover has a large number of customers disbursed throughout Queensland. Accordingly, the credit quality of these financial assets is viewed as the average of the credit quality of customers in Queensland.

33 Financial instruments (continued)

An analysis of receivables that are neither past due nor impaired, past due or impaired and the allowance for impairment is as follows:

	Neither past due nor impaired $'000	Past due but not impaired $'000	Impaired $'000	Allowance for impairment $'000
2012				
Receivables				
Not yet due	11,549	-	232	232
Less than 30 days overdue	-	457	1,873	818
More than 30 but less than 90 days overdue	-	123	1,628	983
More than 90 days overdue	-	336	6,005	2,872
	11,549	**916**	**9,738**	**4,905**
				(note 14)
2011				
Receivables				
Not yet due	12,837	-	1,040	540
Less than 30 days overdue	-	2,308	938	333
More than 30 but less than 90 days overdue	-	193	1,015	591
More than 90 days overdue	-	421	3,448	1,686
	12,837	**2,922**	**6,450**	**3,150**
				(note 14)

Financial assets are considered impaired where there is objective evidence that WorkCover will not be able to collect all amounts due according to the original trade and other receivable terms. Financial assets are generally reviewed on an individual basis and, if necessary, an allowance is established for individual impairment. Factors considered during these reviews include historical loss experience, current economic conditions, performance trends within specific portfolio segments, and any other pertinent information.

An allowance for impairment is created for the difference between the assets carrying amount and the present value of estimated future cash flows. Estimated future cash flows are determined based on risk weightings applied at each stage of the debt cycle on which an associate risk factor is applied based on the likelihood of recovery for each category of debt. On this basis, financial assets that are impaired will never be less than the allowance for impairment.

33 Financial instruments (continued)

(c) Liquidity risk

Liquidity risk is the risk that WorkCover will encounter difficulty in meeting obligations associated with financial instruments. Financial instrument liquidity risk is considered extremely low. WorkCover manages liquidity risk through its diversified investment portfolio that provides for the sale of investments to meet both short-term and long-term cash-flow requirements. WorkCover regularly reviews its investment strategy having regard to the expected future obligations.

The following table sets out the liquidity risk of financial liabilities held by WorkCover. It represents the contractual maturity of financial liabilities, calculated based on discounted cash flows relating to the liabilities at reporting date.

	Note	1 year or less [1] $'000	1-3 years $'000	3-5 years $'000	More than 5 years $'000	Total $'000
2012						
Non-derivative financial liabilities						
Payables	19	14,635	-	-	-	14,635
		14,635	**-**	**-**	**-**	**14,635**
2011						
Non-derivative financial liabilities						
Payables	19	10,160	-	-	-	10,160
		10,160	**-**	**-**	**-**	**10,160**

[1] Represents commitments that are either due within the timeframe or payable on demand.

(d) Market risk

The investments held by WorkCover are in equities and unit trusts managed by QIC. Due to the nature of the investments (property, infrastructure, international equities, Australian equities, diversified fixed interest funds, alternative funds and cash funds), the portfolio is subject to all of the risks and sensitivities outlined below. The investments are managed on a total portfolio basis. The rate of return for the total portfolio is 3.4% net of fees (2011: 12.8%).

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk (foreign exchange rates), interest rate risk (market interest rates) and other price risk (market prices).

In order to mitigate such market risk, WorkCover regularly reviews its investment strategy and has set asset allocation ranges. There is also strict control over the use of derivatives and hedging instruments, which are only used to facilitate portfolio management or to reduce investment risk.

The methodology adopted for the purposes of sensitivity analysis is the hypothetical approach permitted by the relevant Australian Accounting Standard which involves forecasting a reasonably possible change in each of the risk variables and, where applicable, applying this hypothetical change to the reporting date value of each investment to determine the impact caused by this change on the value of the investments and the operating result for the financial year. These analyses assume that all variables remain constant and they were performed on the same basis for 2011.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The unit trusts are 100% hedged at reporting date. The currency hedging policy is updated on a yearly basis as part of the investment strategy policy review.

The market value exposure to foreign currency risk is set out below:

	2012 $'000	2011 $'000
International equity fund	494,805	473,655
Currency overlay	14,317	7,653

WorkCover's managed international equity unit trust invests in a portfolio of different international equities spreading the risk across various currencies. The sensitivity analysis below has been determined based on the exposure, in the absence of the 100% hedge, to foreign exchange rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the financial year. All other variables remaining constant, a 10 percent strengthening or weakening of the Australian dollar against these currencies would affect the operating result after tax and equity for the year as follows:

Variable	Movement in variable %	Impact on operating result and equity 2012 $'000	2011 $'000
Australian dollar	+10%	-32,382	-31,696
	-10%	+39,553	+38,739

33 Financial instruments (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose WorkCover to cash flow interest risk, whereas fixed interest rate instruments expose WorkCover to fair value interest risk.

The market value exposure to interest rate risk and the effective weighted average interest rate on financial instruments are set out below:

	Note	Interest rate	Floating interest rate	Fixed interest maturing in: 1 year or less	Over 1 year to 5 years	More than 5 years	Non-interest bearing	Total
		%	$'000	$'000	$'000	$'000	$'000	$'000
2012								
Financial assets								
Cash and cash equivalents	12	Note [1]	68,166	-	-	-	-	68,166
Receivables	14	11.25	-	-	-	-	17,268	17,268
Investments	15	n/a [2]	-	248	-	-	2,652,470	2,652,718
			68,166	**248**	**-**	**-**	**2,669,738**	**2,738,152**
Financial liabilities								
Payables	19	-	-	-	-	-	14,635	14,635
			-	**-**	**-**	**-**	**14,635**	**14,635**
2011								
Financial assets								
Cash and cash equivalents	12	4.4	29,813	-	-	-	1	29,814
Receivables	14	11.3	-	-	-	-	19,059	19,059
Investments	15	n/a [2]	-	(105)	-	-	2,483,530	2,483,425
			29,813	**(105)**	**-**	**-**	**2,502,590**	**2,532,298**
Financial liabilities								
Payables	19	-	-	-	-	-	10,160	10,160
			-	**-**	**-**	**-**	**10,160**	**10,160**

[1] WorkCover has three everyday banking accounts and one business online saver account. The weighted average interest rate of the everyday banking accounts and investment savings accounts are 4.38% and 3.45% respectively.

[2] The majority of securities in these overlay portfolios are futures and although they are subject to interest rate risk they do not earn interest except for a number of cash margin accounts that earn minimal interest. However, due to the number of buy and sell transactions it is impractical to obtain a weighted average interest rate for these investments.

A change of 100 basis points in interest rates at the reporting date would have increased or decreased the operating result for the year after tax and equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2011.

Variable	Movement in variable	Impact on operating result and equity 2012 $'000	2011 $'000
Basis points	+100	+6,474	-7,282
	-100	-6,478	+7,290

(iii) Other price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The significant risk to WorkCover is in relation to the entity's investment portfolio. As a portfolio, WorkCover holds investments in unit trusts. The unit trusts in turn hold investments in various instruments including equity, cash, property, infrastructure and alternative funds. The fair values of such financial instruments are affected by changes in the market price of the underlying instruments.

33 Financial instruments (continued)

(iii) Other price risk (continued)

The market value exposure to other price risks for WorkCover's unit trusts are set out below:

Unit trust	Risk exposure [1]	2012 $'000	2011 $'000
Australian equity fund	Equity	-	236,511
Implemented Australian equity fund	Equity	-	64,094
Diversified Australian equity fund	Equity	277,883	-
International equity fund	Equity	494,805	473,655
Australian equity special purpose fund	Equity	3,768	3,482
Cash fund	Cash	602,838	632,062
Premium cash fund	Cash	209,363	115,464
Diversified fixed interest fund	Cash	449,382	411,132
Property fund	Property	249,391	227,736
Listed infrastructure trust fund	Infrastructure	67,081	49,814
Capital venture fund	Mixed	932	-
Alternative beta fund	Mixed	78,164	73,934
		2,433,607	**2,287,878**

[1] The risk exposure relates to financial instruments whose values will fluctuate as a result of change in market prices in the associated category.

Based on gross return received from the portfolio, it is estimated that a general increase or decrease of one percentage point in the return from investments in unit trusts would effect the operating result for the year after tax and equity as follows:

Variable	Movement in variable	Impact on operating result and equity 2012 $'000	2011 $'000
Return from unit trusts	+1%	+17,035	+16,015
	-1%	-17,035	-16,015

WorkCover Consolidated also holds derivative financial instruments as a part of the portfolio. The fair values of such financial instruments are affected by changes in the market price of the underlying instruments.

The market value exposure to other price risks for WorkCover's derivative financial instruments are set out below:

Derivative instruments	Risk exposure	2012 $'000	2011 $'000
Australian equity transition account	Equity	-	9
Currency overlay	Cash	14,317	7,653
Derivative financial instruments	Cash	204,794	187,683
		219,111	**195,345**

Based on gross return received from the portfolio, it is estimated that a general increase or decrease of one percentage point in the return from investments in derivative financial instruments would effect the operating result for the year after tax and equity as follows:

Variable	Movement in variable	Impact on operating result and equity 2012 $'000	2011 $'000
Return from derivative financial instruments	+1%	+1,450	+1,047
	-1%	-1,450	-1,047

34 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with WorkCover's processes, personnel, technology and infrastructure, and from external factors such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

WorkCover's objective is to manage operational risk so as to balance the avoidance of financial losses with overall cost effectiveness whilst maintaining the highest levels of customer service.

Responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each division. This responsibility is supported by the development of the following business standards:

- Development and maintenance of a comprehensive risk register outlining the key risks for each area of the business in order of importance. These risks are reviewed by the General Managers of each division, are considered in determining strategic risks and are monitored such that appropriate mitigating action is taken;
- Segregation of duties including the appropriate authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Documentation of controls and procedures;
- Establishment and maintenance of a business continuity plan;
- On-going training and professional development; and
- Ethical and business standards prescribed under a code of conduct policy and guidelines.

Compliance with established business standards and internal controls is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audits are discussed with the management of the business and submitted to the Audit Committee of WorkCover for consideration.

35 Contingent liabilities

In the normal course of business, WorkCover is exposed to legal issues, including litigation arising out of insurance policies. The directors do not believe that there are any potential material litigation exposures at reporting date.

As at reporting date, the Executive Officer believes that there are no contingent liabilities for the WorkCover Employing Office. There are no other potential material litigation exposures known at reporting date.

36 Segment information

WorkCover operates within Queensland as the main provider of workers' compensation insurance to Queensland employers.

37 Events after reporting date

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transactions or event of a material and unusual nature, likely, in the opinion of the Directors of WorkCover, to affect significantly the operations of WorkCover, the results of those operations, or the state of affairs of WorkCover in future financial years.

38 Subsidiaries

The consolidated financial statements include the financial statements of WorkCover Queensland and the SPE, the WorkCover Employing Office (note 1).

39 Differences between WorkCover consolidated financial statements and WorkCover Queensland financial statements

(a) For the financial year ended 30 June 2012.

(i) Reconciliation of differences between consolidated statement of comprehensive income and parent entity statement of comprehensive income for the year ended 30 June 2012.

There are no differences to the figures disclosed on the face of the WorkCover consolidated statement of comprehensive income to WorkCover Queensland's statement of comprehensive income.

(ii) Reconciliation of differences between consolidated statement of financial position and parent entity statement of financial position as at 30 June 2012.

	Note	WorkCover $'000	WorkCover Queensland $'000	WorkCover Employing Office $'000
Current assets				
Cash and cash equivalents	A	68,166	52,629	15,537
Recoveries receivable on outstanding claims		44,519	44,519	-
Receivables	B	16,408	16,400	8
Investments		1,033,422	1,033,422	-
Other assets		1,341	1,341	-
Total current assets		**1,163,856**	**1,148,311**	**15,545**
Non-current assets				
Recoveries receivable on outstanding claims		101,818	101,818	-
Receivables		890	890	
Investments		1,619,296	1,619,296	-
Property, plant, and equipment		44,659	44,659	-
Deferred tax assets		470,253	470,253	-
Intangible assets		8,733	8,733	-
Other assets		350	350	-
Total non-current assets		**2,245,997**	**2,245,997**	**-**
Total assets		**3,409,853**	**3,394,308**	**15,545**
Current liabilities				
Payables	C	14,635	14,337	298
Unearned premium liability		6,252	6,252	-
Outstanding claims liability		1,077,941	1,077,941	-
Provisions		252	252	-
Employee benefits	D	13,449	199	13,250
Total current liabilities		**1,112,529**	**1,098,981**	**13,548**
Non-current liabilities				
Deferred tax liabilities		3,527	3,527	-
Outstanding claims liability		1,750,209	1,750,209	-
Provisions		527	527	-
Employee benefits	D	1,997	-	1,997
Total non-current liabilities		**1,756,260**	**1,754,263**	**1,997**
Total liabilities		**2,868,789**	**2,853,244**	**15,545**
Net assets		**541,064**	**541,064**	**-**
Equity				
Asset revaluation surplus		17,274	17,274	-
Accumulated surplus		523,790	523,790	-
Total equity		**541,064**	**541,064**	**-**

39 Differences between WorkCover consolidated financial statements and WorkCover Queensland financial statements (continued)

(iii) Reconciliation of differences between consolidated statement of changes in equity and parent entity statement of changes in equity for the year ended 30 June 2012.

There are no differences to the figures disclosed on the face of the WorkCover consolidated statement of changes in equity to WorkCover Queensland's statement of changes in equity.

(iv) Reconciliation of differences between consolidated statement of cash flows and parent entity statement of cash flows for the year ended 30 June 2012.

	Note	WorkCover $'000	WorkCover Queensland $'000	WorkCover Employing Office $'000
Cash flows from operating activities				
Premiums received		1,456,169	1,456,169	-
Premiums refunded		(23,794)	(23,794)	-
Interest received		4,056	4,056	-
Unit trust distributions received		118,665	118,665	-
Investment management fees paid		(4,691)	(4,691)	-
GST collected on sales	E	143,735	143,726	9
GST refunded from ATO		2,631	2,631	-
Claims paid		(1,346,999)	(1,346,999)	-
Claims recoveries received		46,133	46,133	-
Underwriting expenses paid	F	(19,276)	52,609	(71,885)
Other revenue received		898	898	-
Other expenses paid	G	(45)	11	(56)
Employment services income/(expense)	H	-	(73,710)	73,710
GST paid on purchases	I	(19,088)	(18,962)	(126)
GST remitted to the ATO		(120,411)	(120,411)	-
Net cash from operating activities		**237,082**	**236,331**	**1,652**
Cash flows from investing activities				
Acquisition of investments		(938,545)	(938,545)	-
Proceeds from sale of investments		746,658	746,658	-
Acquisition of intangible assets		(441)	(441)	-
Acquisition of property, plant, and equipment		(7,396)	(7,396)	-
Proceeds from sale of property, plant, and equipment		93	93	-
Net cash (used in) investing activities		**(199,631)**	**(199,631)**	**-**
Net increase in cash and cash equivalents		38,352	36,700	1,652
Cash and cash equivalents at the beginning of the year		29,814	15,929	13,885
Cash and cash equivalents at the end of the year	A	**68,166**	**52,629**	**15,537**

(v) Notes to reconciliations

A. The difference in the cash asset balance represents the WorkCover Employing Office bank account balance of $15.537 million included in the WorkCover accounts.

B. WEO receivable balance represents corporate debtors balance.

C. The payables balance in WorkCover is $0.298 million more than WorkCover Queensland due to the balance of the WorkCover Employing Office payables.

D. The current liability for employee benefits in WorkCover Queensland is the CEO's employee benefits. All other employee benefit liabilities are in the WorkCover Employing Office.

E. GST collected has a difference of $9.000 representing the GST collected on the WorkCover Employing Office taxable supplies.

F. The additional $71.885 million of underwriting expenses paid in WorkCover includes all the cash wages and employee benefits that were paid by the WorkCover Employing Office.

G. The other expenses paid in WorkCover is $56.000 greater than WorkCover Queensland, represented by contractor payments of $50.000 and other administration expenses of $6.000.

H. The $73.710 million employment services income/(expense) is the cash amount paid by WorkCover Queensland to the WorkCover Employing Office for employment services provided.

I. GST paid has a difference of $0.126 million representing the GST paid by the WorkCover Employing Office on creditable acquisitions.

39 Differences between WorkCover consolidated financial statements and WorkCover Queensland financial statements (continued)

(b) For the financial year ended 30 June 2011.

(i) Reconciliation of differences between consolidated statement of comprehensive income and parent entity statement of comprehensive income for the year ended 30 June 2011.

There are no differences to the figures disclosed on the face of the WorkCover consolidated statement of comprehensive income to WorkCover Queensland's statement of comprehensive income.

(ii) Reconciliation of differences between consolidated statement of financial position and parent entity statement of financial position as at 30 June 2011.

	Note	WorkCover $'000	WorkCover Queensland $'000	WorkCover Employing Office $'000
Current assets				
Cash and cash equivalents	A	29,814	15,929	13,885
Recoveries receivable on outstanding claims		45,288	45,288	-
Receivables		19,059	19,059	-
Investments		1,024,900	1,024,900	-
Other assets	B	1,123	879	244
Total current assets		**1,120,184**	**1,106,055**	**14,129**
Non-current assets				
Recoveries receivable on outstanding claims		97,341	97,341	-
Investments		1,458,525	1,458,525	-
Property, plant, and equipment		43,780	43,780	-
Deferred tax assets		553,429	553,429	-
Intangible assets		11,421	11,421	-
Other assets		278	278	-
Total non-current assets		**2,164,774**	**2,164,774**	**-**
Total assets		**3,284,958**	**3,270,829**	**14,129**
Current liabilities				
Payables	C	10,160	9,775	385
Unearned premium liability		7,524	7,524	-
Outstanding claims liability		1,070,188	1,070,188	-
Provisions		18	18	-
Employee benefits	D	12,474	191	12,283
Total current liabilities		**1,100,364**	**1,087,696**	**12,668**
Non-current liabilities				
Deferred tax liabilities		4,459	4,459	-
Unearned premium liability		349	349	-
Outstanding claims liability		1,835,283	1,835,283	-
Provisions		466	466	-
Employee benefits	D	1,461	-	1,461
Total non-current liabilities		**1,842,018**	**1,840,557**	**1,461**
Total liabilities		**2,942,382**	**2,928,253**	**14,129**
Net assets		**342,576**	**342,576**	**-**
Equity				
Investment fluctuation reserve		-	-	-
Asset revaluation surplus		18,423	18,423	-
Accumulated surplus		324,153	324,153	-
Total equity		**342,576**	**342,576**	**-**

(iii) Reconciliation of differences between consolidated statement of changes in equity and parent entity statement of changes in equity for the year ended 30 June 2011.

There are no differences to the figures disclosed on the face of the WorkCover consolidated statement of changes in equity to WorkCover Queensland's statement of changes in equity.

39 Differences between WorkCover consolidated financial statements and WorkCover Queensland financial statements (continued)

(iv) Reconciliation of differences between consolidated statement of cashflows and parent entity statement of cashflows for the year ended 30 June 2011.

	Note	WorkCover $'000	WorkCover Queensland $'000	WorkCover Employing Office $'000
Cash flows from operating activities				
Premiums received		1,154,710	1,154,710	-
Premiums refunded		(23,719)	(23,719)	-
Interest received		655	655	-
Unit trust distributions received		131,500	131,500	-
Investment management fees paid		(4,616)	(4,616)	-
GST collected on sales	E	112,879	112,872	7
GST refunded from ATO		7,026	7,026	-
Claims paid		(1,268,803)	(1,268,803)	-
Claims recoveries received		45,782	45,782	-
Underwriting expenses paid	F	(17,403)	52,962	(70,365)
Other revenue received		931	931	-
Other expenses paid	G	(53)	16	(69)
Employment services income(expense)	H	-	(70,975)	70,975
GST paid on purchases	I	(18,013)	(17,909)	(104)
GST remitted to the ATO		(105,929)	(105,929)	-
Income tax equivalents refunded		234	234	-
Net cash from operating activities		**15,165**	**14,721**	**444**
Cash flows from investing activities				
Acquisition of investments		(1,225,472)	(1,225,472)	-
Proceeds from sale of investments		1,214,766	1,214,766	-
Acquisition of intangible assets		(1,287)	(1,287)	-
Acquisition of property, plant, and equipment		(1,738)	(1,738)	-
Proceeds from sale of property, plant, and equipment		87	87	-
Net cash (used in) investing activities		**(13,644)**	**(13,644)**	**-**
Net increase in cash and cash equivalents		1,521	1,077	444
Cash and cash equivalents at the beginning of the year		28,293	14,852	13,441
Cash and cash equivalents at the end of the year	A	**29,814**	**15,929**	**13,885**

(v) Notes to reconciliations

A. The difference in the cash asset balance represents the WorkCover Employing Office bank account balance of $13.885 million included in the WorkCover accounts.

B. The other assets balance in WorkCover is $0.244 million greater than WorkCover Queensland due to WorkCover Employing Office balance of prepayments.

C. The payables balance in WorkCover is $0.385 million more than WorkCover Queensland due to the balance of the WorkCover Employing Office payables.

D. The current liability for employee benefits in WorkCover Queensland is the CEO's employee benefits. All other employee benefit liabilities are in the WorkCover Employing Office.

E. GST collected has a difference of $7,000 representing the GST collected on the WorkCover Employing Office taxable supplies.

F. The additional $70.365 million of underwriting expenses paid in WorkCover includes all the cash wages and employee benefits that were paid by the WorkCover Employing Office.

G. The other expenses paid in WorkCover is $69,000 greater than WorkCover Queensland, represented by contractor payments of $60,000 and other administration expenses of $9,000.

H. The $70.975 million employment services income/(expense) is the cash amount paid by WorkCover Queensland to the WorkCover Employing Office for employment services provided.

I. GST paid has a difference of $0.104 million representing the GST paid by the WorkCover Employing Office on creditable acquisitions.

pwc

ACTUARIAL CERTIFICATE ON OUTSTANDING CLAIM LIABILITIES AS AT 30 JUNE 2012

PricewaterhouseCoopers Actuarial was requested by WorkCover Queensland to advise on its provisions for outstanding claims liabilities at 30 June 2012.

VALUATION REPORT

Full details of data, methodology and assumptions are set out in our report dated 01 August 2012. This report was prepared, to the best of our knowledge, in compliance with the requirements of Professional Standard 300 of the Institute of Actuaries of Australia.

BASIS OF ESTIMATES

The adopted provision as at 30 June 2012 is $2,681.8 million, comprising our central estimate of the liability for outstanding claims and a risk margin. The adopted provision is net of recoveries. In principle, all of the valuation assumptions have been selected so as to yield a central estimate which is not knowingly above or below the ultimate cost of claims.

The central estimate:

- is discounted - i.e. allows for investment income to be earned on actual or notional assets supporting the liabilities
- allows for future claims inflation
- includes a loading for claims handling expenses and
- complies with the requirements of Australian Accounting Standard AASB1023.

A risk margin has been included to allow for the risk and uncertainties inherent in the estimation of outstanding claims liabilities. The margin is expressed as a percentage of the central estimate. In recognition of the overall uncertainty in the claims experience, the WorkCover Board have adopted a risk margin at 30 June 2012 of 9.5%. The adopted margin is intended to increase the probability of sufficiency of the provision to 75%.

QUALIFICATIONS

It is not possible to estimate the outstanding claims liabilities with certainty. Deviations from our estimates are normal and are to be expected. The outcome is dependent on events which are yet to occur and which are impossible to predict, including legislative, social and economic forces. The provisions we have recommended are based on assumptions which we consider to be reasonable in current circumstances.

Lisa Simpson

Lisa Simpson
Fellow of the Institute of Actuaries of Australia

1 August 2012

CERTIFICATE OF WORKCOVER QUEENSLAND

These general purpose financial statements have been prepared pursuant to the provisions of the *Workers' Compensation and Rehabilitation Act 2003*, section 62(1) of the *Financial Accountability Act 2009*, relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. We certify that in our opinion:

(i) the prescribed requirements for establishing and keeping of accounts have been complied with in all material respects; and

(ii) the statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of WorkCover Queensland for the financial year ended 30 June 2012 and of the financial position at the end of that year.

28th August 2012

G W Ferguson
CHAIRMAN

A J Hawkins
CHIEF EXECUTIVE OFFICER

Independent Auditor's Report

DECLARATION BY DIRECTORS

1 In the opinion of the directors of WorkCover Queensland:

(a) the consolidated financial statements and notes that are set out on pages 1 to 44 , are in accordance with the *Financial Accountability Act 2009*, *Financial Accountability Regulation 2009*, *Financial and Performance Management Standard 2009*, *Workers' Compensation and Rehabilitation Act 2003* and the *Workers' Compensation and Rehabilitation Regulation 2003*, including:

(i) giving a true and fair view of WorkCover Queensland's financial position as at 30 June 2012 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB), other authoritative pronouncements of the AASB; and

(b) at the date of this declaration, there are reasonable grounds to believe that WorkCover Queensland will be able to pay its debts as and when they become due and payable.

2 The directors draw attention to note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Board of Directors dated at Brisbane this 28th day of August 2012.

G W Ferguson
CHAIRMAN

J R O'Connor
DEPUTY CHAIRMAN

To the Board of *WorkCover Queensland*

Report on the Financial Report

I have audited the accompanying financial report of WorkCover Queensland, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairman and Chief Executive Officer of the entity and the consolidated entity comprising the Board and the entities it controlled at the year's end or from time to time during the financial year.

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the Board also states, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

(a) I have received all the information and explanations which I have required; and

(b) in my opinion –

(i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of WorkCover Queensland and the consolidated entity for the financial year 1 July 2011 to 30 June 2012 and of the financial position as at the end of that year; and

(iii) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Scott Guse FCA
as Delegate of the Auditor-General of Queensland

28 August 2012
Brisbane

Compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Accessibility	• Table of contents • Glossary	ARRs – section 8.1	pg. iii pg. 43
	• Public availability	ARRs – section 8.2	pg. i
	• Interpreter service statement	Queensland Government Language Services Policy ARRs – section 8.3	pg. i
	• Copyright notice	*Copyright Act 1968* ARRs – section 8.4	pg. i
Letter of compliance	• A letter of compliance from the accountable officer or statutory body to the relevant Minister(s)	ARRs – section 9	pg. ii
General information	• Introductory information • Agency role and main functions • Operating environment • External scrutiny • Machinery of government changes • Review of proposed forward operations	ARRs – section 10.1 ARRs – section 10.2 ARRs – section 10.3 ARRs – section 10.4 ARRs – section 10.5 ARRs – section 10.6	pg. 1 pg. 1 pg. 1 pg. 9 pg. 9 pg. 2
Non-financial performance	• Government objectives for the community	ARRs – section 11.1	pg. 9
	• Agency objectives and performance indicators	ARRs – section 11.4	pg. 4
	• Agency service areas, service standards and other measures	ARRs – section 11.5	pg. 7
Financial performance	• Summary of financial performance	ARRs – section 12.1	pg. 38
Governance - management and structure	• Organisational structure	ARRs – section 13.1	pg. 27
	• Executive management	ARRs – section 13.2	pg. 12
	• Boards and committees	ARRs – section 13.5	pg. 11
	• *Public Sector Ethics Act 1994*	*Public Sector Ethics Act 1994* (section 23 and Schedule) ARRs – section 13.6	pg. 35
Governance - risk management and accountability	• Risk management	ARRs – section 14.1	pg. 36
	• Audit committee	ARRs – section 14.2	pg. 33
	• Internal Audit	ARRs – section 14.3	pg. 35
Governance - human resources	• Workforce planning, attraction and retention	ARRs – section 15.1	pg. 24
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 42,43 and 50 ARRs – section 16.1	pg. 86
	• Independent Auditors Report	FAA – section 62 FPMS – sections 50 ARRs – section 16.2	pg. 88
	• Remuneration disclosures	*Financial Reporting Requirements for Queensland Government Agencies* ARRs – section 16.3	pg. 70
Disclosure of additional information	• Additional information to be reported online	ARRs – section 17	pg. 34

Glossary

Term	Definition
A	
Accident Insurance Policy	An Accident Insurance Policy is a workers' compensation insurance policy for employers engaging workers. The policy covers the employer's liability for workers' compensation and damages arising out of a work-related injury sustained by their worker.
Asbestos related diseases	Asbestos related diseases are caused by the inhalation of asbestos fibres over a period of time. Asbestos related diseases typically have long latency periods, that is ten to forty years from exposure to onset of the disease.
Average premium rate	The average premium rate is a rate per $100 of wages, expressed as a percentage, calculated by averaging net premium assessed for the year as a proportion of total wages declared by all employers for that year.
C	
Certificate of Currency	A Certificate of Currency identifies whether or not an employer's Accident Insurance Policy is up-to-date for the current period of insurance. Ordinary and government policyholders can generate their own Certificate of Currency through WorkCover Queensland's online services. Employers that have policies for other insurance types, please contact WorkCover Queensland on 1300 362 128, to generate a letter.
Claims experience	An employer's claims experience is comprised of the statutory claims amounts paid under an employer's Accident Insurance Policy for the preceding three years and the damages claims amounts paid under the policy for the two years preceding that.
Common law claim	A common law claim is the claim made by an injured worker who commences common law action through the courts against their employer for negligence (they are 'suing' their employer). The courts award common law damages payments for economic loss, pain and suffering, legal costs, and medical and hospital costs. WorkCover Queensland may pay all damages awarded to the injured worker, including legal and investigative costs as part of its Accident Insurance Policy.
D	
Damages	Damages are payments made under a common law claim that are classified as 'heads of damage'. These are different types of damage that may be suffered by an injured worker. Examples are: • general damages (compensation for pain and suffering) • economic loss (compensation for loss of past earnings or future earning capacity).
Declaration of wages form	Where wage information from employers is required to conduct a premium assessment, a declaration of wages form will be sent. Employers can return their wage information by completing the form, calling WorkCover Queensland, or entering their wages online. In all instances, wage information must be provided to WorkCover Queensland by 31 August.
E	
Estimated wages	When calculating premium, WorkCover Queensland requires details of the actual wages paid during the last financial year and the estimated wages you expect to pay in the next financial year.
G	
Goods and services tax	GST is payable on your premium but, like most Queensland employers, you are likely to be eligible to claim an input tax credit from the Australian Taxation Office. To enable WorkCover Queensland to meet its GST requirements, WorkCover requires you to provide your ABN and your percentage entitlement to input tax credits (see input tax credit for further information about this). Payments of weekly compensation do not attract GST.
H	
Health provider	Health provider refers to any medical or allied health provider (for example a doctor, medical specialist, physiotherapist, chiropractor or occupational therapist) who is registered with the relevant professional board (e.g. Physiotherapist Board of Queensland).

Host employer	A 'host employer' is an employer who agrees to host an injured worker at their workplace when the worker is unable to participate in workplace rehabilitation with their original employer. These programs normally run from three to six weeks. A host employer is not obliged to employ a person after their program has ended.
I	
Impairment	The Act describes impairment from injury as being 'a loss of, or a loss of efficient use of, any part of a worker's body'. This includes psychological injuries.
Industry classification	An industry classification system based on the Australian and New Zealand Standard Industrial Classification. Businesses are assigned an appropriate industry category on the basis of their whole-of-business activity.
Injury	An injury, as defined by the *Workers' Compensation and Rehabilitation Act 2003* is,'A personal injury arising out of, or in the course of, employment if the employment is a significant contributing factor to the injury'. Some examples of injuries include: • a cut or fracture; • a disease (example asbestos or Q-fever); • industrial deafness, • psychiatric or psychological disorders such as stress or depression; • aggravation of a pre-existing condition; • death from an injury, disease or aggravation of a disease.
P	
Policyholder	Is an individual or entity that holds an insurance policy with WorkCover Queensland.
Premium notice	Is a notice that is sent to WorkCover policyholders detailing an amount payable on their policy following inception, renewal or re-assessment.
Premium rate	The rate that has been used to calculate a premium for a given financial year. Wages, claims experience, the gazetted rate and the size of the business are taken into consideration when calculating the premium value. The premium rate is expressed as a dollar value per $100 of wages.
Q	
Q-COMP	Q-COMP is the Workers' Compensation Regulatory Authority.
R	
Rehabilitation	Under workers' compensation legislation, the purpose of rehabilitation is to ensure the worker's safest and earliest possible return-to-work or to maximise the worker's independent functioning. Rehabilitation for return-to-work (sometimes called occupational, vocational or workplace rehabilitation) can include treatment from a range of health providers, assessments of work capacity and suitable duties programs. Under legislation, workers and employers must take every reasonable step to participate in rehabilitation and return to work programs.
Results test	Is one of the tests used by WorkCover Queensland to determine if a person is considered a 'worker' under Schedule 2, Part 1 'Persons who are workers'.
Return to work	The worker's timely, safe and medically structured return to pre-injury duties, or other employment, following workplace injury.
S	
Self-insurer	An employer who meets certain criteria to manage their own workers' compensation issues. Contact Q-COMP for more information.
Stamp duty	Stamp duty is payable to the Queensland Government on many property and business transactions, including workers' compensation insurance premiums. Stamp duty has been included in premiums since 1916. Before the introduction of the GST, WorkCover Queensland included stamp duty in the final premium amount shown on your Premium Notice. Due to the GST, WorkCover Queensland now clearly lists the stamp duty payable as a separate item on your Premium Notice.

Statutory (no-fault) claims	A statutory or no-fault claim is when a worker is compensated for a work-related injury with payments and benefits prescribed in the *Workers' Compensation and Rehabilitation Act 2003*. These payments and benefits are referred to as statutory compensation and may include weekly payments as income replacement, lump sums to compensate for permanent impairment, and hospital and medical expenses. Statutory claims are administered on a 'no fault' basis. That is, it doesn't matter if it is the worker's or the employer's fault that the injury occurred-compensation is still paid.
Succession	Succession may be applied when a new employer acquires an existing business, and the new employer has previously been associated with that business. Applying succession will mean the five year wages and claims history of the predecessor employer will be used to calculate the premium of the new employer.
Suitable duties program	A suitable duties program (SDP) is designed to help workers return to work gradually through a supervised process. The program matches a worker's abilities with appropriate work tasks and hours. The goal of program is to help workers return to their normal duties.
W	
Wages	Wages are the total amount an employer pays to a worker as defined by Schedule 6 of the *Workers' Compensation and Rehabilitation Act 2003*.
Work-related injury	An injury where employment was a significant contributing factor.
WorkCover Industry Classification (WIC)	An industry classification system based on the Australian and New Zealand Standard Industrial Classification. Businesses will be assigned an appropriate industry category on the basis of their whole-of-business activity.
Worker	A 'worker' for the purposes of the *Workers' Compensation and Rehabilitation Act 2003* is an individual employed under a Contract of Service (sect 11) or specifically included under Schedule 2 Part 1, unless specifically excluded under Schedule 2 Part 2.

280 Adelaide Street (GPO Box 2459) Brisbane Qld 4001
p: 1300 362 128 **f:** 1300 651 387
info@workcoverqld.com.au
workcoverqld.com.au

ABN: 40 577 162 756
ISSN: 1329-6539