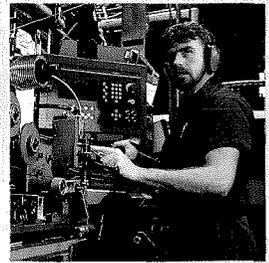
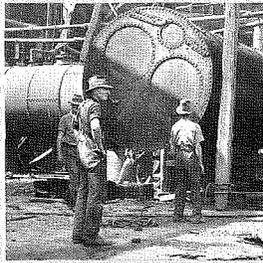


ANNUAL REPORT 1991



WORKERS' COMPENSATION BOARD OF QUEENSLAND

*Celebrating
75 years
of caring for Queensland's
Workforce*

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COVER: The background cover photograph depicts workers leaving a factory during the 1920's and has been specially screened and printed in silver to capture a "feel" for the 75th anniversary of our workers' compensation system. The smaller inset photographs depict workers over the years and compliment the theme of "Celebrating 75 years of Caring for Queensland's Workforce".

WHAT WE ARE

THIS is the 75th anniversary year of a Government run workers' compensation system in Queensland.

This system is managed by the Workers' Compensation Board of Queensland as a Division of the Department of Employment, Vocational Education, Training and Industrial Relations.

We are the sole insurer for workers' compensation in this State and carry out our operations via four sub-programs. These are Insurance Contracts, Claims, Rehabilitation and Directorate and Support Services.

All employers in Queensland are legally obligated to have workers' compensation policies to protect themselves and their employees from the costs associated with workplace injury and disease.

Without such protection employers could face damages claims from injured workers under Common Law while injured workers would face loss of income and in severe cases loss of a livelihood.

We collect premiums that are assessed on the actual wages, salaries and other earnings paid to workers during the year ending June 30. Rates vary according to an employer's industry or business.

Premiums are then kept in a Trust Fund to meet operating expenses and payments associated with workplace injury and disease and entitlements as set out under the Workers' Compensation Act 1990.

WHERE WE ARE GOING

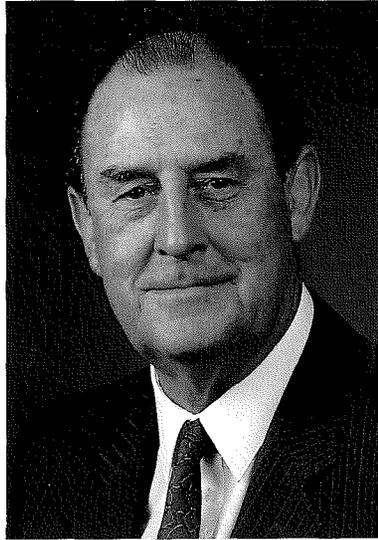
WE are clearly focusing on reducing the costs associated with workplace injury and disease to both employers and their workers while still offering a high level of service and speedy response to those in need.

We see an increasing involvement in promoting the advantages of new rehabilitation programs that educate both employers and employees about effective management policies for workplace injury.

Queensland is recognised as a leader in the management of a fully funded workers' compensation system and we are committed to strategies that will continue to enhance this reputation.

We will continue to value the assistance of and cater for the needs of a broad client base that predominantly includes employers, workers and unions.

Our staff are a great asset and we plan to continue to recognise and support the contributions they make and develop their skills in serving clients.



THIS year's Annual Report of the Workers' Compensation Board of Queensland highlights the 75th anniversary of a Government-run workers' compensation system.

The system that we know today as one of the most successful in the country had its beginnings in 1916 largely as a result of the concerns and vision of the then Premier, T. J. Ryan.

Stability, equality and fairness have continued to be the focus of attention in the development of our workers' compensation system over the years.

An anniversary offers the opportunity to reflect on the past, but this year has also been very important in regard to the future.

After an intensive consultation process that included a Green Paper I introduced a new workers' compensation Bill into Parliament.

The subsequent legislation was the Workers' Compensation Act 1990 which came into effect from 1 January 1991.

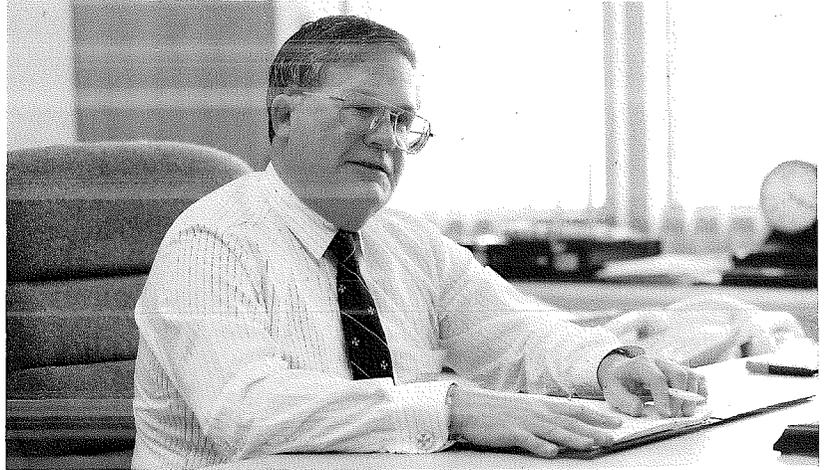
I am confident that this legislation will provide for the needs of the community in the 1990's and beyond.

A handwritten signature in dark ink, appearing to read 'N. G. Warburton', written in a cursive style.

N. G. WARBURTON
Minister for Employment, Training
and Industrial Relations

“Queensland Premier T. J. Ryan (1915-1919) encouraged the establishment of a system of workers' compensation within a State Government Insurance Office.”





Dear Minister,

In this the 75th anniversary year of the Workers' Compensation system in Queensland, I am pleased to report that, notwithstanding the severe economic conditions which have prevailed during the year, the Board's operations were stable and under the circumstances quite satisfactory.

Premium collection has reflected these economic circumstances through contraction in numbers of business enterprises and the substantial reduction in declared wages from certain industry sectors. The nett result has been a significant reduction in the growth of provisional premium for the 1990/91 year.

The number of new claims has reduced by 7.3%. However, there has been a noticeable increase in the number of reopened claims which one would normally expect during periods of lower employment. The nett effect of this situation is that there has not been a compensating reduction in claims payments for the year.

A reduction in aggregate premium by 4% and improved benefits which had effect from 1 January 1991 have also influenced this year's financial outcomes.

Accordingly, the underwriting surplus for this financial year is \$41.3M compared with \$58.1M for the previous year.

The Workers' Compensation Board has continued to focus on client service delivery during the year and maintenance of a stable financial position for the Workers' Compensation Fund. Several initiatives were taken by the Board to achieve these outcomes.

DEVELOPMENT OF THE WORKERS' COMPENSATION ACT 1990

Last year I reported that the Board was in the process of revising the Workers' Compensation Act 1916-1988 which had operated with many amendments for 74 years. The new Act passed all stages of Parliament on 20 November 1990 and was proclaimed on 18 December 1990.

Apart from consolidating and modernising much of the previous legislation, the new Act did introduce a number of new measures.

In summary these were:-

- An increase in the death benefit by 15%.
- Allowances for dependants have been increased.
- A "caring" allowance has been introduced for severely injured workers.
- Medical services for which compensation is payable has been extended to include treatment by psychologists, podiatrists and speech therapists.
- The qualifying criteria for industrial deafness have been eased.
- Common Law cover has been extended to include all mining diseases.

INDEPENDENT FINANCIAL REVIEW

During the year the Board decided to engage consultants to undertake an independent review of various aspects of the Board's operations. Financial assessments and recommendations were provided in regard to:-

- Premium rates
- Outstanding claims
- Administration expenses
- Common Law claims
- Options for change to Common Law
- Reinsurance
- Investment strategy
- Free reserves

The general outcome of this wide-ranging analysis was very positive and the Board is currently addressing several of the recommendations with a view to ensuring the most professional, prudent management of the Board's operations. This consulting work was performed by Trowbridge Consulting, a leading actuarial consulting company in Australia.

REHABILITATION PROGRAMS

Continued integration of the Claims Management and Rehabilitation functions of the Board occurred during the year. All District Offices and a proportion of Brisbane's claims operations now operate under this Personal Injury Management (PIM) system.

The Workplace Rehabilitation Program was launched during the year and is aimed at longer term involvement of employers in optimum return-to-work outcomes for injured workers and overall cost savings.

I am pleased to report that the PIM system and complementary Workplace Rehabilitation Program are being well received by Board clients and accepted as very practical, rewarding claims management strategies.

FUND MANAGEMENT

The financial position of the Workers' Compensation Fund is sound, particularly given the prevailing economic circumstances.

Major results were:

- Merit Bonus payments of \$99.4M (\$9.5M more than previous year)
- Premium income of \$347.8M (down 11%)
- Weekly compensation payments of \$94M (up 3.8%)
- Lump sum payments of \$24.6M (does not include Common Law claims)

The year's activities have resulted in a Surplus of \$119.1M made up of Underwriting Surplus of \$41.3M, Investment Income of \$84.1M and various adjustments on sale of fixed assets and depreciation and expenses totalling \$1M, together with a loss on realisation of investments of \$5.3M.

Provisions for future claims liabilities as at 30 June 1991 were \$502M having increased from \$489M as at 30 June 1990. This increase was largely due to increased Common Law claims liabilities. A misinterpretation of data discovered by the actuaries referred to earlier in my report has meant, however, that the increase in claims provisions is relatively small.

Considerable effort was expended during the year in developing a long-term investment and free reserve strategy to be adopted by the Board. Given that workers' compensation funds are invested with a diversified pooled fund manager, it was considered prudent that a thorough analysis of the appropriateness of this approach and the accompanying free reserve level be undertaken. Details of this analysis are outlined within this Annual Report.

In closing my report, I would like to record the appreciation of the Board to Mr Jim Campbell, former Assistant Under Secretary and Mr Jim O'Dwyer, former General Manager of the Board, for their long-standing contributions as part of their respective membership of the Board at various times.

I extend a welcome to Mr David Moore and Mr John Hogg, new members of the Board representing employers and employees respectively whose appointments resulted from new positions created by the revised Act. I also thank the current members of the Board for their contribution and assistance on Board matters.

Finally, I extend my thanks to Mr John Hastie, General Manager of the Workers' Compensation Board and the staff of the Board for their work, all of which contributed to the successful operations of the Board during a most difficult year.



B J NUTTER
Acting Director-General

THE Board's operations have been influenced by the severe economic circumstances which have prevailed during the year. Major results relevant to these operations were:-

- Gross Premium Income \$347.8M
- Merit Bonus \$99.4M
- Claims Paid \$220.9M
- Incurred Claims 77,440
- Underwriting Surplus \$41.3M
- Investment Income \$84.1M
- Nett Profit \$119.1M

The Workers' Compensation scheme remains fully funded after all provisions for future claims liabilities with a free reserve level appropriate to the current economic environment.



In January 1991 Trowbridge Consulting were engaged to provide detailed analyses of issues of some importance to the management of the Board. The matters addressed related to:

- Premium rates
- Outstanding claims
- Administration expenses
- Common Law claims
- Options for change to Common Law
- Reinsurance
- Investment strategy
- Free reserves

Major outcomes in relation to this independent actuarial review will be referred to in this report.

PREMIUM AND MERIT BONUS

Gross premium income for the year has reduced as a result of the 4% reduction in average premium rate effective from 1 July 1990 and the effect of the present economic recession on declared wages growth.

Gross premium has reduced by 10.2% on the levels achieved in the previous financial year. However, actuarial analysis reveals that the annualised premium capture is sufficient to cover the cost of all claims and other costs incurred in the year. Accordingly, a planned triennial rate review in two years time is still the Board's target.

Close attention has been paid during the year to the recovery of all premium owed to the Board, particularly in regard to uninsured and underinsured employers. This program has been successful in maintaining outstanding premium at a level commensurate with the position in previous years.

The efficacy of the Merit Bonus system was reviewed by Trowbridge Consulting during the year. One outcome was that the system has the great advantage of being simple and well understood by Board clients.

However, it has been revealed that, whilst 80% of small employers obtain maximum Merit Bonus under the scheme, small businesses quickly lose their Merit Bonus entitlement after incurring relatively small claims. It is felt that a greater incentive in the area of workplace health and safety management needs to be forthcoming from the Merit Bonus System in respect of small employers.

In the ensuing year some consideration of this situation is intended.

CLAIMS MANAGEMENT

Claims payments were 10% higher for the year. However, the cost of statutory benefits claims remained relatively stable after discounting for the effects of inflation.

The number of new claims reduced by 5,759, however the number of reopened claims has been at a relatively high level, resulting in the overall cost of claims being slightly below anticipated levels.

There have been significant changes in the management approach to claims within the Board. All District Offices and a proportion of Brisbane claims operations now operate under the Personal Injury Management System. The Board is noting some welcome improvements in the number of current claims and the number of "long tail" claims.

NUMBER OF CURRENT CLAIMS	
(30 June 1991)	8,025
NUMBER OF LONG TAIL CLAIMS	
(30 June 1991)	523
<i>(Long Tail claims are those greater than 12 months duration.)</i>	

The implementation of the statewide Workplace Rehabilitation program is expected to add considerable support to the internal claims management changes within the Board.

The ultimate outcome of this program is to achieve maximum social justice outcomes for injured workers and overall cost reductions for employers.

A significant outcome of the actuarial review was that "in aggregate, statutory benefit payments reduced by about 10% in real terms over the nine years ending 30 June 1990. This was achieved despite an increase of about 40% in the exposed workforce".

The actuary commented: "This is an extraordinary performance and is due largely to the reduction in claim frequency, especially of time-lost claims, and the improved return to work experience in recent years".

In respect of Common Law claim payments, the review has revealed Common Law payments, as a proportion of total claims payments expressed in real terms, have increased from approximately 10% in 1981/82 to approximately 25% in 1989/90 after variations for known short-term fluctuations. This represents compounding, superimposed inflation of 3% per annum for Common Law claims over this period.

Whilst the Board is happy with its management performance in respect of statutory benefit claims, significant management changes are underway in respect of Common Law damages claims.

The Board, through rigorous, planned management of Common Law claims, anticipates much quicker settlement of serious claims and speedier resolution of other claims where thorough investigation is necessary.

REHABILITATION

The integration of rehabilitation staff into the Personal Injury Management teams throughout Queensland is an ongoing priority. Management of the Board is happy with the acceptance of this management approach internally.

The improved relationships both internally among claims officers, rehabilitation counsellors and medical staff and externally among employers, injured workers, treating medical personnel and Board personnel are considered to be most worthwhile and I look forward to greater developments in this regard over the ensuing year. The expert assistance to be provided to employers via sponsored courses as part of the Workplace Rehabilitation Program will be vital for the overall success of the Board's strategy in this regard. Ten Rehabilitation Advisers have been appointed statewide to counsel employers in the most practical, effective measures for implementing workplace rehabilitation programs in their particular workplaces.

Major benefits are on offer for clients who fully embrace these initiatives and work with the Board in ensuring their success.

INFORMATION TECHNOLOGY SYSTEMS

This was the first year during which claims processing operations were applied completely on the mainframe based Claims Payment system (CP).

A number of enhancements and maintenance programs were developed during the year to improve the CP system with the result that payment time frames have been considerably improved to the benefit of injured workers and other recipients.

A Claims Experience Listing has also been developed and trialed during the year with a view to providing the most appropriate, practical claims information to employers to assist in the development of effective risk management outcomes for individual workplaces.

The Board is committed to ongoing cost effective enhancement of computer- based systems with the aim of delivering the best service possible to our clients.

PROGRAM STRUCTURE

The Workers' Compensation program underwent changes during the year, mainly to reflect the Board's focus on claims management and rehabilitation as an integral part of each other. These structural changes have been very successful in organising the desired management outcomes for the Board's operations.

A Directorate and Support Services sub-program was established to ensure that some support services, vital to the Board's business outcomes, were developed. A staff development function is now operating with the goal of providing the greatest opportunities for development of the Board's staff.

Staff development is viewed as an essential element in providing the highest levels of skill possible to staff so that vocational enrichment occurs and the best possible service is delivered to our clients.

A client information function is also now part of this sub-program. The role of this unit is to plan and disseminate information products to the Board's various clients through existing communication networks so that our business and expectations are well understood by those clients.

A Fund control function has been established to assist in the overall management of the financial resources of the Workers' Compensation Board.

GENERAL COMMENTS

Since my appointment as General Manager of the Workers' Compensation Board I have found the staff of the Board to be most co-operative, flexible and willing to participate in the various structural and management changes determined to be necessary through the independent actuarial review of the Board's operations and through other internal investigations.

I offer my sincere appreciation to Board staff for their professional approach to these management changes and for their dedication to the effective management of the Board's business.

I trust that the staff development initiatives and planned accommodation upgrading will assist in creating a positive atmosphere for staff to provide even greater levels of service.

My special thanks are also extended to medical and allied health professionals and legal consultants for their services provided to the Board, all of which has assisted in making the Queensland Workers' Compensation system amongst the best in Australia.



JOHN HASTIE
General Manager

PROGRAM HIGHLIGHTS

INSURANCE CONTRACTS SUB-PROGRAM



OBJECTIVE

To serve the needs of clients, particularly employers, by protecting their liability under workers' compensation legislation; ensuring equitable contributions and stability and provide risk management incentives.

KEY ACHIEVEMENTS

Lowest outstanding premiums balance for nine years (\$9.3M).

Lowest average premium rate in Australia (\$1.40).

Largest merit bonus in Board's history. (\$99.4M)

Recovery of more than \$111,402 from uninsured employers.

Reduction in premium rates.

FUTURE STRATEGIES

Review of merit bonus scheme to make it more equitable (especially to small employers and employers with recent good management performance).

Increased identification of uninsured and underinsured employers.

Active attention to bad debts.

CLAIMS SUB-PROGRAM



OBJECTIVE

To serve the needs of clients, particularly injured workers, by providing adequate benefits and quality services while also recognising the interests of employers.

KEY ACHIEVEMENTS

Extension of full award benefits to injured workers from 26 weeks to 39 weeks.

Lump sum increase in benefit ranging from 16% to 21%.

Independent actuarial report confirmed adequate provisions held for outstanding claims.

Substantial reduction in delays in assessments by Medical Assessment Tribunals and Audiology Consultants.

Number of new claims processed and paid within one week of receipt now exceeds 53%.

FUTURE STRATEGIES

Development of an integrated management plan for Common Law claims handling.

Active encouragement of Board claims management measures.

Continuation of Personal Injury Management programs for Statutory Benefit Claims in conjunction with the Rehabilitation Sub-Program.

Introduction of suburban claims handling to bring services closer to clients.

REHABILITATION SUB-PROGRAM



OBJECTIVE

To minimise the social and economic costs experienced by injured workers, employers and the community as a result of work-related injuries.

KEY ACHIEVEMENTS

Implementation of Personal Injury Management System in all district offices and a proportion of Head Office.

Workplace based rehabilitation courses started at Technical and Further Education Colleges.

Recruitment of 10 Rehabilitation Advisers to assist in the implementation of workplace rehabilitation programs.

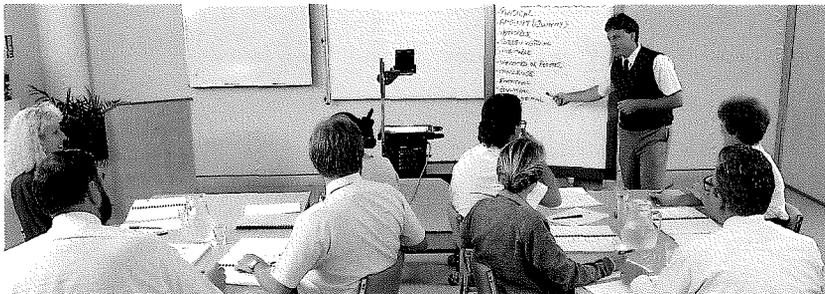
FUTURE STRATEGIES

Completion of Personal Injury Management System at Head office.

Extension of workplace rehabilitation programs within industry.

Progressive improvement in understanding by Board staff of the established claims/rehabilitation management culture.

DIRECTORATE AND SUPPORT SERVICES SUB-PROGRAM



OBJECTIVE

To enhance the Board's ability to achieve its goals and objectives through the provision of cost-effective direction, administration and support.

To increase the awareness in the community of workers' compensation and rehabilitation issues.

KEY ACHIEVEMENTS

Development of a Fund investment policy to maximise investment income whilst ensuring on-going Fund stability and appropriate reserving policies.

Dissemination of information through professional and trade journals.

Production of brochures explaining new legislation.

Provision of statistical data to clients.

Rate review of special agreement policies.

Training needs analysis completed and commencement of a standard staff development program.

Relocation of Redcliffe and Mt Isa district offices, expansion of Cairns office.

Initial planning for establishment of a Logan City office.

FUTURE STRATEGIES

Further development of staff skills to achieve strategic outcomes of the Board.

Revision of client information needs.

Public education via media and trade publications and journals.

Develop statistical information package on major industry groups and major injury types.

Development of processes to eliminate fraudulent activities amongst our client groups.

ABOVE: Occupational therapist Madonna Scanlon and physiotherapist Sue Kay work as a team to advise an injured worker at Queensland Railways on how to perform work tasks.

BELOW: Staff training is aimed at improving the level of service to clients.

Workers' Compensation Establishment Insurance Office in Eagle Street, First branch of Townsville, Rockhampton, Toowoomba and



Jockeys and showmen's wages' staff) in

Table of Indemnity temporarily extended from "Spanish Influenza), a table which in Queensland hospital workers attendants, quarantined waterside work general public, eligible to be covered under the scheme

REHABILITATION

Prior to 1973, the Queensland Workers' Compensation Act made no specific provision for rehabilitation of seriously injured workers. In that year, by amendment to the Act, workers were able to avail themselves of rehabilitative treatment of \$1,500 per claim per year.

AWARD WAGES

One of the most important changes in the history of workers' compensation occurred in 1972 with the introduction of payment of full award wages to injured workers for the first 26 weeks.

NEED FOR CHANGE

Towards the middle of the 1970's, it had become evident to those responsible for the administration of the Act that workers' compensation, being essentially a social service, would be better set up as a separate organisation outside the confines of the SGIO.

Following recommendations to remove the Workers' Compensation operation (both policy and claims) from the control of the State Treasurer and his Sub Department, the SGIO, a Workers' Compensation Board of Queensland was established by legislation in 1978 and passed to the Department of Labour Relations controlled by the then Minister, the Hon. Fred Campbell, MLA. A Board of six members was formed and on 1 July 1978, the entire operation was re-located at Comalco House.

The move involved 322 former SGIO staff and an asset transfer of some \$141 million.

Workers' compensation had naturally undergone vast changes during the 62 years that it was under the wing of the SGIO. From a revenue of 248,399 pounds achieved in 1918, the 1978 revenue had risen to \$105 million. Claims paid in 1918 had amounted to 106,066 pounds, while in 1978 claimants received \$57.6 million.

THE FIRST BOARD

A major initiative in the Board's early years was the expansion of rehabilitation programs for injured workers. Such programs have continued to be developed and are a vital part of the Board's strategy of assisting workers to return to their normal workplace environment and family life as soon as is practicable.

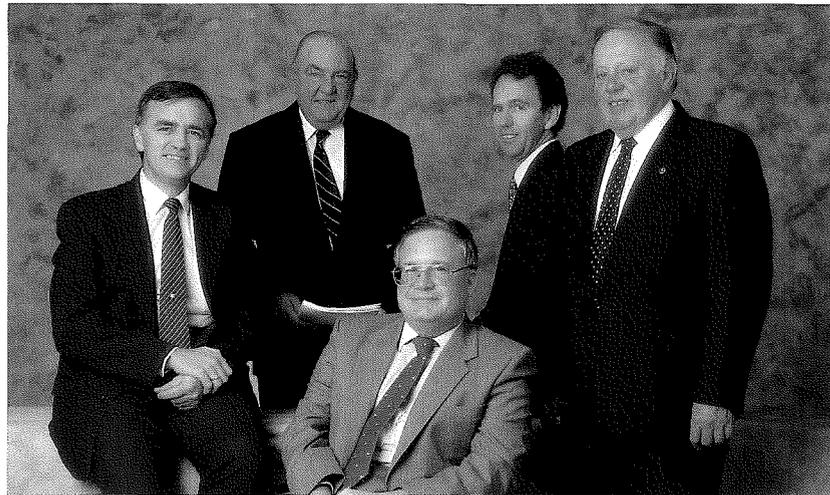
New district offices were established and computerisation of services also continued throughout the 1980's.

The Board concentrated on keeping premium rates amongst the lowest in Australia while still ensuring the protection of injured workers.

The Board now has more than 140,000 workers' compensation policies with the total premiums in excess of \$350 million.

Workers' compensation legislation has been amended on a number of occasions since the formation of the Board with a major re-write undertaken last year.

ORGANISATION AND MANAGEMENT STRUCTURE



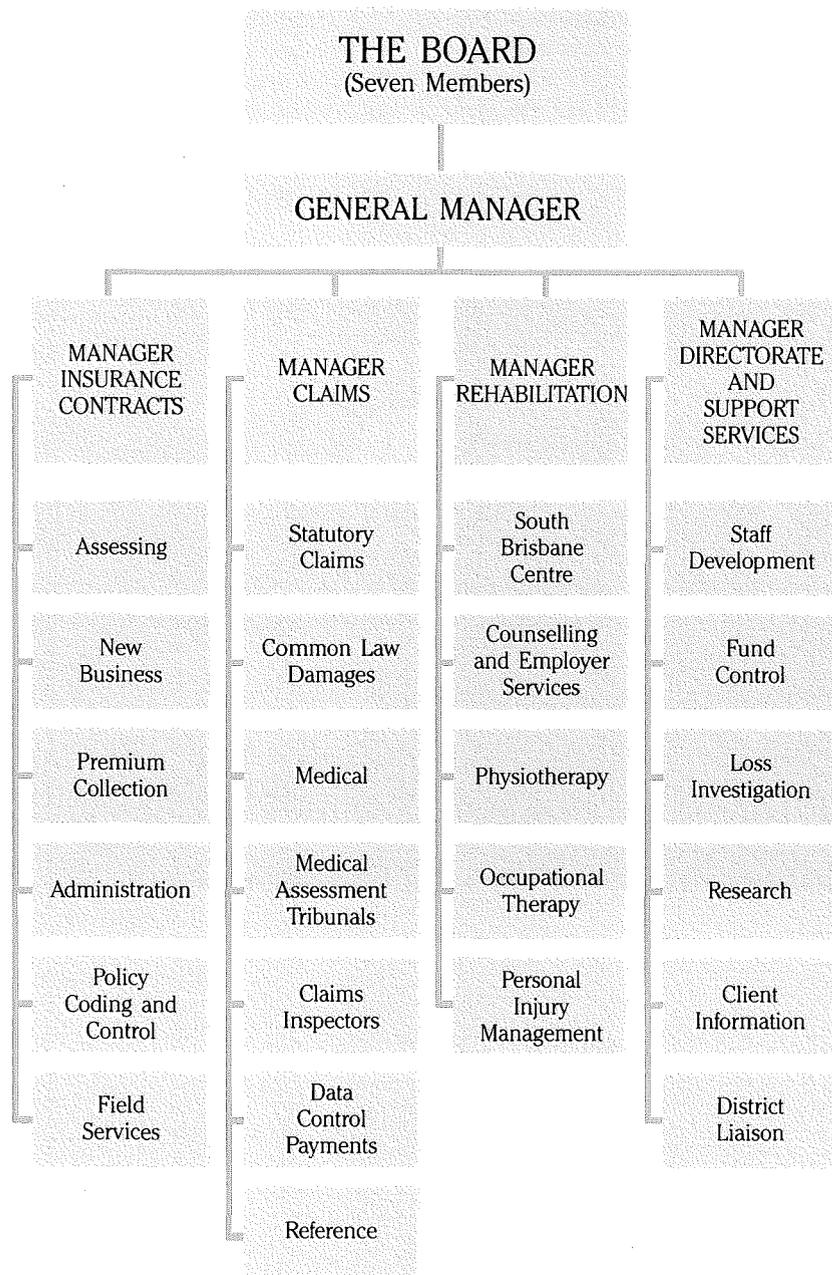
THE Board is a body corporate representing the Crown and is empowered under the Workers' Compensation Act 1990 to make recommendations to the Minister charged with the administration of the Act (the Minister for Employment, Training and Industrial Relations) in regard to premiums, benefit payments, bonus distributions as well as matters of policy in regard to the administration of the Act.

Membership of the Board has been expanded this year to include an additional employer representative and workers' representative.

NEW MEMBERS

Mr David Moore, Chief Executive Officer of the United Graziers' Association of Queensland has been appointed to the Board as an employer representative. Mr Moore has 23 years experience in Australian and overseas trade. He has worked for the Department of Trade as a Trade Commissioner to Rome, Belgrade and Seoul and also for the Wool Council of Australia as its Executive Director.

Mr John Hogg, State Secretary-Treasurer for the Shop Distributive and Allied Employees Association (Queensland Branch) has joined the Board as a union representative. Mr Hogg has a long association with the union movement. He has also been a member of the Council for Economic Development of Queensland, the Work Experience Advisory Council, an Executive Member of the Queensland Retail Industry Training Council and a Director of the Queensland Small Business Corporation.



ABOVE: Mr H. R. Smerdon (State Government Representative), Mr T. S. Burton (Employees Representative), Mr B. J. Nutter (Chairman), Mr D. Moore (Employers Representative) and Mr E. A. Shaw (Employers Representative). Other Board members are Dr P. Hopkins (State Health Department Representative) and Mr J. Hogg (Employees Representative).

SUB-PROGRAM

THE Workers' Compensation Act 1990 introduced significant increases in benefits for injured workers. From 1 January 1991, lump sum payments available to injured workers were increased by 16-21%.

The maximum compensation for fatal claims increased from \$77,470 to \$90,150, whilst the maximum compensation for non-fatal claims increased from \$55,850 to \$67,870. From 1 March 1991, full award benefits became payable to injured workers for a period of 39 weeks, the term previously being restricted to 26 weeks for almost 20 years.

The new Act also provides for weekly benefit increases to injured workers whose eligibility for award benefits has expired. This weekly benefit for injured workers with no dependants has been increased from \$234.00 to \$258.10.

Significant changes concerning Industrial Deafness were:

- A more equitable approach to seasonal workers.
- Validity of claims lodged by workers up to 12 months after formal retirement.
- Discretionary power to allow claims in certain circumstances when the worker cannot fulfil the normal requirements.

To reflect more adequately the independent role of Medical Boards;

- Medical Boards were renamed as Medical Assessment Tribunals.
- Provision was made for a rehearing before a Tribunal should new medical evidence be tendered which was not available at the time of the original hearing.

ACTUARIAL REVIEW

The actuarial review confirmed that the provisions held for outstanding claims were more than adequate and that the Fund was in a healthy state.

Whilst the report highlighted a reduction in statutory benefits over a 10-year period, it indicated an escalation in payments under Common Law damages claims which called for a review of management strategies.

MEDICAL ASSESSMENT TRIBUNALS

Concerted efforts have been made during the year to reduce delays in having injured workers' claims determined within the shortest possible time.

To alleviate numbers of claims referred to the Cardiac Assessment Tribunal a Cardiac Review Committee was formed to examine all claims of a cardiac nature.

Of 31 claims examined, 13 claims were accepted by that committee, but due to medical complexities the remaining 18 were referred to the Tribunal.

All claim documents are now made available to the injured workers' representatives prior to the hearing upon request. During the year seven long-serving Tribunal members retired. These were: Dr Don Watson, Dr Ken Watson, Dr Michael Gallagher, Dr Graham Anderson, Dr Jeff Toakley, Dr Edward McGuinness and Dr Ron Wood. A total of 17 new members were appointed, including eight from regional centres.



AUDIOLOGY TESTING

With a view to reducing delays in audiology testing of industrial deafness claims the Board is investigating the feasibility of installing testing booths in district offices.

CLAIMS INVESTIGATIONS

As a result of claims investigation activities, the Board referred seven claims to the Police Department for prosecution. Four claimants were found guilty of offences relating to intent to defraud and fraudulently receiving workers' compensation benefits while working.

Three cases are still being considered by police.

STATUTORY BENEFIT CLAIMS

The Board recognises the need for a worker who sustains an industrial injury to receive financial assistance at the earliest possible time. Board officers involved in the management of claims have exceeded their performance in 1989/90 in this regard.

During the 1990/91 year 53% of claims were paid within one week of lodgement. New avenues are being explored to provide an even greater performance in the future.

Personal Injury Management is used to manage Statutory Benefits claims. Under this system claims officers, medical officers and rehabilitation counsellors are responsible for the management of claims with emphasis on a return-to-work outcome.

COMMON LAW DAMAGES CLAIMS

Following concerns regarding increasing payments and prolonged resolution of Common Law Damages claims, the Board's legal advisers are now being requested to submit a management plan on each case when briefed by the Board.

Improved methods for the management of these claims have been developed, and it is anticipated that a strong focus in this area will result in an earlier resolution of claims as well as reduced costs.

SUBURBAN CLAIMS HANDLING FACILITIES

To make the Board's services more accessible to its clients, a detailed study of the geographical location of injured workers was undertaken.

Following the analysis of statutory benefits claims numbers a new suburban office will be opened at Logan City in the southern suburbs of Brisbane.

SUB-PROGRAM

DURING the past year the Board's rehabilitation service activity has seen the introduction of two major initiatives designed to bring social and financial benefits to the Queensland community. These initiatives are Workplace Rehabilitation Education and Personal Injury Management.

The Minister for Employment, Training and Industrial Relations launched the Board's Workplace Rehabilitation education program on the 17th May 1991. This program is being presented to representatives of employers and unions by Technical and Further Education (TAFE) lecturers and Board Rehabilitation Advisers. The five-day course is available free of charge and is being run at various TAFE centres. A similar program in the Brisbane metropolitan region is scheduled to start in October 1991. The program will be continued until the principles and benefits of workplace rehabilitation are fully accepted and adopted within industry.

The education program is designed to encourage employers to implement their own workplace rehabilitation programs for the benefit of their injured workers. There are major financial benefits to employers and therefore the Queensland economy in these programs through the reduction of the cost of workers' compensation. Board statistics show that injuries to Queensland workers cost more than \$200 million in compensation last year.

The concept of Personal Injury Management was introduced by the Board to enable early identification of the rehabilitation potential of injured workers. This early rehabilitation intervention maximises social and economic benefits for workers and employers. The Personal Injury Management process also integrates and focuses the Board's claims, medical and rehabilitation management activities while enhancing relationships between the Board, injured workers, employers, unions, medical practitioners and allied health providers.

These two major initiatives are closely interrelated. When an employer has established a workplace rehabilitation program the Personal Injury Management team is advised. Then when a claim is lodged by the employee, the Personal Injury Management team may negotiate the Board's and employer's range of services through a Rehabilitation Counsellor. The roles of co-ordination and facilitation for a Rehabilitation Counsellor become more prominent through the process of Personal Injury Management and workplace rehabilitation.

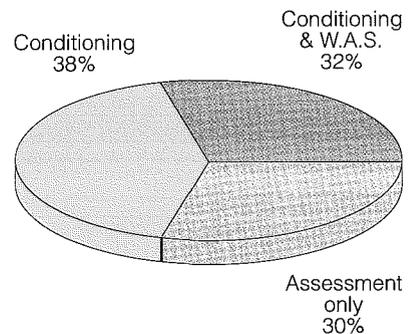
These initiatives also establish a necessary link with an emerging growth in rehabilitation private providers.

SOUTH BRISBANE CENTRE

The operations of the South Brisbane Centre continue to focus upon rehabilitation of injured workers through the provision of-

SERVICES

- Comprehensive Assessments
- Conditioning Programs
- Work Assessment Schemes
- Education Classes



Services at the Centre have been restructured to accommodate the implementation of the Personal Injury Management teams which are being introduced throughout Queensland. Greater emphasis has been placed upon recommending to the Personal Injury Management team further rehabilitation initiatives identified through comprehensive assessments.

	1991	1990
■ Referrals	1360	1139
■ Assessments	1321	1106

Employers have continued to play a vital role in providing assistance in work assessment schemes and/or work site visits. Where a work assessment scheme is available to an injured worker, the likelihood of a successful return to work is much higher.

- Work Site Visits 775
- Work Assessment Schemes 407

Of those clients who have completed a full rehabilitation program (assessment/conditioning/work assessment scheme).

- 90% were discharged fit for work.
- 60% of injured workers actually returned to work immediately upon discharge.

The costs for the provision of services and rehabilitation expenses for injured workers attending South Brisbane Centre during 1990/91 was approximately \$2,000 per client. This figure includes salaries, building maintenance, equipment, other program costs, travelling, assistive devices and accommodation.

Other activities of the Centre during the year included:-

- Implementation of a Research Committee to foster research and publication of papers to assist in the development of rehabilitation programs throughout Australia.
- Review of private Occupational Therapy and Physiotherapy Services in Brisbane and several other Districts, which has resulted in the development of a directory of currently available services for Personal Injury Management team referrals.

The centre is currently developing a survey for distribution to client groups to ensure their needs are being met.

PERSONAL INJURY MANAGEMENT

The principal activities of the P.I.M. program are:

- Identify rehabilitation potential on receipt of a claim.
- Establish early counsellor contact with the injured worker, employer and treating medical practitioner.
- Early preparation of rehabilitation objectives and action plans.
- Provide a forum to discuss concerns of counsellor, medical officer or responsible claims officer relating to personal injury management of individual claims.
- Undertake timely review of ongoing claims.
- Provide the opportunity for arbitration of unresolved matters from Personal Injury Management meetings.

Personal Injury Management provides for increased satisfaction for the injured worker by:-

- improved physical and psychosocial results
- early return to maximum earning capacity
- opportunity for increased benefits in the long term

Employers benefit by:-

- maintenance of low premium structure
- wider accessibility to Merit Bonus entitlement
- reduced uninsured losses (replacement staff, overtime and reduced productivity)

Implementation of the process has been achieved across all District Offices.

Brisbane Head Office is midway through the implementation phase.

During the 1990/91 financial year Personal Injury Management assisted in reducing the number of current time lost claims by 28% and "long tail" claims (of over 12 months duration) by 66%.

OVERSEAS DELEGATION

In October 1990 Graham Hughes, Manager Rehabilitation Branch, visited Germany as a member of an invited delegation from Canada and Australia.

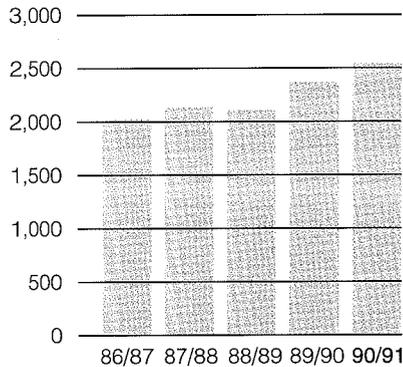
The delegation, which was hosted by the German Government, examined the German Workers' Compensation and Rehabilitation system. The delegation found the German Workers' Compensation structure which is divided into separate industry schemes to be extremely efficient. It demonstrates significant emphasis on rehabilitation. A surprising element was the system's allocation of injured workers to specified medical practitioners for the treatment of their injury.



ABOVE: Occupational therapist Lisa Leckenby and senior physiotherapist Robert Chersini during a worksite visit to the Castlemaine Perkins Brewery in Brisbane to determine the injured workers job demands.

MEDICAL ASSESSMENT TRIBUNAL HEARINGS

"Medical Assessment Tribunals" are panels comprised of three independent medical specialists who consider and determine the medical aspects of referred claims, including determination of the extent of disabilities for the payment of lump sum settlement.



MEDICAL ASSESSMENT TRIBUNAL COMPARISONS

Claims determined by Medical Assessment Tribunals increased by 4.9% for 1990/91. The continued increases in hearings by the General Medical and Neurology Assessment Tribunals indicate the complex nature of medical conditions considered by those Tribunals.

ASSESSMENT TRIBUNAL	89/90	90/91
Cardiac	148	95
Chest	2	3
Dermatology	49	34
Ear, Nose & Throat	84	97
Facial Disfigurement	18	19
General Medical	441	518
Neurology	122	174
Ophthalmology	27	18
Orthopaedic	1509	1556
TOTAL	2400	2514

CARDIAC REVIEW COMMITTEE

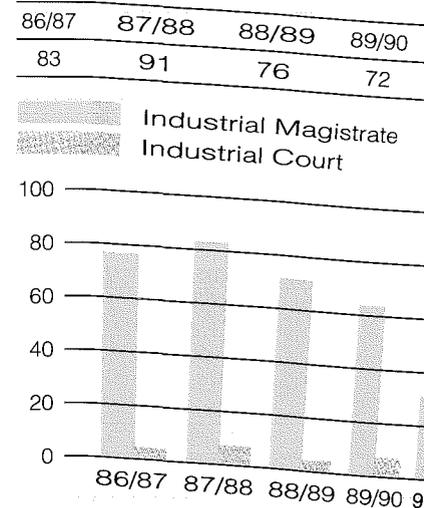
Since the inception of the Cardiac Assessment Tribunal in 1961, all claims of a cardiac nature have been referred to that Tribunal for determination.

With the view to deciding Cardiac Claims without reference to the Tribunal, a Cardiac Review Committee comprising a Chairman of the Cardiac Assessment Tribunal and the Board's Senior Medical Officer was set up to examine all cardiac claims.

Between September 1990 and June 1991, 13 claims were accepted by the Review Committee and 18 were referred to the Cardiac Assessment Tribunal.

APPEALS HEARD

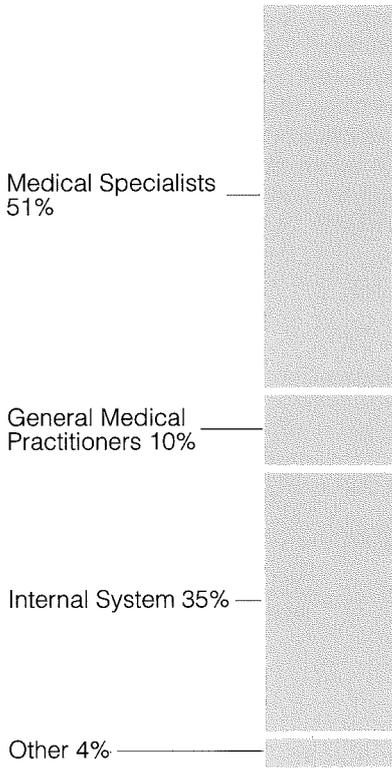
Injured workers have the right to appeal to an Industrial Magistrate or further, to the President of Industrial Court, against administrative decisions of the Workers' Compensation Board of Queensland.



CLAIMS REJECTED

In 1990/91, 77,440 claims were lodged with the Board. 583 or 0.75% of those claims were rejected.

REHABILITATION SOUTH
BRISBANE CENTRE. SOURCE
OF REFERRAL

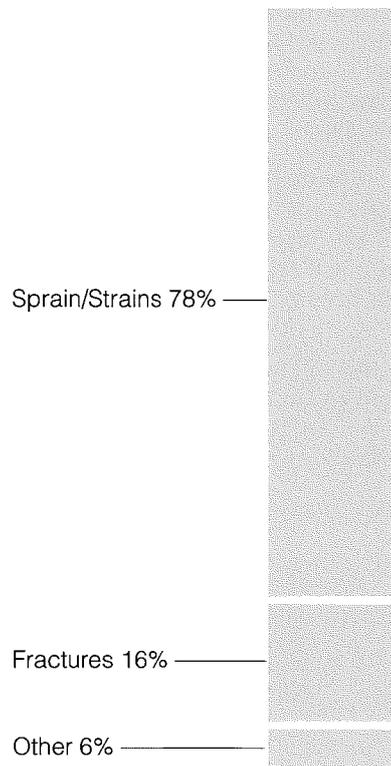


The "other" category includes Employer and Occupational Health Personnel referrals, as well as self referrals.

MAJOR OCCUPATIONAL
GROUPS



MAJOR INJURY TYPES



NOTE:
Rounded to nearest whole number

Of the Sprains/Strains, Knee injuries accounted for 9%; Shoulder/Upper Limb 22%; Back 54%, Neck 8% and "other" 8%.

FITNESS FOR WORK
AFTER REHABILITATION
(excluding assessment only
Clients) — Program Outcomes



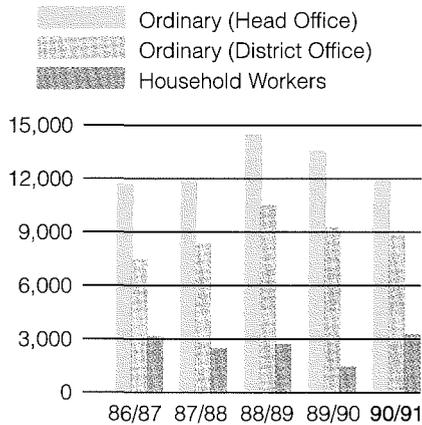
Sprain/Strain injuries to the back constitute the largest category of injuries assessed at South Brisbane Centre.

**INSURANCE CONTRACTS
New Policies**

24,047 new policies were issued during the year, which represents a fall of 1.4%.

The reduction in new policies applied for ordinary policies. There was an increase in the issue of 'household workers' policies, which cover the liability of householders in respect of persons employed in or about a private residence.

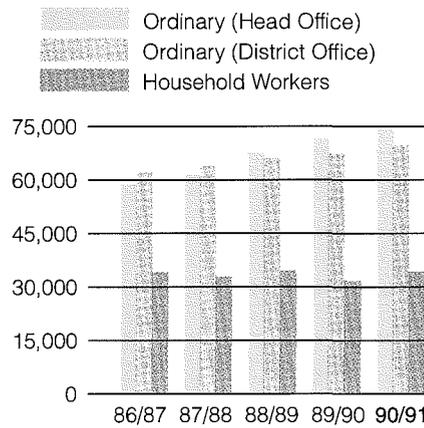
86/87	87/88	88/89	89/90	90/91
22,383	22,675	27,937	24,392	24,047



Policies in Force — Ordinary and Household

Despite the reduction in new policies issued, the total policies "in force", including "current" policies and "cancelled" policies still requiring action, have increased from 170,569 to 178,090.

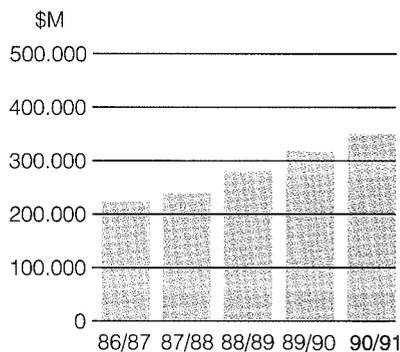
86/87	87/88	88/89	89/90	90/91
153,339	157,855	167,496	170,569	178,090



Gross Premium

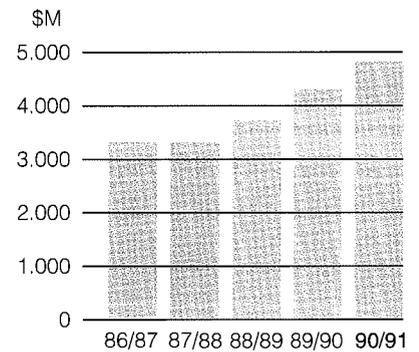
Gross premium includes "ordinary" premium and special insurances (eg Work experience students, lifesavers etc) and does not include revenues from Government claims or outstanding premiums.

"Ordinary" premium from the State's employers forms the bulk of the Board's premium income and is directly related to wages declared by those employers.



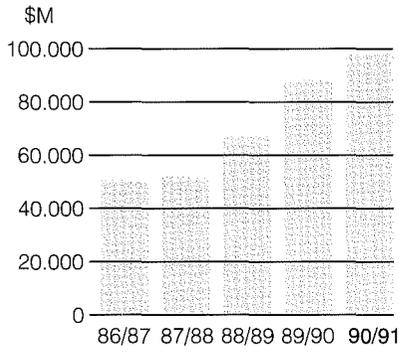
Ambulance Discount

A discount on premium is available to employers who provide an "ambulance" service in terms of Regulation 12(2) of the Workers' Compensation Act 1916-1988 (which is still in force pending the passage of new Regulations for the Workers' Compensation Act 1990). There was an increase of 11.2% in 1990/91 to \$4.883M.



Bonuses Deducted

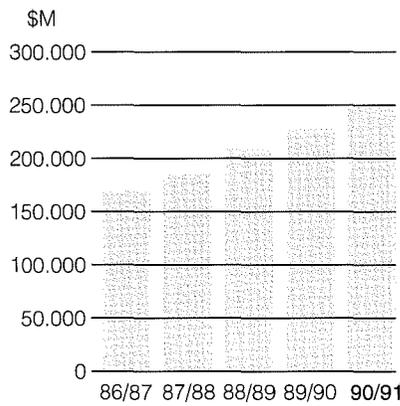
Merit Bonus allocated to policyholders on current year assessments during 1990/91 increased by 10.16% to \$99.100M. This amount represents 28% of the gross premium related to wages declared.



Nett Premium

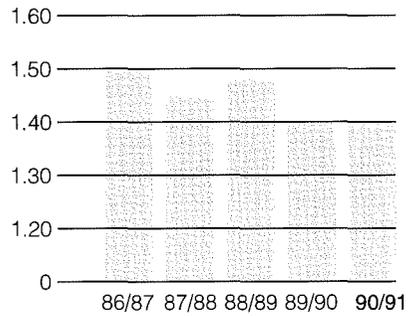
Nett premium includes "ordinary" premium and special insurances (eg work experience students, lifesavers etc) and does not include revenues from Government claims or outstanding premiums.

The nett premium payable by employers during 1990/91 on their declared wages for the 1989/90 year was \$251.423M, an increase of 9.8% on the previous year.



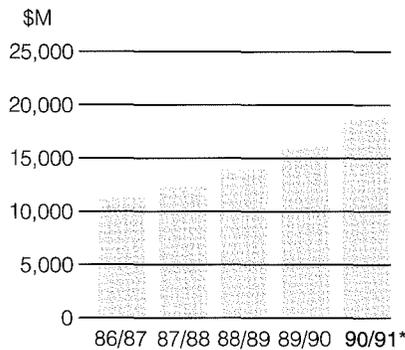
Average Rate per \$100 Wages

The nett premium has increased at a lesser rate than wages declared, and the average nett premium rate for employers has stabilised at \$1.40. This rate remains well below the comparative rates in other Australian States.



Wages Declared

Wages declared by employers during 1990/91 for the year to 30 June 1990 was \$18,061M.



**(includes special insurances e.g. work experience students, lifesavers etc).*

THE Workers' Compensation Board's provisions and reserves are invested by the Queensland Treasury Corporation (QTC) in its Investment Trust.

The QTC is a diversified manager with \$6.9 billion under management as at 30 June, 1991.

The internal rate of return on workers' compensation funds was 13.5% for the financial year to 30 June 1991. This return amounted to \$78.1M. The result was very pleasing, given the difficult investment conditions which existed during the year.

INVESTMENT STRATEGY

Prior to the 1988/89 financial year, the Workers' Compensation Fund was invested solely in cash and fixed interest securities.

These funds were transferred to the QTC from 1 July 1988 in response to the deregulation of the 1980's and the new awareness of the advantages of having a diversified portfolio. The new portfolio included shares, property, fixed interest and cash.

Over the long term, share and property markets provide substantially higher returns than investments in fixed interest markets. Historically, the additional return has been between three and four per cent per annum, which on a compounded basis becomes very significant over the longer term.

The QTC pursues a disciplined approach to the risk/reward trade-off in the management of the Investment Trust. It seeks to maximise returns for a given level of risk.

The higher returns of shares and property reflect a premium for short-term volatility. The interests of the Board's contributors are best served by capturing part of this premium. As the collective total of investible funds is likely to grow over time, this volatility can be absorbed with an appropriate level of free reserves.

FREE RESERVE STRATEGY

During the year, the Board reviewed the risk profile and prospective returns on its investments and considered the level of free reserves appropriate to the investment strategy adopted.

The Board decided to continue with its current investment strategy and to make provision in its accounts for the possibility of a very adverse result in any period by way of an investment fluctuation reserve. This will allow reserves to be set aside when returns are high and for them to be drawn upon when returns are low.

A free reserve level above an \$80M minimum is to be adopted in order to accommodate the risks of volatility and much lower investment returns under severe economic conditions.

A Reserve of between \$340M and \$400M has been established as the target to be achieved, based on the current Fund size, as economic conditions recover. It is accepted that this free reserve level may reduce to \$80M in severe economic circumstances when it is intended that stable premium rates and merit bonus payments will be maintained. This will be reviewed on an annual basis to ensure stability of the Fund and provide for contingencies in the event of a severe economic downturn that would minimise underwriting surplus and investment income.

Incorporated in this proposed free reserve/investment strategy is the provision for the remote possibility of a major catastrophe involving multiple deaths or injuries and the latent risk of claims from work related diseases.

The Board considers its policy of taking a long-term view of investment returns should enable lower nett premiums than would have been possible under the previous policy of investing only in Government securities and money market instruments.

ROYAL FLYING DOCTOR SERVICE **\$40,000**

The Board contributed \$40,000 in its support of the Royal Flying Doctor Service for 1990/91.

QUEENSLAND WORKERS HEALTH CENTRE **\$120,100**

The Board contributed \$120,100 in support of the Queensland Workers Health Centre to update the Centre's library facilities providing information on occupational health hazards and their prevention.

ACCIDENT PREVENTION **\$8,195,000**

The Board provided \$8,195,000 to the Division of Accident Prevention to assist in the reduction of accidents in the Queensland community.

DURING 1990/91, the Workers' Compensation Board made grants totalling \$172,164.57 to organisations and services involved in the treatment of injured workers or the promotion of safety as follows.

PUBLIC HOSPITALS **\$8,600,065**

The Board paid \$8,600,065 to the State Health Department for treatment provided to Workers' compensation claimants at the State's Public Hospitals. This grant is paid annually, the actual amount being determined each year.

MINES RESCUE BRIGADE **\$401,999.57**

The Board contributed \$401,999.57 towards the cost of the Mines Rescue Brigade for 1990/91 in terms of the Coal Mining Act.

NATIONAL SAFETY COUNCIL OF AUSTRALIA (QLD DIVISION) **\$315,000**

The Board contributed \$315,000 to support the Queensland Division of the National Safety Council in the promotion of safety in order to minimise industrial accidents.

LOCATION OF OFFICES

Head Office
Workers' Compensation
Board Building
280 Adelaide Street,
GPO Box 2459
Brisbane Qld 4000.
Telephone: (07) 231 9500
Fax: (07) 221 3873

Bowen
Gradgo Shopping Mall,
Powell Street,
Bowen Qld 4805.
Telephone: (077) 86 2599
Fax: (077) 86 3392

Bundaberg
Floor 5, Wide Bay
Capricorn House,
Cnr Barolin and
Woongarra Streets,
Bundaberg Qld 4670.
Telephone: (071) 52 5433
Fax: (071) 52 3957

Cairns
Tropical Arcade,
Cnr Abbott and
Shield Streets,
Cairns Qld 4870.
Telephone: (070) 51 3299
Fax: (070) 31 5050

Dalby
Shop 9, Dalby Plaza,
Cnr Archibald &
Condamine Streets,
Dalby Qld 4405.
Telephone: (076) 62 4822
Fax: (076) 62 5490

EMERALD
Mackays Arcade,
Cnr Egerton and
Ruby Streets,
Emerald Qld 4270.
Telephone: (079) 82 3144
Fax: (079) 82 4231

Gladstone
Cnr Roseberry Street and
Oaka Lane,
Gladstone Qld 4680.
Telephone: (079) 76 0760
Fax: (079) 72 6237

Gympie
9 Channon Street,
Gympie Qld 4570.
Telephone: (074) 82 4059
Fax: (074) 82 8404

Ipswich
Level 1, Ipswich Centre Plaza,
2 Bell Street,
Ipswich Qld 4305.
Telephone: (07) 281 0977
Fax: (07) 812 2947

Kingaroy
27 Alford Street,
Kingaroy Qld 4610.
Telephone: (071) 62 3188
Fax: (071) 62 2700

Mackay
Suite 102, Dunkheld Gardens,
49 Victoria Street,
Mackay Qld 4740.
Telephone: (079) 51 2433
Fax: (079) 57 5803

Maryborough
319 Kent Street,
Maryborough Qld 4650.
Telephone: (071) 22 3122
Fax: (071) 23 2223

Mt Isa
75 Camooweal Street,
Mt Isa Qld 4825.
Telephone: (077) 43 5371
Fax: (077) 43 7942

Nambour
Cnr Lowe and Ann Streets,
Nambour Qld 4560.
Telephone: (074) 41 3511
Fax: (074) 41 7068

Redcliffe
23 Redcliffe Parade,
Redcliffe Qld 4020.
Telephone: (07) 284 2098
Fax: (07) 283 2735

Rockhampton
Callionotis House,
130 Victoria Parade,
Rockhampton Qld 4700.
Telephone: (079) 27 3177
Fax: (079) 22 1783

Roma
79a Arthur Street,
Roma Qld 4455.
Telephone: (076) 22 2144
Fax: (076) 22 4264

Southport
10 Cloyne Road,
Southport Qld 4215.
Telephone: (075) 32 4411
Fax: (075) 91 4405

Toowoomba
Floor 5, Heritage Plaza Building
Cnr Ruthven and Bell Streets,
Toowoomba Qld 4350.
Telephone: (076) 32 9000
Fax: (076) 38 2300

Townsville
187-209 Stanley Street,
Townsville Qld 4810.
Telephone: (077) 22 1011
Fax: (077) 22 1677

Warwick
159 Palmerin Street,
Warwick Qld 4370.
Telephone: (076) 61 3799
Fax: (076) 61 7128

For the period 1 July 1990 to 30 June 1991

PURPOSE AND SCOPE

The Board was constituted as from 1 July 1978 in the terms of the Workers' Compensation Act. It carries on the business of workers' compensation insurance in the State of Queensland.

The Board is a body corporate representing the Crown and is empowered to make recommendations to the Minister charged with the administration of the Act (presently, the Minister for Employment, Training and Industrial Relations) in regard to premiums, benefit payments, bonus distribution and demerit charges, as well as matters of policy in regard to the administration of the Act.

The financial activities of the Board are conducted through the Workers' Compensation Fund, one of the Trust and Special Funds operated at the Treasury.

The financial statements have been prepared in accordance with the requirements prescribed by section 40 of the Financial Administration and Audit Act 1977 — 1991 and section 3.25 of the Workers' Compensation Act 1990. They provide a full disclosure of the Board's financial operations during the financial year and the state of affairs at the end of that year.

WORKERS' COMPENSATION BOARD OF QUEENSLAND
STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS

For the year ended 30 June 1991

1989-90		Note	1990-91	
\$			\$	\$
	SOURCES OF FUNDS			
	Funds From Operations			
	Inflows of Funds from Operations			
300,798,315	Premiums	17		248,436,769
	Other Revenue	18		
60,053,041	Investment Income	19	84,421,907	
247,547	Proceeds from sale of Equipment Furniture and Motor Vehicles		433,617	
..	Proceeds from sale of Land and Buildings		191,142	85,046,666
<u>361,098,903</u>				333,483,435
265,045,268	Outflows of Funds from Operations			
<u>96,053,635</u>		20		291,694,314
	Reduction in Assets			
	Current Assets			
366,054,507	Cash		..	
812,139	Accrued Interest		..	
..	Premiums Outstanding		<u>36,184,452</u>	36,184,452
	Non-Current Assets			
96,465,661	Redemptions of Investments		5,549,510	
165,960	Book Value of Equipment Furniture and Motor Vehicles Sold		360,772	
..	Book Value of Land and Buildings Sold		<u>165,000</u>	6,075,282
	Increase in Liabilities			
	Current Liabilities			
65,174	Premiums in Credit		366,829	
..	Sundry Creditors		<u>780,965</u>	1,147,794
	Non-Current Liabilities			
10,566	Provision for Long Service Leave			
30,546	Contribution Received			..
<u>\$559,658,188</u>	Sinking Funds Contribution Received			30,545
				<u>\$85,227,194</u>

STATEMENT OF SOURCES AND APPLICATION OF FUNDS For the year ended 30 June 1991 (continued)

1989-90		1990-91
\$	Note	\$
APPLICATIONS OF FUNDS		
Increase in Assets		
Current Assets		
		1,047,316
9,034,951		
48,227,881		<u>30,498,087</u>
		31,545,403
Non-Current Assets		
5,008,093		2,019,523
493,793,000		<u>50,645,700</u>
		52,665,223
Decrease in Liabilities		
Current Liabilities		
2,405,787		..
277,178	Payment of Long Service Leave	277,837
911,298	Payment to Workers' Dependants	738,731
<u>\$559,658,188</u>		<u>\$85,227,194</u>

	1989-90 \$	1990-91 \$
Note 4. Management Expenses		
Salaries	14,404,331	14,607,575
Computer Expenses	3,146,641	3,504,476
Depreciation	2,515,000	3,124,642
Rentals — Office Premises	2,082,060	2,050,026
Superannuation Subsidies	1,576,286	1,687,339
Postage	582,498	634,753
Travelling Expenses	213,411	607,340
Printing and Stationery	528,987	595,485
Telephones	399,622	438,210
Salary Allowances	296,198	376,193
Light and Power	280,330	310,788
Fees Training and Study	136,803	275,288
Legal Fees	48,643	256,145
Consultancy Charges	96,980	229,304
Maintenance of Motor Vehicles	191,987	227,958
Maintenance Office Premises	140,315	190,187
Overtime Costs	488,706	165,939
Establishment Expenses	222,429	163,057
Cleaning	141,793	136,549
Fringe Benefits Tax	88,968	93,018
Maintenance Office Machines	107,492	92,369
Services of Government Officials*	314,685	90,068
Advertising	137,516	72,735
Board Members' Fees	284	739
Allowances-Travelling and Relieving #	303,008	..
Others	326,250	376,543
	<u>\$28,771,223</u>	<u>\$30,306,726</u>

* Services of Crown Solicitor which were previously included under this heading are now included in Legal Fees

Allowances — Travelling and Relieving for 1990-91 are now included in Travelling Expenses

	1989-90 \$	1990-91 \$
Note 5. Investment Income		
Investment — Queensland Investment Corporation*	47,399,356	78,059,838
Treasury Investments	122,128 DR	..
Semi-Government Securities	5,488,793	5,323
Land and Buildings	5,789,964	5,660,140
Commonwealth Securities	604,252	..
Co-operative Housing Societies	103,540	54,171
Miscellaneous	789,264	642,435
	<u>60,053,041</u>	<u>84,421,907</u>
Less		
Interest Paid to Workers' Dependants' Trust	349,299	283,439
Interest Allowed on Sinking Funds	63,346	70,890
	<u>412,645</u>	<u>354,329</u>
	<u>\$59,640,396</u>	<u>\$84,067,578</u>

* Formerly known as the Queensland Treasury Corporation

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

	1989-90	1990-91
	\$	\$
Note 1.		
Premiums		
Debits Raised	381,019,774	383,204,629
Less Accrued Premiums prior year	25,000,000	35,000,000
	<u>356,019,774</u>	<u>348,204,629</u>
Plus Accrued Premiums current year	35,000,000	..
	<u>391,019,774</u>	<u>348,204,629</u>
Plus Recovery from Uninsured Employers	35,312	26,261
	<u>391,055,086</u>	<u>348,230,890</u>
Less Reinsurance Premium	370,047	389,623
Net Premium Income	<u>\$390,685,039</u>	<u>\$347,841,267</u>
 Note 2.		
Incurred Claims		
Claims Paid	200,933,252	220,894,071
Add Provision for Outstanding Claims 30 June	489,000,000	502,000,000
	<u>689,933,252</u>	<u>722,894,071</u>
Less Provision for Outstanding Claims 1 July	423,800,000	489,000,000
	<u>\$266,133,252</u>	<u>\$233,894,071</u>
 Note 3.		
Claims Incidental Expenses		
Public Hospital Charges	8,593,439	8,600,065
Sessional Counsellors Fees	472,704	1,092,028
Medical Boards	717,852	982,628
Special Grants	988,211	877,100
Others	64,662	105,197
	<u>\$10,836,868</u>	<u>\$11,657,018</u>

	1989-90	1990-91
	\$	\$
Note 4. Management Expenses		
Salaries	14,404,331	14,607,575
Computer Expenses	3,146,641	3,504,476
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Fees Training and Study	136,803	275,288
Legal Fees	48,643	256,145
Consultancy Charges	96,980	229,304
Maintenance of Motor Vehicles	191,987	227,958
Maintenance Office Premises	140,315	190,187
Overtime Costs	488,706	165,939
Establishment Expenses	222,429	163,057
Cleaning	141,793	136,549
Fringe Benefits Tax	88,968	93,018
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	1989-90	1990-91
	\$	\$
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	<u>412,645</u>	<u>354,329</u>
	<u>\$59,640,396</u>	<u>\$84,067,578</u>

* Formerly known as the Queensland Treasury Corporation

	1989-90 \$	1990-91 \$
Note 6. Profit on Sale of Non-Current Assets		
Gross Proceeds of Sale	247,547	433,617
Depreciated Value	165,960	360,772
Profit on Sale	<u>\$81,587</u>	<u>\$72,845</u>

Note 7. Loss on Realisation of Investments

Commonwealth Securities and Semi-Government Securities were sold during the year 1989-90 to the Queensland Treasury Corporation at market value. The loss on realisation amounted to \$15,829,751 (revised from \$15,826,690 at 30 June 1990).

This loss will be amortised over three (3) years and an amount of \$5,290,000 has been charged during 1990-91.

The balance of \$5,289,751 is carried forward as a Deferred Expense in the Balance Sheet.

Note 8. The Premiums Outstanding figure for 1990 included \$35,000,000 for accrued premiums. Given the economic circumstances prevailing during the year, the Actuary has recommended that no allowance be made for accrued premiums for 1991.

	1990 \$	1991 \$
Note 9. Provision for Doubtful Debts		
Balance 1 July	1,800,000	2,500,000
Add Provision made	4,240,397	5,202,341
	<u>6,040,397</u>	<u>7,702,341</u>
Less Bad Debts Written Off	3,540,397	5,202,341
	<u>3,540,397</u>	<u>5,202,341</u>
Balance 30 June	<u>\$2,500,000</u>	<u>\$2,500,000</u>
	1990 \$	1991 \$

Note 10. Sundry Debtors

Sundry Debtors *	48,505,113	78,692,308
Recoveries Claimants	401,324	154,216
Recoveries Government Departments	1,639,254	2,242,059
Others	44,805	..
	<u>\$50,590,496</u>	<u>\$81,088,583</u>

* Of the total of \$78,692,308, an amount of \$78,104,379 representing the income for 1990-91 from investments held with the Queensland Investment Corporation was not received until September 1991.

	1990 \$	1991 \$
Note 11. Investments — At Cost		
Queensland Investment Corporation*	493,793,000	539,018,100
Semi-Government Securities	8,960	..
Land and Buildings #	33,425,063	32,934,963
Reversionary Leases ##	28,609,354	28,507,919
Loans to Co-operative Housing Societies	631,743	495,032
	<u>\$556,468,120</u>	<u>\$600,956,014</u>

* The amount shown represents the excess working capital which has been invested daily with the Queensland Investment Corporation.

Land and Buildings

Capital Value 1 July	35,543,932	35,543,932
Add Capital Outlay for Year	..	13,700
	<u>35,543,932</u>	<u>35,557,632</u>
Less Sales for Year	..	165,000
Capital Value 30 June	35,543,932	35,392,632
Less Accumulated Depreciation **	2,118,869	2,457,669
Balance 30 June	<u>\$33,425,063</u>	<u>\$32,934,963</u>

**The Accumulated Depreciation figure includes depreciation on capital equipment forming an integral component of the buildings. It also includes depreciation on the historical cost of one building. This practice was commenced when the building was first purchased by another entity before transferring ownership to the Board and has been continued to allow realistic comparison between yearly figures.

Land and Buildings are represented by the following properties —

Main Roads Building	Boundary Street Spring Hill Brisbane
Workers' Compensation Building Office Complex	270-280 Adelaide Street Brisbane
Workers' Compensation Board South Brisbane Centre	Cnr Ipswich Road and Burke Street South Brisbane
Office Building	159 Palmerin Street Warwick
Office Building	Capella Street Clermont
District Office Managers' Residences	Bowen Cairns Emerald Kingaroy Southport

	1990 \$	1991 \$
Note 11. Continued		
## Reversionary Leases		
Capital Value 1 July	29,506,513	29,506,513
Less Accumulated Sinking Funds	897,159	998,594
Balance 30 June	<u>\$28,609,354</u>	<u>\$28,507,919</u>

Reversionary Leases are represented by the following properties —
Executive Building

George Street
Brisbane

Mineral House

George Street
Brisbane

Forestry Training Centre

Cnr Fraser Street and
Bruce Highway, Gympie

Note 12. Sundry Creditors		
Sundry Creditors #	1,365,638	1,531,284
Claims Control *	3,452,589	4,977,896
Rent Paid in Advance	546,642	546,642
Cash Paid in Advance	105,483	146,776
Suspense	741,062	97,914
Returned Cheques Suspense	315,657	10,084
Others	28,033	25,473
	<u>\$6,555,104</u>	<u>\$7,336,069</u>

Of the amount of \$1,531,284, \$708,126 represents payment due to the Australian Taxation Office for income tax instalments deducted from benefit payments to injured workers for the latter half of June 1991.

* This account represents drawn claims cheques which have not yet been presented against the bank account.

	1990	1991
	\$	\$
Note 13.		
Movement in Provisions		
Outstanding Claims		
Balance 1 July	423,800,000	489,000,000
Add Provision for Year	65,200,000	13,000,000
Balance 30 June	<u>\$489,000,000</u>	<u>\$502,000,000</u>
Long Service Leave		
Balance 1 July	4,131,972	4,556,357
Less Leave Paid during Year	277,178	277,837
	3,854,794	4,278,520
Add Provision for Year	690,997	..
	4,545,791	4,278,520
Add Contribution received for accrued Entitlements for Employees re-deployed to Board	10,566	..
Balance 30 June	<u>\$4,556,357</u>	<u>4,278,520</u>
Note 14.		
Movement in Trusts		
Workers' Dependants		
Balance 1 July	2,940,447	2,378,448
Add Interest for Year	349,299	283,439
	3,289,746	2,661,887
Less Payments for Year	911,298	738,731
Balance 30 June	<u>\$2,378,448</u>	<u>\$1,923,156</u>
Note 15.		
Movement in Funds		
Bonus Distribution		
Balance 1 July	82,946,758	100,054,284
Less Distribution to Policyholders	89,886,724	99,404,498
	6,939,966 DR	649,786
Add Appropriation from Net Surplus Profit	106,994,250	97,085,848
Balance 30 June	<u>\$100,054,284</u>	<u>\$97,735,634</u>

	1990 \$	1991 \$
Note 11. Continued		
## Reversionary Leases		
Capital Value 1 July	29,506,513	29,506,513
Less Accumulated Sinking Funds	897,159	998,594
Balance 30 June	<u>\$28,609,354</u>	<u>\$28,507,919</u>

Reversionary Leases are represented by the following properties —
Executive Building

George Street
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Cnr Fraser Street and
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Note 12. Sundry Creditors		
Sundry Creditors #	1,365,638	1,531,284
Claims Control *	3,452,589	4,977,896
Rent Paid in Advance	546,642	546,642
Cash Paid in Advance	105,483	146,776
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Returned Cheques Suspense	315,657	10,084
Others	28,033	25,473
	<u>\$6,555,104</u>	<u>\$7,336,069</u>

Of the amount of \$1,531,284, \$708,126 represents payment due to the Australian Taxation Office for income tax instalments deducted from benefit payments to injured workers for the latter half of June 1991.

* This account represents drawn claims cheques which have not yet been presented against the bank account.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

	1990	1991
	\$	\$
Note 13.		
Movement in Provisions		
Outstanding Claims		
Balance 1 July	423,800,000	489,000,000
Add Provision for Year	65,200,000	13,000,000
Balance 30 June	<u>\$489,000,000</u>	<u>\$502,000,000</u>
Long Service Leave		
Balance 1 July	4,131,972	4,556,357
Less Leave Paid during Year	277,178	277,837
Add Provision for Year	3,854,794	4,278,520
Add Provision for Year	<u>690,997</u>	<u>..</u>
	4,545,791	4,278,520
Add Contribution received for accrued Entitlements for Employees re-deployed to Board	10,566	..
Balance 30 June	<u>\$4,556,357</u>	<u>4,278,520</u>
Note 14.		
Movement in Trusts		
Workers' Dependants		
Balance 1 July	2,940,447	2,378,448
Add Interest for Year	349,299	283,439
Less Payments for Year	3,289,746	2,661,887
Balance 30 June	<u>\$2,378,448</u>	<u>\$1,923,156</u>
Note 15.		
Movement in Funds		
Bonus Distribution		
Balance 1 July	82,946,758	100,054,284
Less Distribution to Policyholders	89,886,724	99,404,498
	6,939,966 DR	649,786
Add Appropriation from Net Surplus Profit	106,994,250	97,085,848
Balance 30 June	<u>\$100,054,284</u>	<u>\$97,735,634</u>

	1990 \$	1991 \$
Note 16. Movement in Reserves		
General		
Balance 1 July	47,000,000	54,000,000
Add Appropriation from Net Profit	3,500,000	22,000,000
Add Transfers from other Reserves		
Computer Development	3,500,000	2,500,000
Rehabilitation	..	7,000,000
Accident Prevention	..	4,000,000
Building Furbishment	..	3,000,000
Balance 30 June	<u>\$54,000,000</u>	<u>\$92,500,000</u>
Computer Development		
Balance 1 July	6,000,000	2,500,000
Less Transfer to General Reserve	3,500,000	2,500,000
Balance 30 June	<u>\$2,500,000</u>	<u>\$..</u>
Rehabilitation		
Balance 1 July	6,000,000	7,000,000
Add Appropriation from Net Profit	1,000,000	..
Less Transfer to General Reserve	..	7,000,000
Balance 30 June	<u>\$7,000,000</u>	<u>\$..</u>
Accident Prevention		
Balance 1 July	4,000,000	4,000,000
Less Transfer to General Reserve	..	4,000,000
Balance 30 June	<u>\$4,000,000</u>	<u>\$..</u>
Building Furbishment Provision		
Balance 1 July	3,000,000	3,000,000
Less Transfer to General Reserve	..	3,000,000
Balance 30 June	<u>\$3,000,000</u>	<u>\$..</u>

The General Reserve now encapsulates reserves to cover investment fluctuation, any catastrophe, latent risk of claims from work related diseases and a building reserve.

Note 17. Funds from Operations

The reconciliation of Funds from Operations with Net Profit is as follows:

	1989-90 \$	1990-91 \$
Net Profit	111,494,250	119,085,848
Less Items not involving the Inflows of Funds in the Current Period — Distribution of Bonuses deducted from Premiums	<u>89,886,724</u> 21,607,526	<u>99,404,498</u> 19,681,350
Add Items not involving the Outflows of Funds in the Current Period — Depreciation	2,892,467	3,463,442
Provisions — Claims (Net Increase)	65,200,000	13,000,000
Long Service Leave	690,997	..
Loss on Realisation of Investments	5,250,000	5,290,000
Interest on Workers' Dependants' Trusts	349,299	283,439
Interest on Sinking Funds	63,346	70,890
Funds from Operations	<u>\$96,053,635</u>	<u>\$41,789,121</u>

Note 18.

Premiums as disclosed in Profit and Loss Account	390,685,039	347,841,267
Less Distribution of Bonuses deducted from Premiums	<u>89,886,724</u>	<u>99,404,498</u>
	<u>\$300,798,315</u>	<u>\$248,436,769</u>

Note 19.

Investment Income		
Investment Income as disclosed in Profit and Loss Account	59,640,396	84,067,578
Add Items not involving the Outflow of Funds in the Current Period — Interest on Workers' Dependants' Trusts	349,299	283,439
Interest on Sinking Funds	63,346	70,890
	<u>\$60,053,041</u>	<u>\$84,421,907</u>

	1989-90		1990-91
	\$		\$
Note 20.			
Outflows of Funds from Operations			
Expenditure as disclosed in the Profit and Loss Account	338,912,772		312,921,984
Add Book Value of Non Current Assets Sold —			
Equipment Furniture and Motor Vehicles	165,960	360,772	
Land and Buildings	165,960	165,000	525,772
Less Items not involving the Outflows of Funds in the Current Period —			
Depreciation	2,892,467	3,463,442	
Provisions —			
Claims (Net Increase)	65,200,000	13,000,000	
Long Service Leave	690,997	..	
Loss on Realisation of Investments	5,250,000	5,290,000	21,753,442
	<u>74,033,464</u>	<u>5,290,000</u>	<u>21,753,442</u>
	<u>\$265,045,268</u>		<u>\$291,694,314</u>

Note 21. Operating Lease Rental Commitments

The Board has entered into a number of lease agreements for office premises for various District Offices throughout Queensland.

Aggregate amounts contracted but not provided for in the accounts —	1991
	\$
Due not later than one year	618,292
Due later than one year but not later than two years	387,995
Due later than two years but not later than five years	290,068
Due later than five years	..
	<u>\$1,296,355</u>

Note 22. Consultancy Expenditure

Management	2,403
Information Technology	40,227
Communications	25,228
Finance/Accounting	215,575
Professional/Technical	124,610
	<u>\$408,043</u>

Of the amount of \$408,043, \$229,304 has been charged to Management Expenses and \$182,305 has been charged to Equipment, Furniture and Motor Vehicles.

CERTIFICATE OF THE WORKERS' COMPENSATION
BOARD OF QUEENSLAND

We have prepared the foregoing annual financial statements pursuant to the provisions of the Financial Administration and Audit Act 1977 and other prescribed requirements and certify that —

- (a) the foregoing financial statements with other information and notes to and forming part thereof are in agreement with the accounts and records of the Workers' Compensation Board of Queensland;
- (b) in our opinion —
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the foregoing annual financial statements have been drawn up in accordance with the transitional arrangements of Public Finance Standard 501 (3) so as to present a true and fair view of the transactions of the Workers' Compensation Board of Queensland for the period 1 July 1990 to 30 June 1991 and of the financial position as at 30 June 1991.



B J NUTTER
Acting Director-General
Department of Employment,
Vocational Education, Training
and Industrial Relations
and Chairman of the Board
19 September 1991

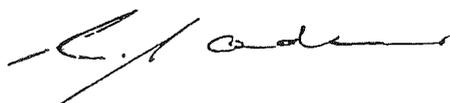


J R HASTIE
General Manager
19 September 1991

AUDIT CERTIFICATE

I have examined the accounts of the Workers' Compensation Board of Queensland as required by the Financial Administration and Audit Act 1977 and certify as follows —

- (a) I have received all the information and explanations which I have required;
- (b) the foregoing Profit and Loss Account, the Statement of Sources and Applications of Funds and the Balance Sheet are in agreement with those accounts; and
- (c) in my opinion —
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the foregoing statements have been drawn up in accordance with the transitional arrangements of Public Finance Standard 501 (3) so as to present a true and fair view of the transactions of the Workers' Compensation Board of Queensland for the period 1 July 1990 to 30 June 1991 and of the financial position as at 30 June 1991.
- (d) The audit did not include an evaluation of the actuarial calculations of the outstanding claims, accrued premiums and long service leave provisions.



L S DUDMAN
Assistant Auditor-General
(As delegate of the Auditor-General)
9 October 1991

WORKERS' COMPENSATION BOARD OF QUEENSLAND

Workers' Compensation Board Building,
280 Adelaide Street, Brisbane Q. 4000
G.P.O. Box 2459, Brisbane Q. 4001
Telephone: (07) 231 9500 Facsimile: (07) 221 3873

MANAGEMENT DIRECTORY

General Manager:	John Hastie	2319 620
Manager Insurance Contracts:	Beres Johnson	2319 610
Manager Claims:	Peter Roche	2319 639
Manager Rehabilitation:	Graham Hughes	2319 642
Manager Directorate and Support Services:	Rhonda Pashen	2319 638