



WorkCover  
Tasmania Board  
**ANNUAL  
REPORT**  
2008-09



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Tasmania Board

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WorkCover Tasmania  
PO Box 56  
Rosny Park  
Tasmania 7018

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Send to: [wstinfo@justice.tas.gov.au](mailto:wstinfo@justice.tas.gov.au)



## Glossary

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<b>ACFR</b>	all claims frequency rate
<b>ASCC</b>	Australian Safety and Compensation Council
<b>the Act</b>	the <i>Workers Rehabilitation and Compensation Act 1988</i>
<b>the Board</b>	the WorkCover Tasmania Board
<b>the Department</b>	Department of Justice
<b>the Minister</b>	the Minister for Workplace Relations
<b>the model</b>	the Return to Work and Injury Management Model
<b>the Regulations</b>	the <i>Workers Rehabilitation and Compensation Regulations 2001</i>
<b>OHS</b>	occupational health and safety
<b>TSS</b>	Tasmanian State Service
<b>2008–09; this year</b>	the reporting period of 1 July 2008 to 30 June 2009

**The Hon Lisa Singh MP**

**Minister for Workplace Relations**

## **WorkCover Tasmania Board Annual Report for 2008–2009**

On behalf of the WorkCover Tasmania Board, I have pleasure in submitting to you, for presentation to Parliament, the Board's Annual Report for the year ended 30 June 2009.

The financial statements prepared in this report have been prepared in accordance with the provisions of the *Financial Management and Audit Act 1990*.

A handwritten signature in black ink, appearing to read 'L Hutton', is centered on the page.

Lisa Hutton  
Chair



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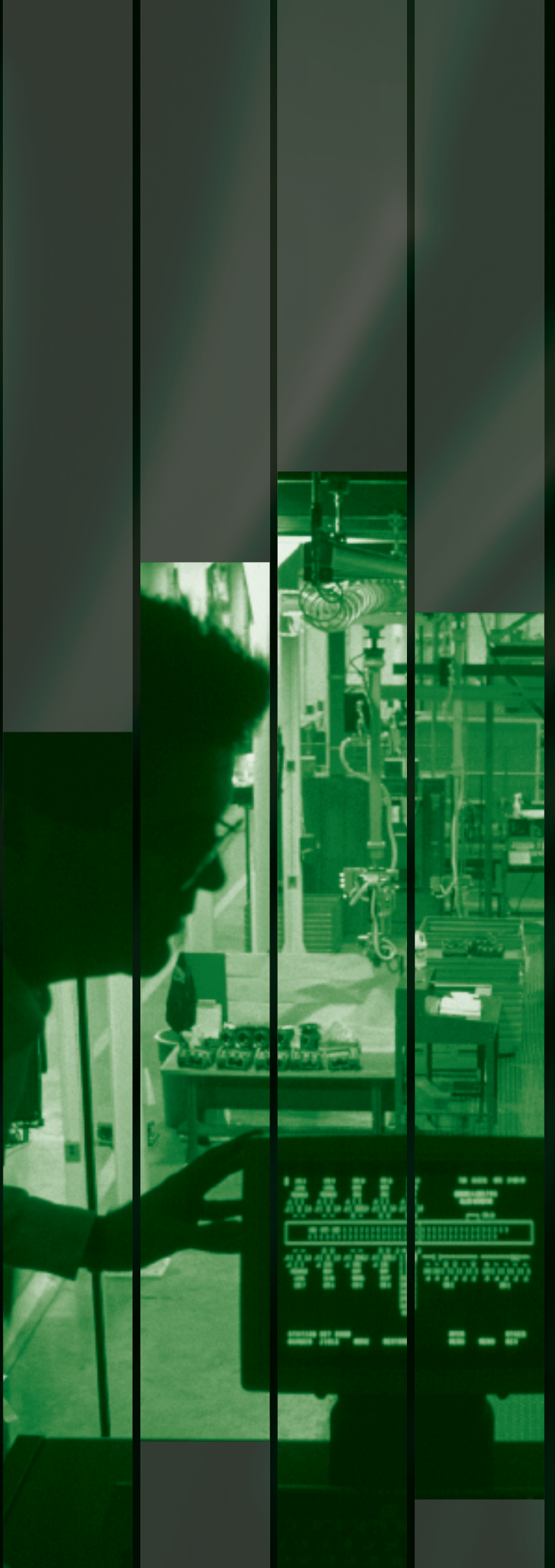
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WorkCover  
Tasmania Board 

## From the Chair

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This is the eighth annual report of the WorkCover Tasmania Board. The Board was established in July 2001, following amendments to the *Workers Rehabilitation and Compensation Act 1988*. The Board provides advice to the Minister on matters relating to Tasmania's occupational health and safety and workers rehabilitation and compensation. It also oversees the operation of Tasmania's workers rehabilitation and compensation scheme, reviews the incidence and cost of workplace injuries, and provides advice to the Minister on the effectiveness of the scheme and associated legislation. Under the *Workplace Health and Safety Act 1995*, the Board has the function to promote the prevention of injuries and the development of healthy and safe workplaces.

The number of workers compensation claims lodged over the last three years remain relatively constant, just below 10,000 claims a year. The number of workers compensation claims lodged in each of the last three years has been 9,727 and 9,970 and this year, 9,709.

Regrettably, there were five compensable fatalities, which is unacceptable.

The actual average premium rate paid by employers in 2008–09 was 1.5% of wages, continuing the downward trend in premium rates experienced in previous years. This is a decrease of 11.2% from the previous year's 1.7% of wages.

During the year, the Board reviewed its strategic direction. As a result, the Board has confirmed its four strategic priorities:

- to reduce the number of workers killed and to reduce the number and severity of injuries
- to ensure that when workers are injured they are supported financially and systemically to achieve, wherever possible, full physical and mental recovery and return to work as speedily as possible
- to ensure that when full recovery is not achieved, fair and appropriate compensation is received
- to ensure that these objectives are delivered in a manner that is competitive, affordable, sustainable and legislatively and administratively effective.

The WorkCover Tasmania *Strategic Plan 2009–12* is available at [www.workcover.tas.gov.au](http://www.workcover.tas.gov.au)

Asbestos remains an important OHS issue in Tasmania, and the Board is supporting a joint Asbestos Survey and Research Program that is being conducted by the Australian Workers Union and Cement Australia at Railton. The Board has also conducted state-wide asbestos information sessions for Tasmanian businesses and industry, and provided information and advice to patrons at Agfest 2009. The Board is currently contributing to the Minister's Asbestos Steering Committee and Reference Group; these bodies will be making recommendations to government on the safe treatment of asbestos in workplaces, and modifications to the existing compensation model for sufferers of asbestos-related diseases.

Another important OHS issue the Board has recently

## > From the Chair

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been focused on is work-related stress. The Board has established a research partnership with the University of Tasmania to investigate strategies to prevent and effectively manage the social and economic costs of mental illnesses. The partnership will deliver the 'Business in Mind' intervention program that will seek to improve the mental health of small business managers and staff through developing their skills and capabilities in coping with work stress. The Board is also working with the Tasmanian State Service to ensure that benefits from this intervention program are made available to government workers.

The Board has concluded the development of its Return to Work and Injury Management Model (the model), and implementation of the model has now commenced.

The model requires insurers to develop injury management programs, which are a series of documented policies and procedures to ensure a co-ordinated and integrated process for injury management, in order to achieve the best results for a timely, safe and durable return to work for injured workers. The Board has developed guidelines to assist licensed and self insurers meet this obligation.

The model also requires employers to identify alternative duties available for injured workers within workplaces. It is envisaged that insurers will use this information to assess claims and develop return to work strategies. The model introduces the role of an injury management co-ordinator into the workers compensation scheme; this person co-ordinates the entire injury management process. Preliminary work also began on developing an information and advice service that will support injured

workers and their employers.

Successful implementation of the model will only be achieved with participation of stakeholders. WorkCover is committed to working with stakeholders, as the success of the model rests with the ability of scheme participants to adopt a new approach to injury management.

All of this work in injury management and return to work is only necessary because too many Tasmanian workers are still suffering workplace illness and injury. We need to continue to have a strong focus on keeping Tasmanians safe at work. I encourage every employer and every worker to make safety a priority in their workplace.

**Lisa Hutton**

**Chair**

## ➤ Functions of the board



Standing, left to right: Annie Backhouse (Research Assistant), Bob Gozzi, Simon Cocker, Damon Thomas, Dr Rob Walters, Martin Shirley (Secretary)  
Seated, left to right: Leigh Mackey, Penny Le Couteur, Lisa Hutton, Vanessa Fenton (Research Advisory officer)

The WorkCover Tasmania Board is established by the *Workers Rehabilitation and Compensation Act 1988* (the Act) and is responsible for:

- making recommendations to the Minister on the policy and objectives of the legislation relating to workers rehabilitation and compensation and OHS in Tasmania, and the amendment or replacement of that legislation
- monitoring and reporting to the Minister on the operation and effectiveness of the Act and on the performance of the systems that the Act relates
- monitoring and reviewing the Department's exercise of powers and the performance of functions under the Act and the *Workplace Health and Safety Act 1995*
- controlling and administering the Workers Compensation Fund

- promoting the prevention of injury and disease in the workplace, and promoting the development of healthy and safe workplaces
- promoting and supporting the effective injury management of injured workers
- monitoring and reviewing the performance of licensed insurers and self insurers and the operation of the Nominal Insurer
- monitoring and reviewing premium rates and, so far as is practicable, ensuring insurance arrangements are efficient and competitive
- collecting and publishing statistics on any matter the Board considers necessary or relevant to the performance of its functions under, or the administration of, the Act
- promoting an understanding of the Act and the *Workplace Health and Safety Act 1995* through education and any other appropriate means
- advising the Minister on matters relating to the Act that the Minister refers to the Board
- issuing guidelines for the assessment of permanent impairment under the Act.

Under the *Workplace Health and Safety Act 1995*, the Board is responsible for:

- promoting the prevention of injury and disease in the workplace, and the development of healthy and safe workplaces
- inquiring into and reporting to the Minister on matters relating to this Act that the Minister refers to the Board
- making recommendations to the Secretary on matters relating to this Act that the Secretary refers to the Board
- making recommendations to the Minister or the Secretary on matters it considers necessary for the purposes of this Act.

## ➤ Board members' role

### Chair

The Chair of the Board:

- convenes meetings of the Board
- ensures that procedures of the meeting are adhered to
- is responsible for the conduct of business at Board meetings, subject to any legislated procedure and any other specified procedures determined by the Board
- is the public spokesperson for the Board, and will delegate to other members the role of spokesperson, where a spokesperson with specific subject expertise is required.

### Voting members

Only those Board members appointed by the Minister from a list of names conveyed from the Tasmanian Chamber of Commerce and Industry and Unions Tasmania have voting rights.

To ensure equity is maintained, if (for any reason) a member appointed from one of those lists is absent, there are standing alternates appointed who can take their place.

### Non-voting members

The composition of the Board is designed to bring together a range of expertise from the interests and disciplines upon which the exercise of the Board's functions will most directly impact.

To this end, the following members of the Board are appointed:

### Board attendance

Board Member	Number of Meetings Absent	Declared Conflicts of Interest	Asbestos Advisory Committee	Audit and Regulatory Oversight Committee	Benchmarking Contemporary OHS Compliance Steering Committee	Future Governance and OHS Regulation Working Group	Knowledge Management Steering Committee	Legislative Review Advisory Committee	Review of Aspects of the Tasmanian Workers Compensation System Working Group	Scheme Improvement Advisory Committee
Lisa Hutton	1	0								
Damon Thomas	1	0	✓	✓		✓	✓		✓	
Simon Cocker	1	1	✓	✓	✓	✓				✓
Peter Tullgren	2	0		✓			✓		✓	✓
Bob Gozzi	1	0	✓		✓	✓			✓	✓
Leigh Mackey	1	0						✓	✓	
Penny Le Couteur	0	0		✓			✓		✓	
Robert Walters	0	0	✓							

A *medical advisor*, whose current role is to provide (or arrange for the provision of) informed and expert opinion and advice to the Board on the practical operation of the Act; in particular, on matters relating to medical and allied medical services within Tasmania's workers rehabilitation and compensation scheme.

Currently, only an accredited medical practitioner can validly complete a workers compensation medical certificate. The medical adviser performs a significant role as a conduit between accredited medical practitioners and the Board.

A *legal advisor*, who is a legal practitioner with experience in workers rehabilitation and compensation matters, and is nominated by the Minister. They will:

- provide (or arrange for the provision of) informed and expert opinion to the Board on the practical operation of the Act and the *Workplace Health and Safety Act 1995*
- provide informal legal assistance to the Board in the discharge by the Board of its functions, pursuant to the above acts
- act as a conduit between the legal profession in general and the Board.

An *insurance advisor*, who is an insurance expert with significant experience in workers compensation insurance. They will:

- provide (or arrange for the provision of) informed and expert opinion to the Board on the practical operation of the Act; in particular, on matters relating to licensed insurers and self insurer issues
- act as a conduit between members of the insurance industry and the Board.

## ➤ Committees and working groups

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### Asbestos Advisory Committee

#### Membership

Simon Cocker  
Dr Robert Walters  
Damon Thomas  
Bob Gozzi  
Ray Pickett  
Roy Ormerod

#### Terms of Reference

The committee is responsible for providing advice and recommendations on:

- promoting awareness of asbestos-related issues in the workplace
- educating the community about the identification and safe removal of asbestos
- developing and implementing compliance and advisory programs into the workplace
- the appropriateness of the existing workers compensation arrangements for asbestos claims, with particular consideration of the introduction of an alternative funding model and claims process for claims where the insurer can't be identified.
- any other matters referred by the Board and the Minister.

The committee is authorised to seek any information it considers necessary from any person conducting work on behalf of the Board, including independent professional advice.

#### Achievements

The committee met four times during the year. It endorsed:

- a grant of \$25,000 to the Australian Workers Union to support the establishment of the AWU/ Cement Australia Asbestos Survey and Research Program at Railton
- state-wide asbestos information sessions for Tasmanian businesses and industry
- an asbestos information and advice display at Agfest 2009
- a proposal to publish a Tasmanian version of the UK Health and Safety Executive's publication *Asbestos Essentials*. However, this is on hold pending the outcomes of the Minister's Asbestos Steering Committee and Reference Group
- a proposal for the Board to provide the resources for a Tasmanian National Association of Testing Authorities-accredited laboratory for asbestos material identification. Currently there are no NATA-accredited laboratories operating in Tasmania.

The Committee has placed its activities on hold until the Minister's Asbestos Steering Committee and Reference Group is in a position to make recommendations to government.

The Board will then determine if there will be a role for this committee in the future.

## > Committees and working groups

### Audit and Regulatory Oversight Committee

#### Membership

Damon Thomas (chair)

Simon Cocker (resigned Dec 2008)

Peter Tullgren

Penny Le Couteur

#### Terms of reference

This committee is responsible for:

- reviewing and endorsing financial information that is distributed externally, including annual financial statements
- contributing to and monitoring corporate risk assessment processes and the controls and mitigating actions arising from these
- monitoring the establishment of, and ongoing compliance with, an appropriate internal control framework
- reviewing the nomination and performance of the external auditors
- reviewing the nomination and performance of the internal auditors
- monitoring the activities of the internal audit function, including ensuring that there is an appropriate terms of reference for the function
- reviewing and approving the scope of the internal audit function
- liaising with the internal and external auditors and ensuring that their audits are conducted in an efficient and effective manner
- reviewing internal and external audit reports to ensure that, where major deficiencies or breakdowns in controls or procedures have been identified, management takes appropriate and prompt remedial action.

The duties of the committee may also include:

- monitoring the procedures in place to ensure that the Board is complying with legislative and reporting requirements
- reviewing the declaration from WorkCover managers about compliance with statutory responsibilities

- reviewing reports on any major defalcations, frauds and thefts from the Board and monitoring procedures developed to mitigate the risk of
- fraud
- ensuring that the guiding principles for the Board are established and periodically reviewed
- initiating and handling special investigations, requested either by the committee or by the Board
- reviewing policies on sensitive issues, initiated either by the committee or requested by the Board
- reviewing policies to avoid conflicts of interest and reviewing past or proposed transactions between the Board and WorkCover managers
- reviewing significant transactions that are not part of the ordinary course of business
- reviewing reports on the adequacy of insurance coverage. The committee is authorised to seek any information it requires from any staff member conducting work on behalf of the Board.

Additionally, the committee:

- oversees all regulatory activities carried out by the Board
- is authorised to take any independent professional advice it considers necessary
- has no executive powers in its findings and recommendations.

Members are appointed for a term of two years, to be reviewed by the Board.

#### Achievements

*Australian and New Zealand Workers Compensation Strategy 2009–2012:* The committee has been involved with the Heads of Workers Compensation Authorities in developing this strategy. It is intended to provide a co-ordinated approach to workers compensation across Australia and New Zealand over the next three years.

The strategy contains five priority areas:

- best practice injury management and return to work initiatives
- efficient and effective claims management
- engagement with third party service providers
- improving health and social outcomes
- research and identification of emerging trends.

## Committees and working groups

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The committee will map the strategy with the Board's *Strategic Plan 2009–12* to ensure activities align before it considers endorsing it.

*Board Strategic Plan:* The committee provided advice on and identified performance indicators and success factors for the Board's previous strategic plan.

*Methodology for determining the quantum of bank guarantees for self insurers:* The committee reviewed the Board's arrangements associated with the methodology to determine the quantum of bank guarantees for self insurers.

The Heads of Workers Compensation Authorities working group had agreed on a methodology as part of its national harmonisation project. The committee agreed, after seeking independent actuarial advice, that the new nationally consistent methodology should be applied in Tasmania.

In addition to adopting the national methodology, the committee also applied a minimum quantum of \$1,000,000. The new methodology was introduced in July 2008.

*Monitoring Board Projects:* The committee is responsible for the governance and ongoing monitoring of the Return to Work and Injury Management Model, and the Medical Management Project.

*Regulatory oversight:* The committee continues to monitor and review Board contracts, budget expenditure and financial statements, exercise of board delegations, status of licensed and self insurers, and use of infringement notices.

*Risk project:* The committee began a project in 2007 to define the risk profile for WorkCover. KPMG were engaged to do this.

Risks were identified at the gross and net levels to help assess the adequacy of existing controls. The higher risks have been identified, and this will influence the establishment of a risk-based internal audit program in 2009–10.

The outcome of this project will provide a reference point to enable the Board to make risk-based decisions.

### **Benchmarking contemporary OHS compliance steering committee**

#### **Membership**

Simon Cocker

Roy Ormerod

Neale Buchanan (resigned Feb 2009; vacant)

Bob Gozzi

#### **Terms of reference**

There are no terms of reference for this working group.

#### **Achievements**

See *Reporting against the Strategic Objectives* in this annual report for details.

## ➤ Committees and working groups

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### Future Governance and OHS Regulation Working Group

#### Membership

Damon Thomas  
Bob Gozzi  
Simon Cocker  
Roy Ormerod  
Martin Shirley

#### Terms of reference

The working group is responsible for developing a suggested Board position on:

- the future governance arrangements for administering OHS legislation
- whether the Board should be responsible for monitoring the work of and setting strategic direction of WorkCover staff and the Workplace Standards Tasmania Inspectorate for their activities under the Act and the *Workplace Health and Safety Act 1995*.

The working group is also responsible for, as far as it applies to future arrangements for OHS regulation, providing advice and recommendations on:

- the Board's structure, composition, voting arrangement, role and function
- the relationship between the Board and Departmental staff administering the Act and the *Workplace Health and Safety Act 1995*
- the delineation of the Board and the Department administering the Act and the *Workplace Health and Safety Act 1995*.

Members are appointed until the working group's tasks are completed.

#### Achievements

The working group met four times during the year.

See *Reporting against the Strategic Objectives* in this annual report for details.

### Knowledge Management Working Group

#### Membership

Peter Tullgren  
Damon Thomas  
Penny Le Couteur

#### Terms of reference

This working group oversees the Knowledge Management project.

#### Achievements

See *Reporting against the Strategic Objectives* in this annual report for details.

## ➤ Committees and working groups

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### Legislative Review Advisory Committee

#### Membership

Leigh Mackey (Chair)

Bob Gozzi

Brian Aherne

Colin McKenzie

Mathew Wilkins

Sandra Taglieri

Stephen Carey

Rod Lethborg

#### Terms of reference

This committee is responsible for:

- identifying any drafting defects or anomalies in the Act and the Regulations, and making recommendations on fixing these
- advising the Board on the impact and effectiveness of amendments to the Act or Regulations
- identify and making recommendations on ways the operation of the legislation may be improved
- reporting on whether the objectives of the legislation are being met
- advising on any other matter that the Board refers to the committee.

#### Achievements

The committee met twice during the year.

It continued its review of the provisions relating to industrial deafness. It believes that some further

reform may be necessary to simplify the legislation, especially on the entitlement to treatment costs for someone who has not met the 5% binaural hearing loss threshold. It also considered issues related to testing and assessing hearing loss and agreed that audiologists should be able to conduct hearing tests and that medical experts only be required to determine the cause of the hearing loss and the percentage loss of hearing.

It considered the adequacy of legislation in dealing with asbestos-related disease; and identified legal issues and problems related to the workers compensation legislation that make it difficult for workers to achieve a speedy resolution of their claim. It was noted that this is one of the issues to be addressed by the Minister's Asbestos Steering Committee.

Other issues the committee considered or provided advice on included:

- whether 2004 amendments to the *Limitations Act 1974* had achieved their intended purpose. These amendments were to provide greater flexibility for the limitation periods for latent injuries and diseases, such as those caused by asbestos
- the taxation ramifications of settlements involving a resignation of employment
- whether amendments were required to sections 85(3) and 85(3AA) of the Act to ensure that in all cases, medical reports obtained by an employer or insurer were provided to the treating medical practitioner. The committee found no defect with the legislation, but suggested some education may be required
- that section 70(2)(d) of the Act be amended to rectify a minor drafting error.

## > Committees and working groups

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### **Review of Aspects of the Tasmanian Workers Compensation System Working Group**

#### **Membership**

Leigh Mackey  
Peter Tullgren  
Damon Thomas  
Penny Le Couteur  
Bob Gozzi  
Martin Shirley

#### **Terms of reference**

There are no terms of reference for this working group.

#### **Background**

Alan Clayton was asked to undertake a review of certain aspects of the Tasmanian workers compensation scheme in November 2006. Mr Clayton completed this review following extensive consultation in late 2007 and his report was released for public consultation in January 2008.

#### **Achievements**

Detailed actuarial advice (available at [www.workcover.tas.gov.au](http://www.workcover.tas.gov.au)) was sought to understand the cost impact of the various options on workers compensation premiums and further research into the potential impact on employment and business in the current economic climate.

The Government's response to the Clayton Review and the Return to Work and Injury Management Model will form a package of reforms that is expected to be presented to Parliament later this year. See *Government Response to the Clayton Report* in this annual report for details.

It is intended that the reforms will start from July 2010. This will allow business and insurers time to adjust to the new arrangements.

### **Scheme Improvement Advisory Committee**

#### **Membership**

Ray Pickett  
Neale Buchanan (resigned Feb 2009)  
Simon Cocker  
Bob Gozzi  
Roy Ormerod

#### **Terms of reference**

This committee is responsible for:

- advising on governance, policy and strategy for the Health and Safety Section (formerly the Scheme Improvement Section), taking into account the Board's strategic objectives
- endorsing recommendations for referral to the Board for decision, ensuring the viability of the section's key business programs and projects as they contribute to the Board's ability to achieve strategic goals
- providing on-going, high-level advice and recommendations on:
  - the strategic aspects of current and emerging issues in OHS and workers compensation, particularly the potential impacts on the Tasmanian workers compensation scheme
  - the strategic use of financial resources
  - the strategic aspects and outcomes of the section's programs and projects.
- providing relevant expertise and a consultative mechanism for developing the section
- providing advice and a consultative mechanism to help identify strategic priorities for the section
- providing a focus for co-ordinating and integrating various national, local and international programs and initiatives.

Members are appointed for a term of two years, from February 2007.

## Committees and working groups

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### **Achievements**

The committee:

- monitored and reviewed the work program and outputs of the Advisory Service
- approved requests to sponsor industry forums, conferences and seminars
- endorsed programs associated with promoting OHS activities including Safe Work Tasmania Week and the WorkCover Safety Awards
- continued to monitor and review the progress of the University of Tasmania's small business mental health project, Promoting mental health in small-medium enterprises: An evaluation of the 'Business in Mind' program
- began to develop a major media campaign strategy to promote OHS
- continued to oversee the promotion of a new regulatory regime for dangerous substances
- formed a three-phased partnership agreement between WorkCover Tasmania and the state Department of Education to facilitate the development of an online OHS based education package for year 10 students.

## **Committees and working groups**

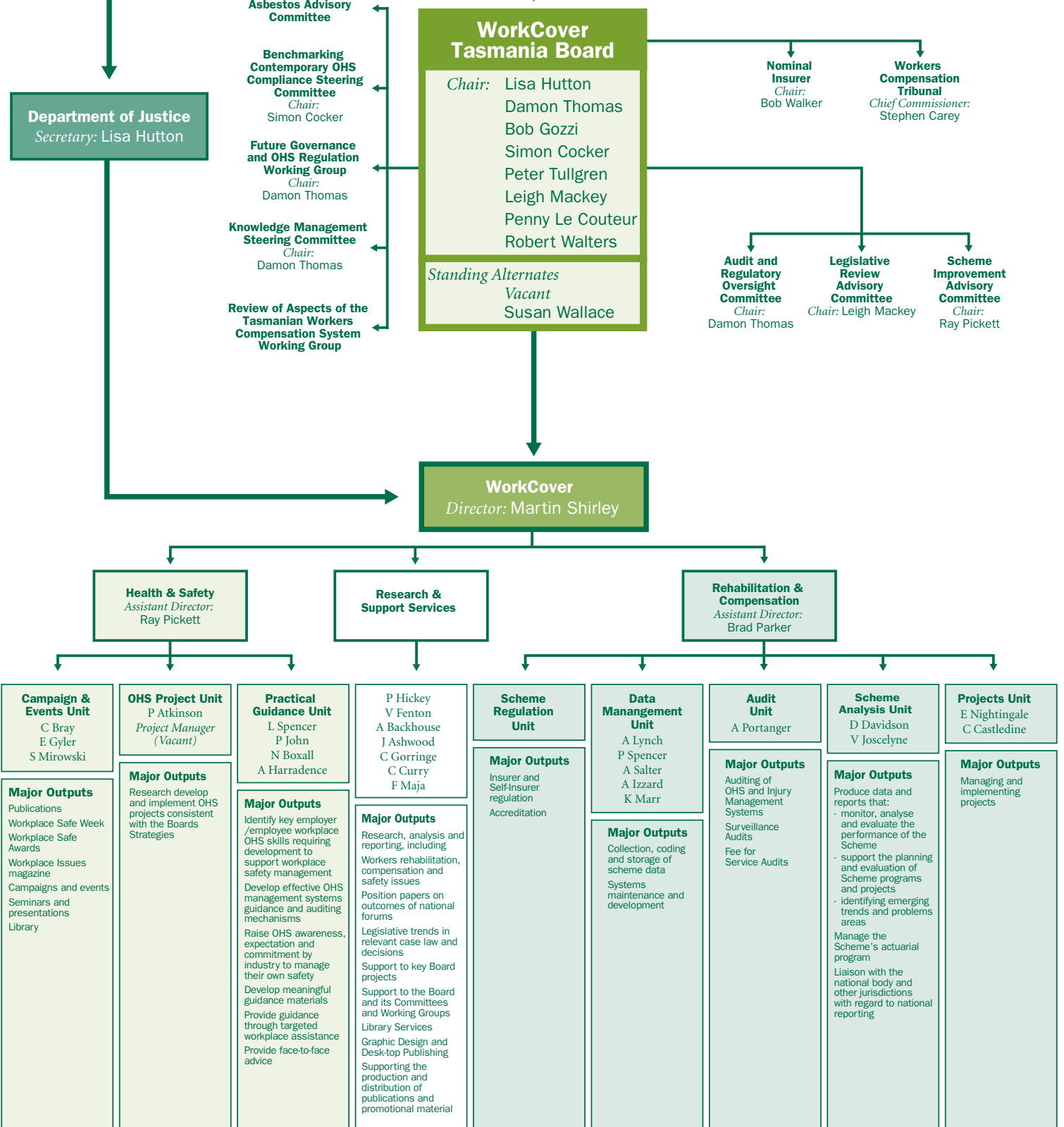
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WorkCover 

**Minister for Workplace Relations**  
The Lisa Singh MP\*

## Workers Rehabilitation and Compensation Act 1988



\*The Hon. David Bartlett MP was Minister and the Hon. Allison Ritchie MLC were also Ministers during this period.

## About WorkCover

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WorkCover has three sections: Research and Support Services, Health and Safety, and Rehabilitation and Compensation. It gives effect to the decisions of the Board to achieve the Board's strategic objectives.

These objectives are designed to ensure Tasmanian workers and employers have safe workplaces, and that Tasmania's workers rehabilitation and compensation system is both fair and affordable. They are:

- to reduce the number of workers killed and to reduce the number and severity of injuries
- to ensure that when workers are injured they are supported financially and systemically to achieve, wherever possible, full physical and mental recovery and return to work as speedily as possible
- to ensure that when full recovery is not achieved, fair and appropriate compensation is received
- to ensure that these objectives are delivered in a manner that is competitive, affordable, sustainable and is legislatively and administratively effective.

This year has again been a productive and effective one. Some of the highlights include:

- WorkCover has continued to distribute OHS messages via new and reviewed OHS publications and through dedicated OHS seminars and events. These include Safe Work Tasmania Week and the WorkCover Safety Awards, which were attended by over 400 people
- WorkCover has continued its focus on OHS research through its OHS Project Unit and its Research and Support Services Section
- WorkCover has continued to provide on-the-ground assistance to small and medium-sized businesses through the Practical Guidance Unit, with a particular emphasis on the transport and manufacturing industries and regional workplaces

- WorkCover has recognised the value of partnership and sponsorship arrangements and has continued to develop these to maximise the reach of OHS messages
- WorkCover takes its role of regulating and improving workers compensation scheme performance seriously
- WorkCover has improved and modernised its data collection, and augments this through its field audits of licensed insurers and self insurers. The data obtained from these areas is analysed by WorkCover's Scheme Analysis Unit and WorkCover's contracted actuary. It is based upon this analysis and resulting reports that the Board determines its policy and programs, and provides advice to the Minister.

### Our people

The achievements detailed in this report would not have occurred without the combined efforts of the staff of WorkCover. Many people work for WorkCover because they believe in the Board's goals, projects and work programs and the Board values this commitment.

WorkCover continues to engage short-term contract staff to ensure peak workload times do not result in excessive demands on permanent staff.

WorkCover also continues to encourage flexible work arrangements.

### Employee engagement

WorkCover strongly values having employees with a high level of engagement. During the year, WorkCover conducted a survey to determine its level of employee engagement. WorkCover achieved an engagement score of 81%; this score placed WorkCover in the "High Performance / Best Employer" range.

## About WorkCover

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The distribution of engagement at WorkCover showed 15% of employees are 'nearly engaged'; these employees present WorkCover with the best opportunity to increase the level of engagement within the organisation.

Organisations with a high engagement score—typically between 60% and 100%—not only outperform other organisations on people management, but also have stronger productivity and typically outperform other organisations in their industry sector.

In the coming year, WorkCover will link the results from this employee engagement survey with the new State Service Award to ensure employees have a clearly identified improvement path which links to award criteria.

### **Professional development**

WorkCover recognises the value and quality of its team members through a commitment to learning and development for staff at all levels. This helps staff maintain up to date subject knowledge in a variety of related disciplines. Areas such as OHS, workers rehabilitation and compensation, policy, data coding and management, administrative skills, and auditing continue to be targeted. Training and attendance at selected seminars and conferences is provided. Membership of relevant professional associations is encouraged and supported.

This allows the team to further develop their skills to ensure WorkCover remains contemporary and innovative.

Martin Shirley

Director, WorkCover

## Research and Support Services

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This section performs a number of functions to support the Board and its committees and WorkCover's business units to discharge the statutory obligations under the Act and the *Workplace Health and Safety Act 1995*. The section's primary objective is to be an efficient and effective resource and a professional point of contact for WorkCover's stakeholders and the public. The section has two units: Research, and Administration and Support.

### Research

This unit provides research, analysis and reporting to all areas of WorkCover, including:

- researching workers rehabilitation, compensation and OHS issues
- developing position papers on outcomes of national forums, including developments across other jurisdictions
- analysing trends nationally in legislation and relevant case law and decisions
- providing information and advice on options relating to the Board's operations and strategic direction
- providing support to key Board projects
- drafting documents, contracts and advice requests
- performing a quality assurance function.

This year, the unit was involved in:

- the comprehensive assessment of the Clayton Report and delivery of advice to the Board
- the development of the Board submission to the project on national harmonisation of OHS regulation in Australia
- liaison between parties involved in the Asbestos Health and Research Program at Cement Australia Railton, involving the management from Cement Australia and the Australian Workers Union
- the development of a complaints policy and a standing alternates policy
- the development of the future governance arrangements between WorkCover and Workplace Standards Tasmania
- perusal of formal contracts, agreements and memoranda between the Board, its contractors and partners.

### Administration and Support

This unit supports all areas of WorkCover and its daily activities, projects, programs and initiatives, and is responsible for:

- providing support to the Board, its committees and working groups
- providing graphic design and desktop publishing
- co-ordinating the Board's annual report
- providing support to the WorkCover Director, managers and staff
- liaising and communicating with Board members and stakeholders
- preparing correspondence and meeting papers and performing a document quality assurance function
- maintaining and updating databases, forms, packages and mail merge listings associated with the effective administration of WorkCover
- providing support in the production and distribution of publications and promotional material
- providing support for the co-ordination and conduct of Safe Work Tasmania Week and the WorkCover Safety Awards.
- providing Library services, including video, printed and electronic format material on OHS and workers rehabilitation and compensation.

This year, the unit was involved in:

- providing graphic design and publishing services for new and reviewed publications and the quarterly magazine *Workplace Issues*
- supporting over 25 meetings of sub-committees, steering committees and working groups of the Board, including eight Board meetings
- providing videos and DVDs, covering a wide range of OHS issues, through the Library. The collection has grown, with the acquisition of several new DVDs. Loans by the general public for DVDs have increased, mainly from educational institutions such as polytechnics, colleges, high schools. The library also continued to move from providing information in a printed format to the electronic format. Several online databases are available to WorkCover and Workplace Standards staff through the intranet.

As a result of the section's planning activity, work has now begun on developing performance indicators against the effectiveness and efficiency of core functions and services delivered by the unit.

## Health and Safety

This section performs a number of functions set out under the Act and the *Workplace Health and Safety Act 1995*, including:

- promoting the prevention of injury and disease in the workplace and the development of healthy and safe workplaces.
- promoting and supporting the effective injury management of injured workers
- promoting an understanding of this legislation through education and any other appropriate means.

This section performs a number of functions for the Board, including:

- effectively analysing scheme performance and forecasting emerging issues and trends from available data sources
- performing high-level research to inform the Board
- promoting key Board safety messages and developing meaningful guidance materials
- delivering high-quality OHS and injury management advisory services through providing consultative, educative, informative and advisory initiatives
- managing and implementing key Board projects.

The section has three units:

- Campaign and Events Unit
- OHS Project Unit
- Practical Guidance Unit.

### Campaign and Events Unit

This unit delivers promotional services and guidance material. Where appropriate, it strategically links with the activities of the Advisory Service.

### Publications

The unit continued to manage:

- the reviews of existing publications on OHS and workers compensation issues
- the development of new publications, especially those supporting to the Return to Work and Injury Management Model.

These publications target the needs of specific target groups (for example, insurers, specific occupations or industries, small business, new workers) and support WorkCover and Workplace Standards objectives.

New publications produced this year included:

- Advisory Service: Safe Business is Good Business
- Licensed Insurers and Self Insurers: Guidelines for Developing an Injury Management Program
- Role of the Injury Management Co-ordinator
- Serious About Safe Business? kit and flyer.

The unit also worked closely with the Advisory Service to harmonise the existing popular Tasmanian guide *Making your small business safer and healthier*. This will be available in 2009–10 and used by other advisory services throughout Australia.

Popular publications reviewed and/or reprinted included:

- Guide to Workplace Health and Safety Legislation
- Industrial Equipment Requiring a High Risk Work Licence
- Play it SAFE with Chemicals
- Welcome to the Workplace: Guide for New Workers.

A full list of publications can be found at [www.workcover.tas.gov.au](http://www.workcover.tas.gov.au)

The unit managed and produced the free quarterly *Workplace Issues* magazine, which continues to be a successful and popular vehicle for promoting OHS and Board messages. Approximately 12,000 are printed for each edition; these are sent to more than 7,400 individuals and workplaces in Tasmanian and out.

The unit also supported other Board and Branch publications and projects (including this annual report and the Strategic Plan).

### Safe Work Tasmania Week

Safe Work Tasmania Week (formerly Workplace Safe Week) ran from 19 to 25 October 2008. The theme for the week was 'Safety communication in the workplace' with the slogan 'Safety in the workplace—talk it up'.

During the week, Tasmanian businesses, organisations and individuals were encouraged to participate in or organise safety-related events or activities.

Thirty-seven seminars and workshops were held at WorkCover-hosted venues in Hobart, Burnie and Launceston. A further ten businesses and organisations ran a safety-related event or activity at their own venue.

## > Health and Safety

Over 1,000 people registered to attend an event during the week, an increase of more than 300 from 2007. Approximately 950 show bags were distributed to participants at WorkCover-hosted seminars, and 170 show bags were delivered to businesses that hosted an event at their own venue.

Feedback and data collected indicated that the week was successful. There was definite improvement in all areas of participation from the previous year. While six of the planned 43 sessions were cancelled due to lack of registrations, the remaining sessions were largely well attended, with some at full capacity.

Highlights included:

- a workshop by Caroline Dean, a specialist trainer in bullying, harassment and discrimination with TAFE Tasmania. Caroline presented in Hobart and Launceston. Both sessions were filled to capacity
- a laughter workshop run by Lifeline Hobart. The session looked at the psychological and emotional benefits of laughing and the flow on to OHS. It received very positive feedback.

Safe Work Tasmania Week forms part of the national Safe Work Australia Week which was held around the country at the same time.

### WorkCover Safety Awards

This year the name of the awards became the WorkCover Safety Awards to acknowledge WorkCover's role in their operation.

Forty-four entries from 26 businesses, organisations and individuals were received in this year's awards. Eleven of these entries were new businesses that had not entered the awards before. Twenty-seven of the 44 entries received awards, either as a finalist, highly commended entry or winner.

The overall winner of the 2008 WorkCover Safety Awards was Hydro Tasmania, Hobart. Hydro also won the Best workplace health and wellbeing program category.

Other award winners were:

- Cement Australia–Railton Operations for Best workplace health and safety management system
- Tasmanian Alkaloids Pty Ltd for Best solution to an identified workplace health and safety issue
- King & Harding Excavation & Seal for Best workplace health and safety practice(s) in a small

business

- Burnie City Council for Public leadership award for injury prevention and management
- David Nicholls of Tasmanian Alkaloids Pty Ltd for Best individual contribution to workplace health and safety
- Cadbury Schweppes for Best return-to-work program
- Russell–Smith electrical and communications for Best new worker program.

The awards were presented at a gala dinner at the Hotel Grand Chancellor in Hobart on Saturday 18 October, which was attended by 440 people. The MC for the evening was Denise Drysdale.

The WorkCover Safety Awards are aligned with the national Safe Work Australia Awards, which were presented at Parliament House in Canberra in April 2009. As Tasmanian winners of the five national categories, Cement Australia, Tasmanian Alkaloids, King & Harding Excavation & Seal, Burnie City Council and David Nicholls were automatically entered in these national awards. While none of the Tasmanian entrants was successful at the national level, it was an excellent opportunity for Tasmanian businesses and individuals to show their commitment to OHS.

### OHS Project Unit

This unit is responsible for developing, implementing and promoting key WorkCover projects that are contained in the Board's *Strategic Plan 2009–12*.

The projects are designed to satisfy the Board's first strategic objective, to reduce the number of workers killed and to reduce the number and severity of injuries.

These projects include:

- benchmarking contemporary approaches to workplace health and safety compliance
- developing an on-line package in partnership with the department of education to boost year 10 student OHS competency
- developing and OHS awareness campaign
- improving practical guidance, review effectiveness, establish key performance indicators and associated targets for OHS the Advisory Service
- improving visibility of the Board with all stakeholders

## Health and Safety

- developing an OHS Plan (whole of Tasmania)
- promoting mental health in small-medium enterprises.

See *Reporting against the Strategic Objectives* in this annual report for details.

### **Safe Steps: Manual tasks, slips and trips in hospitals**

Tasmania was the lead jurisdiction responsible for developing a national Heads of Workplace Safety Authority (HWSA) compliance campaign, targeting manual tasks, slips and trips in hospitals. The project aimed to educate the hospital sector by providing information and assistance and through enforcement activity, by:

- assessing the level of compliance and the control of manual tasks, slips and trips in specific areas of targeted hospitals, and comparing this level of risk control against relevant state standards
- improving awareness and knowledge of manual tasks, slips and trips in specific areas of targeted hospitals by providing an information kit that highlights the new National Code of Practice for the Prevention of Musculoskeletal Disorders from Performing Manual Tasks at Work 2007 and relevant state standards
- identifying opportunities for improvement that lead to 'better practice' approaches to manual tasks, slips and trips in specific areas of targeted hospitals.

Specifically, the project focused on nominated manual tasks in non-clinical work areas (such as kitchen, laundrette and clinical sterilisation department areas) and slips and trips (auditing the environment in nominated high-risk work areas). It also looked at barriers and enablers to using control measures in non-clinical areas; and bariatrics.

The project was completed according to the timeframes given in the Project Plan and the final report received HWSA endorsement in November 2008. Audit findings were provided to participating hospitals at feedback seminars held in January 2009. Safe Work Australia is currently doing a post-campaign evaluation survey.

### **Practical Guidance Unit**

The past year has seen the Advisory Service continue to support small to medium-sized businesses throughout Tasmania in improving their safety performance, and to deliver assistance to unions and employer groups wishing to provide their members with relevant and practical information.

The service supports businesses through workplace visits, educational forums, presentations, attendance at trade shows and conferences, sponsorships and partnerships.

In August 2008, 12 months after the service did its first workplace visit, WorkCover commissioned a market research company to contact those businesses it had visited to provide an objective assessment of client satisfaction with the service. Results from this research were outstanding, with key research findings from the report noting:

- 94% of respondents said there had been improvements to OHS in their business as a result of contact from the service
- 92% of respondents reported that they were satisfied with the service (this includes 70% very satisfied responses).

These findings reinforced previous research that small to medium-sized businesses preferred face-to-face contact, with advisors working directly with employers to provide relevant, industry-specific advice.

### **Manufacturing industry program**

Following research and analysis of workers compensation data, a strategic plan was developed to provide safety advice to the manufacturing sector through a program of workplace visits. Fifty-seven businesses were approached and 30 accepted the offer of a visit from the service.

### **Regional programs**

This is a new initiative of the service and involves targeting a number of businesses in a particular area. Regional programs were carried out in Smithton, Flinders Island and Huonville.

## > Health and Safety

### Workplace visits

During 2008–09, advisors:

- made 152 first visits to workplaces
- made 68 follow-up visits to workplaces
- gave 30 presentations
- attended nine tradeshows/expos.

Feedback and information from advisors indicated face-to-face contact to be effective. Advisors reporting improvements in 85% of businesses receiving a second visit. This supports the findings of the market research study (see above).

### Partnerships

The service works collaboratively with industry, government, unions and employer associations, using existing business networks and resources to promote safety in Tasmanian workplaces. One of the methods of achieving this is to develop strategic partnerships with organisations throughout Tasmania.

To date, nine partnerships have been entered into by the service:

- Advantage Small Business
- Braddon Business Centre
- Department of Economic Development
- Department of Education
- Housing Industry Association
- Launceston Chamber of Commerce
- LHMU Tasmania
- Proactive Agricultural Safety & Support (PASS) Inc
- Tasmanian Chamber of Commerce and Industry.

### Sponsorships

WorkCover is committed to building strong relationships with stakeholder organisations that support the following promotional objectives:

- raising awareness of the steps employers and workers can take to create a safer workplace, particularly among small to medium-sized business, and especially those in high-risk occupations
- increasing the amount of face-to-face activity done to communicate with our target audiences about safe work practices

- increasing the amount of face-to-face activity done with stakeholders to encourage them to communicate the need for safe work practices to their clients
- increasing the knowledge of OHS issues among new workers and young workers
- supporting the National OHS Strategy 2002–2012 by acknowledging and promoting safety in its priority areas and by supporting national Safe Work Australia Week and the Safe Work Australia Awards.

Eleven organisations were sponsored during the year.

### Agfest

The service attended Agfest for the first time in May 2009, with a display centred around identifying hazards in the workplace. The display used a traffic light system of red, orange and green to highlight good, poor and bad workplace practices. There was a display with the theme *Asbestos: the workplace and you*. The display received a great deal of interest from show patrons and resulted in a number of referrals for the service.

### Asbestos information sessions

The service held two information sessions on asbestos in the workplace in June. These provided business owners with practical advice they could use to identify and effectively manage asbestos in their workplaces, and provided details of where to find more information if needed.

The sessions were extremely successful, with 160 people attending the two sessions. Of these attendees, 70% were from private sector companies; the remainder were from state and local government, unions and employer organisations.

### National harmonisation

The service is represented on the HWSA Small Business Network Group and has taken the lead role in harmonising the existing popular Tasmanian guide *Making your small business safer and healthier*.

This will be the second guide available in a planned suite of guides. It is designed as the initial guidance material to help small to medium-sized businesses increase their level of safety systems and awareness. It will be used by other advisory services throughout Australia.

## **Rehabilitation and Compensation**

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This section is responsible for administering the Tasmanian workers compensation scheme. It is primarily focused on:

- monitoring and reporting to the Minister on the operation and effectiveness of the Act and Regulations, and on the performance of the systems the legislation relates to
- monitoring and reviewing the performance of licensed insurers and self insurers and the operation of the Nominal Insurer
- monitoring and reviewing premium rates and, so far as is practicable, ensuring insurance arrangements are efficient and competitive
- collecting and publishing statistics on matters the Board considers necessary or relevant to the performance of its functions under, or the administration of, this Act.

The section has five units dedicated to specific areas of scheme administration:

- Scheme Regulation Unit
- Data Management Unit
- Audit Unit
- Scheme Analysis Unit
- Project Unit.

### **Scheme Regulation Unit**

This unit establishes, implements and monitors the standards required of the scheme participants the Board has direct control over accredited medical practitioners, licensed insurers and self insurers.

This unit relies on information collected by the Data Management Unit and Audit Unit. Performance data from the Scheme Analysis Unit is also used in monitoring insurers.

### **Accredited medical practitioners**

The Act requires medical practitioners who wish to issue workers compensation medical certificates to be accredited by the Board.

There were 1,022 medical practitioners accredited to issue workers compensation medical certificates by the Board during the year. This is approximately 38% of all general practitioners registered in Tasmania. There were 133 new accreditations granted and 456 re-accreditations. Twenty five interns were also accredited.

There were 441 Form 1 pads and 23 Form 2 pads issued by WorkCover to medical practitioners during the year.

The Board also accredits medical practitioners to assess impairment. There were 353 accreditations renewed and three new accreditations granted.

WorkCover has been working with GP Workforce to provide orientation training to new general practitioners coming to Tasmania from overseas to work in the state's regional and remote areas.

Fifteen orientation sessions were held during the year for 18 medical practitioners. The sessions explained how the Tasmanian workers compensation scheme works and the role of the treating medical practitioner within the scheme, and provided guidance around certification. The medical practitioners were provided with assistance in the accreditation process.

Participating medical practitioners came from countries including the USA, UK, India and Sri Lanka.

Ensuring that these medical practitioners understand how Tasmania's workers compensation scheme operates, that they are accredited, and that there is adequate coverage of accredited medical practitioners around the state is critical to providing high quality medical treatment to injured Tasmanian workers.

### **Licensed insurers**

One Licence to Insure was revoked during the year, as a result of the merger of the VERO Insurance Limited and GIO General Limited.

### **Self insurers**

One Permit to Self Insure was renewed during the year. Nyrstar Hobart Pty Ltd was granted a permit for 36 months in March 2009.

Overall the performance of insurers during the year was of a high standard, with good compliance to permit and licence conditions.

In addition to satisfying permit and licence obligations, insurers were also asked start preparing for the introduction of the Return to Work and Injury Management Model. Insurers were asked to do a gap analysis of their injury management systems against the Board's injury management program guidelines.

## Rehabilitation and Compensation

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### Data Management Unit

This unit collects, stores and maintains workers compensation claims and policy information.

The unit received, coded and entered 9,768 claim forms, a decrease of around 280 from the previous year.

The unit receives detailed policy, premium and payment information from licensed and self insurers. The data is checked for accuracy before being entered into the workers compensation management system database. This data, along with data from previous years, is used by the Scheme Analysis Unit and Audit Unit to monitor the performance of the scheme.

The unit received 584 policy, premium and payment files for processing. The number of businesses holding a policy throughout the year was approximately 15,400 and the number of workers covered by these policies for the year was approximately 217,000.

The unit continued to maintain a compliance database, which helps monitor the performance of licensed and self insurers against their licence and permit conditions. This information is used by the Audit Unit and Scheme Regulation Unit to inform their interactions with insurers throughout the year.

The unit is also responsible for administering the database of accredited medical practitioners. See *Scheme Regulation Unit* in this section for details.

### Audit Unit

This unit evaluates insurers' performance against specified performance standards.

### Licensed insurers

Surveillance audits were done of eight licensed insurers during the year, and found:

- two insurers are now using fully-integrated imaged workers compensation claims management systems, with another two insurers moving towards adopting imaged systems in 2009
- the consequences for the late submission of claims by employers are not sufficiently adequate to encourage an improvement in performance by repeat offenders
- monitoring changes in legislation and updating workers compensation claim management activities to accommodate changes is typically not well managed by the insurers

- all licensed insurers completed a gap analysis of the workers compensation claims management system against the injury management program guidelines. Three insurers provided their revised workers compensation claims management system to WorkCover for review in preparation for adopting the injury management program requirements. All insurers are well advanced in preparation for adopting these requirements
- licensed insurers do not typically challenge employers when it is claimed that suitable duties are not available. The suitability of alternative duties offered by employers is not assessed. This should be addressed with implementation of the injury management programs
- a number of insurers outsource return-to-work and rehabilitation services. A significant variation in the quality of service provided and of reporting was observed. Monitoring external service providers and accountability for compliance with service level agreements was not adequately managed by insurers.

### Self insurers

Surveillance audits were done of nine self insurers during the year, and found:

- all self insurers completed a gap analysis of the workers compensation claims management system against the injury management program guidelines. One insurer has provided their revised workers compensation claims management system to WorkCover for review in preparation for adopting the injury management program requirements. All insurers are currently working towards adopting these requirements
- two self insurers obtained JAS-ANZ certification of their OHS management system. This brings the number of self insurers with a certified OHS management system to seven
- nine self insurer injuryMAP audits were completed. There were 41 opportunities for improvement identified
- two OHS management system surveillance audits were completed on self insurers. One audit used the SafetyMAP audit tool; the other used the National Audit Tool. There were eight opportunities for improvement identified
- to date, only one self insurer has adopted

## ➤ Rehabilitation and Compensation

the National Audit Tool in anticipation that the requirement to comply with this will be included as a self insurer permit condition from 30 September 2010

- there were a number of gaps in self insurer workers compensation management systems, document review and control procedures. These include updating rehabilitation policies, providing summaries of the Act, providing information, and monitoring return to work plans
- monitoring changes in legislation and publications to prompt updating workers compensation claim management activities to accommodate changes is typically not well managed by the insurers
- the self insurers' standard of workers compensation claims and injury management was typically very good.

### Other activities

The unit also:

- prepared a number of publications on the introduction of the Return to Work and Injury Management Model and reviewed a number of general publications
- verified entries for the WorkCover Safety Awards 2008. There were 40 verification audits done, with the findings provided to the judging panel
- was represented on and participated in the JAS-ANZ technical committee, Certifying Bodies compliance requirements
- participated in Agfest, providing show patrons with information on the introduction in the Return to Work and Injury Management Model.

### Scheme Analysis Unit

This unit uses WorkCover resources and the Board's contracted actuaries to monitor, analyse and evaluate the performance of the Scheme, and to identify emerging trends and problem areas.

While its outputs are mainly statistical in nature, the unit also conducts research on special projects to compliment or support the quantitative analyses being performed.

The unit completed these major reports and tasks this year:

*Workplace Injuries Statistical Report 2008*: This report provides statistical information on Tasmanian workplace injuries in 2008 with comparisons to previous years. It includes data on the number and cost of injuries; data relating to the injury details such as type of injury, mechanism, breakdown agency, age and gender; and data on lost time injuries. It also includes comprehensive injury information relating to each industry division. The report is available at [www.workcover.tas.gov.au/resources/statistics/injury\\_reports](http://www.workcover.tas.gov.au/resources/statistics/injury_reports)

*Workers Compensation Statistical Report 2007-08*: This is the annual statistical report on the Tasmanian workers compensation scheme. It focuses on the number of claims and scheme expenditure in the form of claim payments and expenditure for 2007-08. The report is available at [www.workcover.tas.gov.au/resources/statistics/workers\\_compensation\\_reports](http://www.workcover.tas.gov.au/resources/statistics/workers_compensation_reports)

*Supply of data to the national Comparative Performance Monitoring Report (Eleventh Edition)*: Each year WorkCover provides data to Safe Work Australia's Comparative Performance Monitoring Report project. This report compares the performance of the OHS and workers compensation schemes in Australia and New Zealand. The report is available at [www.workcover.tas.gov.au/resources/statistics/cpm](http://www.workcover.tas.gov.au/resources/statistics/cpm)

## ➤ Rehabilitation and Compensation

Supply of data to the *2007–08 Australia and New Zealand Return to Work Monitor Report* and the *Return to Work Monitor Tasmania Report 2007–08*: The Return to Work Monitor uses surveys of injured workers to measure return to work outcomes and processes across Australian and New Zealand workers compensation jurisdictions. In a separate report, Tasmanian results are compared with national measures. The reports are prepared for the Heads of Workplace Safety and Compensation Authorities. The population surveyed is injured workers who have had ten days or more compensation paid. The survey is conducted in November and May each year. The reports are available at [www.workcover.tas.gov.au/resources/research\\_papers/rtw\\_monitors](http://www.workcover.tas.gov.au/resources/research_papers/rtw_monitors)

*Scheme Review to 31 December 2008*: This is an actuarial review of the Tasmanian workers compensation scheme's performance to 31 December 2008. In particular, it is an evaluation of claims experience, adequacy of insurer estimates, industry profitability and the impact of past legislative changes. The report is available at [www.workcover.tas.gov.au/resources/statistics/annual\\_scheme\\_reviews](http://www.workcover.tas.gov.au/resources/statistics/annual_scheme_reviews)

*Development of Suggested Industry Premium Rates for 2009–10*: One of the Board's functions is to monitor insurer premium rates. This ensures workers compensation insurance arrangements in Tasmania are efficient and competitive. The Act requires that each year the Board publishes a list of suggested industry premium rates. The suggested industry premium rates for 2009–10 were developed by the Board's consulting actuary. The purpose of publishing the rates is to better inform the market place and to reduce the potential for erratic and volatile pricing of workers compensation insurance cover. The report is available at [www.workcover.tas.gov.au/insurance/general/rates](http://www.workcover.tas.gov.au/insurance/general/rates)

*Assistance with the Long Term Benefits Study Report*: The University of Tasmania has been contracted to undertake this study, which focuses on the social, health and economic outcomes for longer-term workers compensation claimants. The report for Phase 1 of this study is available at [www.workcover.tas.gov.au/resources/research\\_papers/ltps](http://www.workcover.tas.gov.au/resources/research_papers/ltps)

The unit also responds to ad hoc requests for statistical information. In 2008–09, the unit responded to 47 requests for information relating to workers compensation:

- 17 were from within WorkCover
- 14 were from other government organisations
- 9 were from insurers
- 7 were from other external organisations.

The most common information requests are for data relating to injury details for specific types of injury, mechanisms of incident, breakdown agencies, occupation groups or industries.

### Project Unit

This unit is responsible for introducing changes into the Tasmanian workers compensation scheme. The projects currently being implemented by this unit are:

- Accreditation of Rehabilitation Providers
- Long Term Benefit Study
- Medical Management Project
- Return to Work and Injury Management Model.

See *Reporting against the Strategic Plan* in this annual report for details.

## ➤ Reporting against the Strategic Objectives

The strategic objectives are outlined in the Board's *Strategic Plan 2009–2012*. It can be found at [www.workcover.tas.gov.au](http://www.workcover.tas.gov.au)

### SO 1: To reduce the number of workers killed and to reduce the number and severity of injuries

#### **Benchmarking Contemporary Approaches to Workplace Health and Safety Compliance Project**

WorkCover began this project (for Tasmania only) as part of its charter to oversee the OHS function of Workplace Standards Tasmania.

In February 2009, a three-state working group met in Melbourne to discuss this idea for a Heads of Workplace Safety Authorities (HWSA) project to:

- identify the range of 'things' that OHS regulators currently do to impact on the level of OHS compliance in workplaces
- identify (from existing research) what is thought to best motivate duty-holders and other workplace parties acting to comply or facilitate compliance (and beyond)
- develop criteria for describing the 'best' way to do the things that OHS regulators do (or could do), which would allow for benchmarking some or all of these things (on a prioritised basis) against the criteria, and hopefully engender commitment amongst HWSA members to work further towards harmonised 'best practice' operations.

The project was supported by HWSA at the March 2009 meeting in Canberra. The working group provided jurisdictions with summary documents for the first two points (above) by the end of March for comment and input.

A second meeting was held in May to further develop the best way forward. It was agreed that the project will seek to establish a proposed framework for harmonising OHS regulators' approach to administration of the national model OHS laws. This concept for the project was endorsed by HWSA in late May.

Extensive research was conducted, including that by consulting area experts (Neil Gunningham, Michael Quinlan and Richard Johnstone) and jurisdictional representatives (HWSA).

A consultative forum to present the research findings will be held in July 2009 between the Benchmarking Committee and Workplace Standards Tasmania's Director Operations, Inspectorate sector leaders, the Chief Inspector of Mines, and mines safety staff.

#### **Improve Practical Guidance, Review Effectiveness, Establish KPIs and associated targets for OHS Advisory Service**

The Board established an OHS Advisory Service in 2007. The service has been independently assessed to determine the level of client satisfaction and the service's effectiveness in changing safety behaviour and practice of small businesses in Tasmania.

The service will be further reviewed in 2009 and a number of key performance indicators will be developed and applied.

#### **Improve the visibility of the Board with all stakeholders**

The Board has recognised that good communication with its stakeholders is vital for ensuring a culture of continuous improvement in OHS.

Part of good communication requires the Board to be visible and accessible to stakeholders. This project will identify mechanisms and forums to ensure the Board is readily available to stakeholders. It is hoped that this improved interaction will lead to a healthy exchange of ideas between the Board and its OHS stakeholders.

#### **OHS Plan (Whole of Tasmania)**

The Board considers that one way of engaging the wider OHS community and of ensuring the efficient and effective delivery of OHS programs is through a Tasmanian safety plan, developed in consultation with employers, workers, duty holders and other key stakeholders.

This plan would articulate the vision and mission of the Board and key stakeholders, and translate those into a set of strategic objectives to be addressed over a three to five year period.

## ➤ Reporting against the Strategic Objectives

### **Implement initiatives of the Tasmanian State Service Workplace Health and Wellbeing Council**

The Tasmanian State Service Health and Wellbeing Advisory Committee brings together a group of State Service professionals to champion and develop initiatives for health and wellbeing improvement across the Tasmanian State Service.

The vision is to develop effective health and wellbeing programs in each Tasmanian government agency. This initiative relies heavily upon the *Get Moving at Work* resource kit for workplaces.

The program has a preventative focus that targets health risk factors such as smoking, nutrition, alcohol, physiological stress and levels of physical activity.

It is anticipated that there will be a centralised professional development program and the targeting of agency-specific issues.

### **Develop OHS awareness campaign**

The Board agreed that a new promotions strategy should be developed to promote key OHS messages. This is particularly important as businesses face difficult funding decisions in an uncertain financial climate, and at a time when injury rates in Tasmania are beginning to increase again.

### **Future Governance of OHS Regulation in Tasmania Project**

A working group was established to develop a suggested position on the future governance arrangements for the administration of OHS regulation in Tasmania. It considered:

- current governance arrangements connected with the delivery of OHS in Tasmania, and the system's respective key strengths and weaknesses
- research into alternate governance arrangements for OHS administration conducted on boards and/or regulatory bodies operating locally, nationally and internationally, to highlight features that may help Tasmania achieve optimum OHS governance arrangements
- opportunities to improve the alignment of OHS governance and strengthened accountability between Workplace Standards Tasmania and WorkCover Tasmania.

This project will provide a set of recommendations to the Board so it can decide how to overcome any perceived flaws within the current governance arrangements, and optimise the good governance approaches identified within the current OHS arrangements for the future administration of OHS regulation in Tasmania.

### **Promote Small Business Mental Health Program**

A research partnership was established between WorkCover and the University of Tasmania to investigate mental health promotion in small business.

The project, Promoting mental health in small-medium enterprises: An evaluation of the 'Business in Mind' program, aims to:

- provide study participants with educational material on the role of managers in creating a positive climate for dealing with mental health issues and workplace strategies for preventing the development or exacerbation of mental health problems
- examine any additional benefit that may occur as a result of a therapeutic intervention targeting the personal wellbeing of managers. This component of the program is predicated on research evidence that managerial style is an important OHS issue.

### **Develop an on-line package in partnership with the Department of Education to boost student OHS Competency**

In September 2008, WorkCover and the Department of Education formed a three-phased partnership agreement to develop an online OHS education package to help Tasmanian teachers deliver required OHS material.

Called WorkSafely, this will be found online at the Department of Education's website.

WorkSafely is currently being developed and is expected to include:

- up-to-date and accurate content in line with Tasmanian OHS legislation and the Department of Education's curriculum
- a general OHS module

## ➤ Reporting against the Strategic Objectives

- 15 industry-specific modules
- teaching and learning resources/activities
- an assessment instrument that provides documented evidence that students have been engaged with and completed the required module(s).

A pilot program of WorkSafely will be implemented in 2009–10 and the program will be ready to use in the new 2010 school year.

**SO 2: To ensure that when workers are injured they are supported financially and systemically to achieve, wherever possible, full recovery and return to work as speedily as possible**

### Implement Return to Work and Injury Management Model

In late 2007, the Board concluded the development of its Return to Work and Injury Management Model (the model) and approved the implementation of the model.

An implementation plan for the model was prepared, spanning three years. This plan has five key areas of action:

- amending the Act to enable the introduction of the model
- creating new licence and permit conditions for insurers
- reviewing WorkCover systems
- promoting and explaining the model
- reviewing data and monitoring systems.

### Amending the Act to enable the introduction of the model

The Minister was given a copy of the model as the Board was asked to amend the Act to enable the introduction of the model.

### Creating new licence and permit conditions for insurers

The model requires the Board to develop guidelines for injury management programs. An injury management program is a series of documented policies and procedures that establishes a co-ordinated and integrated process for injury management in order

to achieve the best results for a timely, safe and durable return to work for injured workers. Employers and insurers are to develop and have approved their injury management programs.

In consultation with licensed and self insurers, guidelines were developed and the Board approved these in February 2008.

Work began on licence and permit conditions to reflect the requirements of the model, but these will not be finalised until legislative amendments are finalised.

### Reviewing WorkCover systems

The model identified the need for insurers to identify and quantify the alternative duties available within the workplaces of the employers they offer policies of insurance to. A generic form has been prepared that identifies a range of occupations.

It is envisaged that employers will identify the duties performed in the workplace and insurers will use this information to assess claims and develop return to work strategies, and when setting their premiums.

Consultation with stakeholders occurred during the year on the format and use of the template.

### Promoting and explaining the model

New publications were produced to support the model:

- Guidelines for Developing an Injury Management Program
- Injury Management: Calendar
- Injury Management: Make it Work
- Role of Injury Management Co-ordinator
- Summary of proposed key legislative change (information sheet).

Preliminary work began on scoping out the Information, Advice and Support Services. Options for the operation of this service have been examined, as have a number of models from other jurisdictions. Work continues.

Successful implementation of the model will only be achieved with participation of stakeholders. WorkCover is committed to working with stakeholders as the key to the success of the model rests with the ability of scheme participants to adapt to the change in processes. During the year, WorkCover consulted

## ➤ Reporting against the Strategic Objectives

with stakeholders in preparation for the activities detailed above:

- at WorkCover Consultative Forums for licensed and self insurers: twice
- at presentations for the Australia and New Zealand Institute of Insurance and Finance, and the Tasmanian State Service: three times
- at Agfest for the general public
- at workshops for general practitioners: three times.

WorkCover will continue to work with scheme participants as the model is implemented.

### Reviewing data and monitoring systems

The model introduces the injury management co-ordinator into the workers compensation scheme. This is a person appointed by the insurer or employer to co-ordinate and oversee the entire injury management process. They need to be trained to perform the role; however, the model does not state what training is required.

Following detailed investigation and consultation with stakeholders, the Board approved the following nine competencies that someone would need to obtain to perform the injury management co-ordinator role:

BSBFLM 503B – Manage effective workplace relationships

FNSICGEN 404B – Resolve disputes

FNSINSV 406B – Use specialist terminology in insurance claims

FNSWCMP 303A – Work within the workers compensation industry sector

FNSWCMP 404A – Assist workers with job placement

FNSWCMP 502A – Develop return to work strategies

FNSWCMP 503A – Facilitate workplace assessment with stakeholders for workers compensation cases

PSPIM 409A – Maintain injury management case files

PSPIM 504A – Contribute to a quality injury management system

It also required that training for competencies must be delivered within the Australian Qualifications Framework by a registered training provider. Registered training providers were asked to deliver the training and a number are seeking approval to

deliver the competencies.

*The Role of the Injury Management Co-ordinator* was published in support of this.

### Improvement of Medical Management Project

At the end of 2007–08 the Board recognised that a large number of projects identified in its *Strategic Plan 2008–10* were directly focussed on improving the medical management of injured workers. While the genesis of these projects varied, the outcomes to be achieved directly relates to improving the provision of medical services. The projects are:

- Accreditation of rehabilitation providers
- GP education strategy
- Introduction of the American Medical Assessment (AMA) Guides to the Evaluation of Permanent Impairment Version 6 (AMA6)
- Monitoring of section 71 assessments
- Review of medical certificates
- Review of the Tasmanian Guide to Assessing Impairment.

### Accreditation of rehabilitation providers

The Board is responsible for the promotion and support of effective injury management of injured workers. Under section 77C of the Act, the Board is given the power to accredit medical practitioners or persons in relation to prescribed rehabilitation services.

The Board endorsed the Tasmanian Accreditation of Rehabilitation Providers Model for the accreditation of occupational rehabilitation providers within Tasmania, with the aim of facilitating consistent occupational rehabilitation approaches and outcomes across the state.

This model offers the following advantages:

- it is a local model and was developed in consultation with relevant local stakeholders
- it is based on individual accreditation. Individual accreditation is wholly consistent with the other accreditations issued under the Act; that is, for doctors issuing medical certificates and for doctors assessing the extent of permanent impairment

## ➤ Reporting against the Strategic Objectives

- it takes into account Tasmania's Return to Work and Injury Management Model. There are strong synergies between the Tasmanian Accreditation of Rehabilitation Providers Model and the return to work plans and injury management plans contained in the Return to Work and Injury Management Model
- the model links strongly with Tasmanian legislation
- it establishes a rehabilitation advisory committee which will maintain a watching brief on the role, efficiency and conduct of Tasmania's rehabilitation providers
- it provides transitional arrangements for rehabilitation providers currently working in the Tasmanian industry who initially fail to meet the requirements for accreditation.

In late 2008, the Minister asked the Board to review its model as a consequence of the Heads of Workers Compensation Authorities releasing the Nationally Consistent Approval Framework for Workplace Rehabilitation Providers.

The Board made a detailed analysis of the two models and will finalise its position early in 2009–10. The options being considered are:

- maintain its support for the Tasmanian Accreditation of Rehabilitation Providers Model
- support the adoption of the Nationally Consistent Approval Framework for Workplace Rehabilitation Providers
- develop a hybrid model of the two.

### GP education strategy

The Board entered into a contract with InjuryNet Australia Pty Ltd to deliver a two-stage project:

- *Stage 1:* develop an education and training strategy for Tasmanian general practitioners to improve their knowledge of workers compensation in Tasmania and their capacity to effectively manage workplace injuries
- *Stage 2:* evaluate the impact and success of the strategy by developing and delivering a pilot program in managing lower back pain, based on the above education and training strategy.

InjuryNet provided a draft education and training strategy in December 2008 and delivered the pilot

program in May 2009. Forty three accredited medical practitioners participated in the pilot program. The training delivery methodology is being evaluated and will be incorporated into the final strategy.

### Introduction of the American Medical Assessment Guides to the Evaluation of Permanent Impairment Version 6 (AMA6)

With the release of the American Medical Assessment Guides to the Evaluation of Permanent Impairment Version 6 (AMA6) in 2008, WorkCover has been working with the Heads of Workers Compensation Authorities (HWCA) to assess the suitability of AMA6 as a replacement for AMA4.

HWCA is also working with the Heads of Compulsory Third Party Insurance Authorities (CTP), with the goal of aligning all CTP and workers compensation jurisdictions in the use of a common assessment tool.

QComp has been undertaking trials to assess the suitability of moving from AMA4 or 5 to AMA6. Unfortunately, the AMA6 has been assessed as having a number of significant deficiencies and consequently, QComp has concluded that the argument to resist the adoption of AMA6 at this point has greater weight than that to adopt it.

The most significant of all the points made in opposition to it are the number of errors it contains, the fundamental nature of some of these errors, and the significant chance that workers will be improperly rated because of these errors. Work continues.

WorkCover will continue to monitor national developments as QComp and New Zealand continue to assess the use of AMA6.

### Monitoring of Section 71 assessments

In his 2007 review of the scheme, Alan Clayton recommended that the Board needed to develop methods to monitor whole person impairment assessments, because there was significant variation between assessments made by different medical practitioners for the same injury.

The Board's Knowledge Management Project will introduce an effective monitoring tool; however, it will be some time before monitoring will begin.

In the short term, the review of the Tasmanian Guide to Assessing Impairment will begin in late 2009

## ➤ Reporting against the Strategic Objectives

(see below) and once finalised, training will occur. Training all assessors is anticipated to improve the use of AMA4 and the Tasmanian Guide to Assessing Impairment, and should result in greater consistency in assessments.

### Review of medical certificates

Research into the use of medical certificates was done to gain a better understanding of the issues associated with their use within the scheme.

GP South was engaged to provide advice on options and issues associated with combining the Form 1 and Form 2 medical certificates. Licensed and self insurers were invited to share their views about how to best improve the use of the medical certificate.

The initial approach was to combine the two certificates; however, following consultation, a different approach was taken, where Form 1 becomes the initial certificate and Form 2 will be amended to become the continuing/final certificate.

A second phase of consultation has begun before this is presented to Board in the 2009–10.

### Review of the Tasmanian Guide to Assessing Impairment

The Act specifies the use of AMA4 as the assessment tool for assessing whole person impairment.

When adopting AMA4, it was recognised that it had some limitations, and a Tasmanian guide was needed to overcome the deficiencies and to provide additional guidance to medical practitioners when using AMA4.

In his 2007 review of the scheme, Alan Clayton identified that the Tasmanian Guide to Assessing Impairment was out-dated and in need of review. WorkCover has been working with GP South to identify the process for engaging suitably qualified and experienced medical practitioners to undertake the review. Work should begin on this in late 2009.

### Completion of Long Term Benefits Study

In September 2006, the University of Tasmania was appointed to study the social, health and economic outcomes for longer-term workers compensation claimants. The study specifically asked:

- what are the financial, social and health situations of long-term workers compensation recipients?
- what are the significant differences in the long-term financial, social and health outcomes of different compensation pathways?
- what are the drivers for decision-making associated with the different compensation pathways?

The project had three phases:

- *Phase 1:* a quantitative mail out survey of long term workers compensation claimants. The Phase 1 Report was publicly released in late 2008
- *Phase 2:* a qualitative in-depth interview study of a selected group of long term workers compensation claimants. This phase was completed in late 2009
- *Phase 3:* a qualitative, longitudinal study following the progress of two samples of workers compensation claimants over a 12-month period. This phase will be completed in 2009–10.

### Investigation of targeted enhancement and capacity building for injured workers

the review of the Tasmanian workers compensation scheme conducted by Alan Clayton resulted in the recommendation that the Board investigate appropriate arrangements for providing support for injured workers who have some sort of work capacity. The support should include appropriate targeted skill enhancement, training and retraining.

Mr Clayton specifically pointed towards Germany's Berufsgenossenschaften as a model for providing technical training.

**SO 3: To ensure that when full recovery is not achieved, fair and appropriate compensation is received**

### Development of Fair and Sustainable Levels of Compensation Project

The Board recognised that Tasmanian businesses operate in a modern economic market which is highly competitive. It also recognises the need for injured workers to receive fair and appropriate compensation.

This project will define ideal levels of scheme performance to ensure Tasmania's workers compensation is both fair and affordable.

## ➤ Reporting against the Strategic Objectives

### **Development of an alternative Asbestos Compensation Model**

The Minister has established an asbestos advisory committee which will, in consultation with stakeholders, develop proposals for an alternative model for sufferers of asbestos-related diseases.

See *Committees and working groups* in this annual report for details.

■ SO 4: To ensure that these board objectives are delivered in a manner that is competitive, affordable, sustainable and legislatively and administratively effective

### **Monitor and respond to Workcover Tasmania's risk profile**

WorkCover has identified its strategic risk profile. It will monitor and respond to these identified risks including ensuring the Tasmanian scheme remains competitive, affordable and secure

### **Ensure legislation remains fair and contemporary**

WorkCover will continue to monitor emerging issues and developments in other jurisdictions to ensure Tasmania maintains contemporary legislation.

### **Ensure stakeholders have a commitment to a culture of continuous improvement**

WorkCover will continue to develop effective relationships with its stakeholders based upon open communication. By actively monitoring the workers compensation scheme and providing reports of scheme performance to stakeholders, it is envisaged that continuous improvement can be achieved.

### **Ensure regulatory regime is contemporary and adhered to**

WorkCover has a strong commitment to ensuring minimalist regulations to ensure scheme goals are achieved while not tangling Tasmanian businesses up in unnecessary 'red tape'. It also has a strong commitment to ensuring total compliance with the regulations in place.

### **Develop and implement internal audit program**

WorkCover will develop and actively maintain an internal audit program to minimise scheme costs and ensure effective program delivery. This internal audit program will augment the work of the Tasmanian Audit Office and the requirements of the *Financial Management and Audit Act 1990*.

### **Implement Knowledge Management Project**

This project was established in 2007 to manage the replacement of the current workers compensation management system (WCMS).

With changes in the business requirements over time, a reactive approach was applied to developments to enable the existing WCMS database to continue operating. This approach reduces the flexibility of the system to respond to future business requirements with minimal impact.

The replacement of the WCMS provides a unique opportunity for WorkCover to implement a management information system environment that will provide the foundation for improved management and planning for the future.

The new system provides tools and business processes to internal and external stakeholders, to help with the monitoring, regulation and analysis of the Tasmanian workers compensation scheme.

Project planning began in 2007–08 in preparation for going to tender in 2010.

## ➤ Reporting against the Strategic Objectives

WorkCover monitors and reviews the Department's exercise of powers and the performance of functions under the Act and the *Workplace Health and Safety Act 1995*.

### Workplace Standards Tasmania Inspectorate

#### Field inspections

A key part of the Inspectorate's role is visiting workplaces to ensure compliance with the relevant legislation. These visits can be prompted by complaints, requests, proactive projects, reactive actions and general issues brought to an inspector's attention.

Under the *Workers Rehabilitation and Compensation Act 1988*, 75 investigations began, 44 of which resulted in an infringement notice being issued or in a prosecution, or are ongoing.

Under the *Workplace Health and Safety Act 1995*, there were:

- 4,568 visits for proactive compliance monitoring
- 1,679 visits for accident, incident and/or complaint investigations
- 391 visits for education and advice and promotional activities.

There were also 129 improvement notices issued and 98 prohibition notices issued.

#### Investigations

There were 144 accidents and incidents investigated.

#### Infringement notices

Under the *Workers Rehabilitation and Compensation Act 1988*, 13 infringement notices were issued. The total of infringement notices fines was \$7,400.

Under the *Workplace Health and Safety Act 1995*, 52 infringement notices were issued. The total of infringement notices fines was \$59,400.

#### Prosecutions

Under the *Worker Rehabilitation and Compensation Act 1988*, 15 cases were referred to the Magistrates Court; 13 defendants were found guilty and two cases were still proceeding. A total of \$50,587 was awarded against employers for failing to have

workers compensation insurance and for premiums avoided. One penalty was for \$15,083.

Under the *Workplace Health and Safety Act 1995*, 30 cases were referred to the Magistrates Court; seven defendants were found guilty, six defendants were found not guilty, three were withdrawn and 12 prosecutions were still proceeding. Two appeals were determined by the Supreme Court. The total fines were \$81,000 plus \$2,980 in external costs incurred in investigations.

#### Telephone enquiries and publication requests

The Helpline is the telephone and email information centre for Workplace Standards Tasmania and WorkCover, and is the first point of contact for the public.

Queries to the Helpline cover workers compensation, OHS and other legislation administered by Workplace Standards Tasmania. Stakeholders are provided with relevant information, and matters requiring further research are directed to other parts of Workplace Standards Tasmania or WorkCover.

This year 45,282 phone calls were answered (approximately 5% less than the previous year).

Subject	2008–09
Building control	1,526
Dangerous goods	1,555
Federal industrial relations	5,032
Long service leave	1,162
Other	993
State industrial relations	16,013
Statutory holidays	1,178
Workplace health and safety	14,431
Workers rehabilitation and compensation	3,392
<b>Total</b>	<b>45,282</b>

The Helpline also received 2,740 emails (28% more than last year); processed more than 1,956 requests for publications (29% less than last year); and provided more than 87,280 publications (17% less than last year).

## **Licensed Insurers and Self Insurers**

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### **Licensed insurers as at 30 June 2009**

Allianz Australia Insurance Limited  
Catholic Church Insurances Limited  
GIO General Limited  
Guild Insurance Limited  
Insurance Australia Limited  
QBE Insurance (Australia) Limited  
Zurich Australian Insurance Limited

### **Self Insurers as at 30 June 2009**

Australia and New Zealand Banking Group Limited  
Cadbury Pty Ltd  
Coles Group Limited  
Forestry Tasmania  
Gunns Forest Products Pty Ltd  
Inghams Enterprises Pty Limited  
Nyrstar Hobart Pty Ltd  
Oz Minerals Australia Limited  
PaperlinX Limited  
Rio Tinto Aluminium (Bell Bay) Limited  
Tasmanian Electro Metallurgical Co Pty Ltd  
Westpac Banking Corporation  
Woolworths Limited

## ➤ Contracts 2008–09

Table 1

Summary of participation by local businesses (for contracts and tenders greater than \$50,000)	
Total number of contracts awarded	3
Total number of contracts awarded to Tasmanian suppliers	1
Total value of contracts awarded	\$1,295,000
Total value of contracts awarded to Tasmanian suppliers	\$300,000
Total number of request for quotations	Nil
Total number of tenders called	3*
Total number of bids received:	
actuarial services	5
education and training of general practitioners	3
marketing and advertising services	5
Total number of bids received from Tasmanian businesses	5
*An exemption was granted from the requirement to go to tender.	

Table 2

Contracts with a value greater than \$50,000 (excluding consultancy contracts)				
Name of contractor	Location of contractor	Description of contract	Period of contract	Total value of contract \$
Geon Australia Pty Ltd	Hobart, Tasmania	Printing Services	15 Aug 2008 – 15 Aug 2009	\$50,000
InjuryNet Australia Pty Ltd	Melbourne Victoria	Education and Training of General Practitioners	1 Oct 2008 – 1 Oct 2009	\$205,000

Table 3

Consultancy contracts with a value greater than \$50,000				
Name of contractor	Location of contractor	Description of contract	Period of contract	Total value of contract \$
Bateup Actuarial & Consulting Services	Melbourne Victoria	Actuarial Services	To 8 April 2009	\$83,519 (excl GST)
Clemenger Tasmania	Hobart Tasmania	Marketing and Advertising Services	16 Oct 2008 – 16 Oct 2009	\$300,000
Finity Consulting	Melbourne, Victoria	Actuarial Services	1 Jan 2009 – 31 Dec 2009	\$790,000
University of Tasmania	Hobart, Tasmania	Long Term Benefits Study	1 Jan 2007 – 31 Dec 2009	\$300,000

Table 4

Consultancy contracts with a value less than or equal to \$50,000				
Name of contractor	Location of contractor	Description of contract	Period of contract	Total value of contract \$
Not applicable				

## ➤ Freedom of information requests

Requests for information are administered by the Freedom of Information Unit of Workplace Standards Tasmania.

This year, there were no freedom of information requests. However, 26 requests relating to workers compensation were received.

The information was released under the Department's Disclosure Policy as routine information.

### Number and source of requests

Individuals	4
Insurer	3
Other jurisdictions	5
Solicitors/clients	13
Other	2

### Request status

Carried over from previous year	1
Awaiting decision at 30 June 2009	–
Decided	26
Withdrawn	–

### Decision time (days)

1–30 days	27
30+ days	–

### Type of request

Claims history	20
Copy claim form	–
Name of insurer	3
Other	4

### Request addressed to

Emailed to wstinfo@justice	3
Freedom of Information Officer	10
WorkCover Tasmania	12
Workplace Standards Tasmania	2

### Fees and charges

Total calculated	\$746.67
Waived or reduced	\$82.50

### Waiving reasons

Routine request	1
Personal information	2
General public interest	–
Impecunious applicant	–
Member of Parliament	–
No information	3

Figures do not include workers compensation prosecutions, which are actioned by Workplace Standards Tasmania.

## ➤ Government response to the Clayton Report

The Minister has released the Government's response to the Clayton Report.

The reforms follow a review of aspects of the Tasmanian workers compensation scheme by Alan Clayton. The Government has accepted many of Mr Clayton's recommendations, adapted others, and included some issues that were not the subject of

the review but which arose from consultation with stakeholders. The reforms also implement a Return to Work and Injury Management Model developed by the Board.

It is intended that the reforms will begin from 1 July 2010. This will allow business and insurers time to adjust to the new arrangements.

Clayton Report recommendation	Government's response
1. That the <i>Workers Rehabilitation and Compensation Act 1988</i> (WRCA) be amended to include a statement of scheme goals.	Supported.
2. That the Return to Work and Injury Management Model (The model) be endorsed as the guiding framework for injury, case and claims management, and the achievement of optimal return to work outcomes, in the Tasmanian workers compensation scheme.	Supported.
3. That the WorkCover Tasmania Board, in association with scheme stakeholders, develop initiatives that foster and reinforce a return to work culture.	Supported.
4. That, in order to encourage early reporting, there be a rebate of the employer excess to employers who report claims to their insurer within 48 hours of the receipt of the claim by the employer.	Alternative option proposed. The need to encourage early reporting of workplace injury and claims is strongly supported. However, actuarial advice estimates that Clayton Report recommendation no. 4 could increase total claims costs by up to 3.2%. An alternative option is proposed to avoid imposing this additional cost on the scheme. Under this alternative option, an employer who reports a claim after 48 hours of receiving it will be responsible for claims costs until the claim is reported. Effectively, this is an extension of the employer excess for employers who report claims late.
5. That medical practitioners be encouraged to make workplace visits and familiarise themselves with the opportunities for alternative suitable duties and employment and that this be accommodated in the fee schedules for medical and like services. Where such workplace visits are not possible, that alternative methods for familiarising a treating doctor with the nature of the workplace environment be adopted such as video evidence provided by rehabilitation providers or appropriate allied health professionals.	Supported in principle.

## ➤ Government response to the Clayton Report

Clayton Report recommendation	Government's response
<p>6. That the Quality Management of Workplace Injuries in General Practice project review the operation of the current process and forms for medical certification in the Tasmanian workers' compensation scheme, particularly in respect of the Medical Certificate Form 2.</p>	<p>Supported.</p>
<p>7. That the WorkCover Tasmania Board, under its mandate under the model, investigate appropriate arrangements for providing support for injured workers who have some form of work capacity, including appropriate, targeted, skill enhancement, training and retraining, as well as the introduction of an alternative employer incentive scheme.</p>	<p>Supported.</p>
<p>8. That payment of a lump sum made in redemption or settlement of a worker's entitlement to compensation and/or in settlement of a worker's entitlement to damages in respect of any civil liability in the employer shall not be made unless the Tribunal has approved the payment/ settlement. The Tribunal may approve a lump sum settlement if it is satisfied that all reasonable return to work, rehabilitation and retraining options have been exhausted. Details of such options need to be set out in the application to the Tribunal. Such an application shall also require the furnishing of evidence:</p> <p>9. that the worker has been advised in writing as to what Centrelink preclusion periods may apply and whether there are any Medicare Australia obligations;</p> <p>10. that the worker has received independent financial advice as to the financial implications of the settlement;</p> <p>11. that any section 71 entitlement has been taken; and setting out the component elements of the settlement.</p>	<p>Supported with variation proposed.</p> <p>The main variation proposed to Clayton Report recommendation no 8 is to limit the requirement for Tribunal approval of settlements to those settlements made within 2 years of the date of claim. This is in line with the requirement in the model.</p> <p>Requiring all settlements to be approved by the Tribunal (as proposed in Clayton Report recommendation no 8) is considered unnecessary.</p>

## ➤ Government response to the Clayton Report

Clayton Report recommendation	Government's response
<p>12. That the WorkCover Tasmania Board, in association with the Heads of Workers Compensation Authorities (HWCA), engage with the Commonwealth Government, and Commonwealth agencies such as the Australian Taxation Office, to seek extension of the current arrangements relating to structured settlements to workers compensation payments. That such an engagement also examines issues such as the thresholds to structured settlements under current arrangements.</p>	<p>Supported in principle. However, it is suggested that this should be progressed through the relevant Ministerial Council rather than by the WorkCover Tasmania Board.</p>
<p>13. That there be a costing of three alternative weekly benefit extension options. First, an extension of weekly payments to age of retirement. Secondly, a model that involves an extension of the benefit duration limit to 12 years for workers with a whole person impairment (WPI) of between 15 percent and 19 percent; to 20 years for workers with a WPI of between 21 percent and 29 percent and until age of retirement for workers with a WPI of 30 percent or greater. Thirdly, vesting a discretion in the Workers Rehabilitation and Compensation Tribunal to extend payments beyond the existing circumstances for persons with a WPI of 15 percent or greater in cases of demonstrated need.</p>	<p>The second option put forward in Clayton Report recommendation no.10 is supported on the basis that it extends the duration of weekly payments to seriously injured workers at a lower cost to the scheme than the other two options.</p> <p>Under this option, the duration of weekly payments is extended from 9 years to 12 years for workers with a whole person impairment (WPI) between 15% and 19%; to 20 years for workers with a WPI of between 20% and 29% and until the age of retirement for workers with a WPI of 30% or more.</p>
<p>14. That the range of services encompassed under 'medical and other services' in section 74 of the WRCA include the recognition of 'counselling services' to the family members of a worker who suffers a work-related fatality. As with the recognition of such a service in Victoria it should be for the reasonable costs entailed up to a prescribed (indexed) amount.</p>	<p>Supported.</p>

## ➤ Government response to the Clayton Report

Clayton Report recommendation	Government's response
<p>15. That a discretion be vested in the Workers Rehabilitation and Compensation tribunal to extend payments beyond 10 years for persons with a WPI of 15 percent or greater in cases of demonstrated need.</p>	<p>Alternative option proposed.</p> <p>Clayton Report recommendation no.12 limits an extension of the payment of medical and other expenses to workers with a WPI of 15%. There is uncertainty as to future medical costs as the Tribunal determines how long to extend payments.</p> <p>An alternative option is proposed whereby medical and other expenses are payable for 12 months after entitlement to weekly payments ceases, with the possibility of extension on application to the Tribunal. This option will provide more certainty to employers and insurers on future costs whilst addressing the needs of workers who require further surgery or treatment to remain in the workforce (regardless of their level of impairment).</p>
<p>16. That the lump sum death benefit (now \$223,824.33) be increased to \$250,000.</p>	<p>Supported.</p>
<p>17. That the weekly benefit for dependent children (now 10% of the Basic Salary - \$60.66 per week) be increased to 15% of the Basic Salary (\$90.98 per week)</p>	<p>Supported.</p>
<p>18. That the maximum impairment benefit lump sum (which is linked to the death benefit lump sum) be raised to \$250,000.</p>	<p>Supported.</p> <p>Tasmania's lump sum impairment payments are currently below the national average. The increase proposed in Clayton Report recommendation no 15 will put these benefits on a par with the national average.</p>
<p>19. That the WorkCover Tasmania Board undertake a review as to whether there should be a move from the current 4<sup>th</sup> edition of the AMA Guides to the Evaluation of Permanent Impairment to a later edition of these Guides. Also, and more urgently, that the WorkCover Tasmania Board review the Tasmanian Workers Compensation Guidelines for the Assessment of Permanent Impairment with a consideration to updating these Guidelines in line with changes made by the NSW Motor Accidents Authority.</p>	<p>AMA Guides: The HWCA is conducting a national review on the AMA Guides. It is recommended that Tasmania should await the outcome of this review before undertaking any review of the AMA Guides.</p> <p>WorkCover Guidelines: The recommendation that the WorkCover Guidelines for the Assessment of Permanent Impairment be reviewed is supported.</p>

## ➤ Government response to the Clayton Report

Clayton Report recommendation	Government's response
20. That consideration be given to the introduction of a narrative test of 'serious injury' to facilitate alternative access to common law damages for seriously injured and ill workers. That the regime for 'serious injury' set out in section 134AB of the Accident Compensation Act 1985 (Vic) be considered as the model for this purpose.	<p>Alternative option proposed.</p> <p>The introduction of a narrative test is not supported at this time. Experience in Victoria suggests that the narrative test could result in additional legal complexities and expense. The actuary has estimated that a narrative test will lead to a substantial increase in total claim costs. The introduction of a narrative test was strongly opposed by many stakeholders.</p> <p>An alternative option is proposed whereby the WPI threshold for access to common law is reduced from 30% to 20%. This provides for greater access to common law damages at a more affordable cost to the scheme.</p>
21. That the WorkCover Tasmania Board monitor the quality of the whole person impairment assessments being undertaken for the purposes of section 71 of the WRCA and otherwise and, if necessary, take appropriate remedial measures, including those directed to the accreditation, continuing accreditation and training of medical practitioners authorised to undertake such assessments.	Supported.
22. That provisions relating to the requirement of an election in section 138AB of the WRCA be repealed.	Supported.

### Additional recommendations/proposals not included in the Clayton Report.

<p>Amendments to step-downs in weekly payments of compensation to:</p> <p>Amend the first step-down from 85% of normal weekly earnings to 90% normal weekly earnings;</p> <p>Delay the operation of the first step-down so that it comes into effect at 26 weeks of incapacity rather than 13 weeks;</p> <p>Provide that the step-downs are not to apply where a worker has returned to work for at least 50% of his or her pre-injury hours or duties;</p> <p>Provide that the step-downs are to be discounted in circumstances where an employer refuses or is unable to provide suitable alternative duties.</p>	<p>Mr Clayton did not consider changes to step-downs as this was the focus of an earlier review (Rutherford 2004).</p> <p>Despite softening step-downs in 2004, unions have maintained a strong objection to the existence of step-downs. However, research suggests step-downs provide an incentive to return to work.</p> <p>The proposed changes reduce the financial impact on workers whilst retaining incentives to return to work.</p>
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Scheme  
Performance >

# **WorkCover Tasmania Scheme Performance Report** **July 2008 – June 2009**

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## **Scheme at a Glance and Executive Summary**

### **Claims Reported**

1. The total number of claims reported in 2008-09 was 9,709. This is 261 fewer claims than the total number of claims reported in 2007-08 (9,970), a decrease of 2.6%.
2. On average, there were 42.6 claims per thousand workers during 2008-09. This was an increase on 2007-08 of 0.3%.
3. In 2008-09, 13.0 claims per thousand workers resulted in five or more work days lost, an increase of 12.7% from 2007-08.

### **Return to Work**

4. The Tasmanian return to work (RTW) rate (91%) and durable RTW rate (80%) are both 8% higher than the respective national rate.
5. Tasmanian injured workers with a durable RTW are returning earlier to work than the rest of the country.
6. A growing reason for injured workers returning to work is because of economic need.
7. The majority of Tasmanian injured workers receive a RTW plan but fewer workers now are involved in the development of that plan.

### **Disputed Claims – Disputes Lodged and Cases Finalised**

8. In 2008-09, 742 cases were finalised by the Tribunal. Of these almost half (49%) were finalised within one calendar month.
9. In 2008-09 there were 729 new disputes lodged with the Workers Rehabilitation and Compensation Tribunal, which is 2% more than the 713 referrals made to the Tribunal during 2007-08.

### **Snapshot of the Insurers**

10. During 2008-09, there were 18,421 policies covering 228,134 workers that were held across 22 insurers.

### **Snapshot of the Nominal Insurer**

11. The Nominal Insurer claims represent around 0.1% of the number of claims reported to the licensed insurers, and around 0.3% of incurred costs.
12. There has been a marked drop in the number of claims falling to the Nominal Insurer from the 2000 accident year.

### **Outstanding Claims Liability and Insurer Reserves**

13. The actuarial assessed central estimate of outstanding claims liability is \$37 million less than insurer reserves, indicating that the insured segment as a whole appears to be adequately reserved.
14. The assessed central estimate of outstanding claims liability for self insurers is about \$30m; self insurer bank guarantees exceed this actuarial central estimate by 22%.

### **Scheme Expenditure – Payments**

15. In 2008-09, a total of \$115.08m was paid on claims reported prior to and during that year. This is \$9.13m more than the total amount paid during 2007-08 (\$105.95m), an increase of 8.6%.
16. The major component of total payments in 2008-09 was *Weekly benefits*, which represented 33.5% of all payments at \$38.56m, and increased by 12.5% relative to 2007-08 (\$34.27m).

## > WorkCover Tasmania Scheme Performance Report July 2008 – June 2009

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17. *Medical & related payments* accounted for \$36.35m of the total payments in 2008-09, or 31.6%, an increase of 7.9% on *Medical & related payments* in 2007-08 (\$33.70m).
18. Payments relating to *Common law* during 2008-09 decreased by 67.8% relative to 2007-08, contributing \$0.64m or 0.6% to total payments.
19. *Other lump sum payments*, including *redemptions*, *impairment payments*, *death benefits* and *settlements*, increased by 10.7% from \$28.85m in 2007-08, making up 27.7% of total payments.

### **Scheme Expenditure – Administration Costs**

20. In 2008-09, administration costs were \$33.11m, a decrease of 0.7% from the previous year.

### **Scheme Expenditure – Breakdown**

21. Since 2004-05, there has been little change in the overall level of scheme expenditure for the benefit of the injured worker compared to administration costs.

### **Suggested Premium Rates and Actual Earned Premium Rates – a Comparison**

22. Since 2004-05, the premiums charged by insurers have been lower than the Scheme actuary's suggested premium rate.
23. Actual earned premium rates have continued to reduce despite claims experience steadying in recent times.
24. For 2009-10, the actuarially assessed suggested premium rate increased compared to the previous year. This is the first increase in the suggested rate since 2003-04, the main drivers of which are related to the global financial crisis.

### **Workers Compensation Levy as a Percentage of Premium**

25. For 2008-09, the Workers Compensation levy as a percentage of premium is 3.9%.

### **Number of Injuries by Type of Injury**

26. The most common injury type was *Traumatic joint/ligament/muscle/tendon injury*, accounting for nearly half of all injuries (4,948 injuries reported in 2008).

### **Number of Injuries by Mechanism of Incident**

27. *Body stressing* caused the most injuries to workers, representing over a third; in 2008 there were 3,401 of these injuries.

### **Number and Frequency of Injuries by Occupation**

28. *Labourers & related workers* were the most commonly injured occupation (2,679 injuries in 2008), followed by *Tradespersons & related workers* (2,006 injuries). These occupation groups also had the highest injury frequency rate (number of injuries per million hours worked).

### **Number and Frequency of Injuries by Industry of Employer**

29. In 2008, the *Manufacturing* industry reported the most injuries (1,920); this was 19.2% of all injuries reported in the year and 5.5% fewer injuries than 2007.
30. Across all industries the frequency rate has fallen from 80.5 injuries per million hours worked in 1994 to 33.0 injuries per million hours worked in 2008 – a 59.0% decrease. However, between 2007 and 2008, the frequency rate increased by 1.5%; the first increase since 1994.
31. In 2008, *Manufacturing* had the highest frequency rate of 53.1 injuries per million hours worked, more than 1.6 times the all industries average.

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### Claims Reported

#### Claim Numbers - All

The total number of claims reported<sup>1</sup> in 2008-09 was 9,709. This is 261 less claims than the total number of claims reported in 2007-08 (9,970), a decrease of 2.6%. Chart 1 details the number of claims by report year since 1994-95. The graph also shows when legislative changes<sup>2</sup> were made. From 1994-95 to 2008-09 (with the exception of 2007-08) there has been a steady decline in the number of claims reported, although the rate of decline slowed from 2001-02.

#### Incidence Rate - All

The incidence rate is measured as the number of claims per thousand workers<sup>3</sup> and allows analysis of claims occurrence without the distorting effects of the size of the workforce. Chart 2 details the incidence rate of claims by report year since 1994-95.

The incidence rate of claims steadily decreased between 1994-95 and 2007-08 but increased slightly in 2008-09. There were 42.6 claims per thousand workers in 2008-09. This is an increase from 42.4 in 2007-08 of 0.2 claims per thousand workers or 0.3%.

#### Incidence Rate – Above Excess Claims

Under the *Workers Rehabilitation and Compensation Act 1988* employers are required to meet the costs of the first five days of weekly payments for each claim. Calculating the incidence rate of claims resulting in five or more work days lost allows examination of the more 'serious' claims. Chart 3 details, by report year since 1994-95, the incidence rate of above excess claims — claims where five<sup>4</sup> or more work days were lost due to the injury.

In 2008-09, 13.0 claims per thousand workers resulted in five or more work days lost, an increase of 12.7% from 2007-08. The number of claims per thousand workers resulting in five or more work days lost decreased from 25.3 in 1994-95 to 12.7 in 2001-02. After this time the incidence of above excess claims remained steady at about 12.7 claims per thousand workers.

The data in Charts 2 and 3 shows that the incidence rate of above excess claims has decreased more slowly than the incidence rate for all claims. Since 1994-95 the incidence rate of above excess claims has decreased by 48.9%, whereas over the same period the incidence rate for all claims has decreased by 61.9%. This indicates that the improvement in reducing minor claims has been greater than the improvement in reducing more 'serious' claims. Also, this may indicate that some minor injuries are not being reported as claims.

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1 Claim numbers are based on the report year; that is, the year in which the claim was reported to the insurer, which may not be the same as the accident year (year in which the accident occurred). For further information, please see the Notes section at the end of this report.

2 A summary of legislative changes can be found in the Notes section.

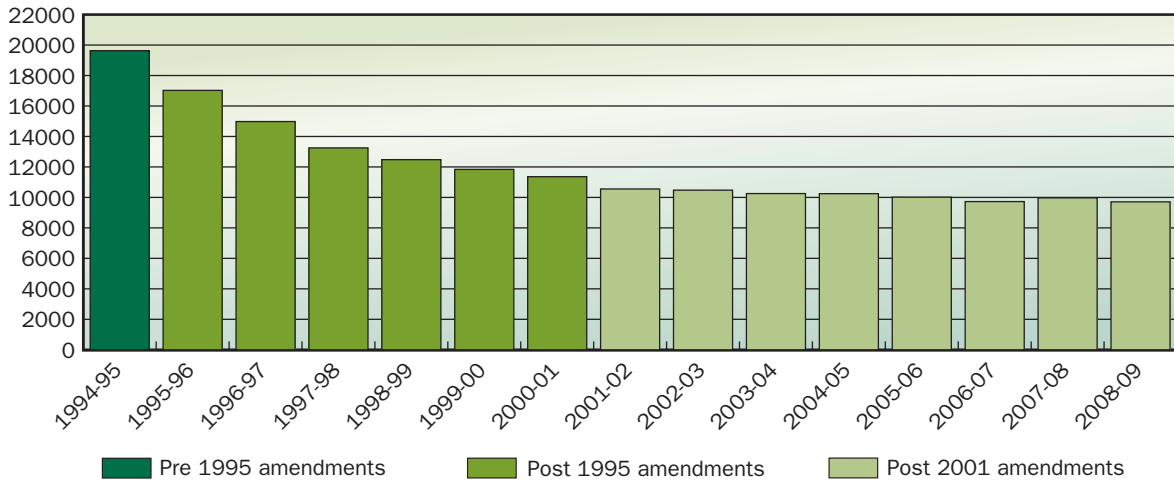
3 Number of workers covered by workers compensation policies as declared by employers. During the course of a policy, information regarding the number of workers may be updated.

4 The number of work days lost is calculated as at 30 June each year; consequently the number of claims with five or more work days lost to injury may be slightly understated.

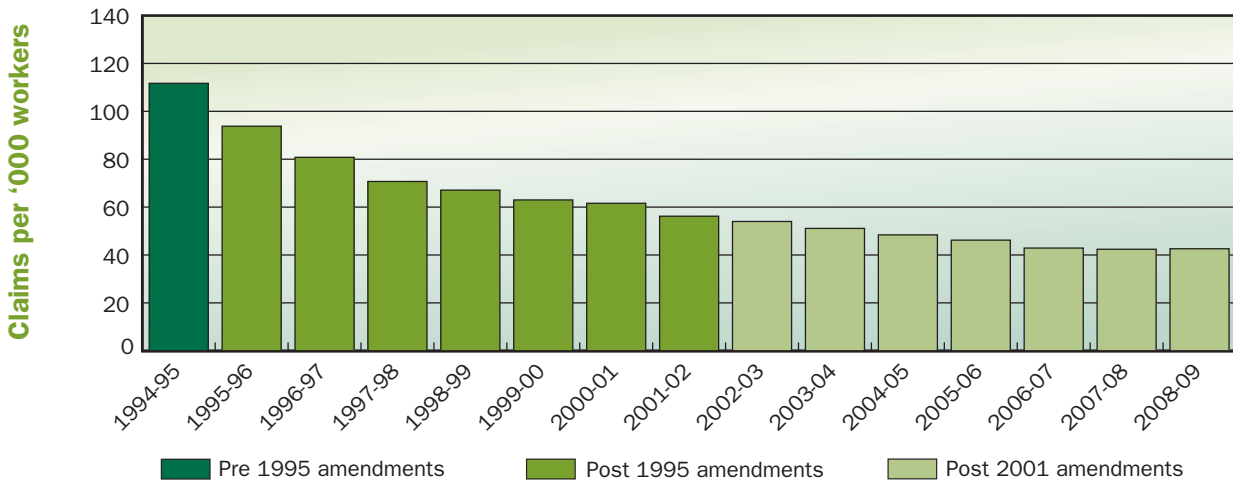


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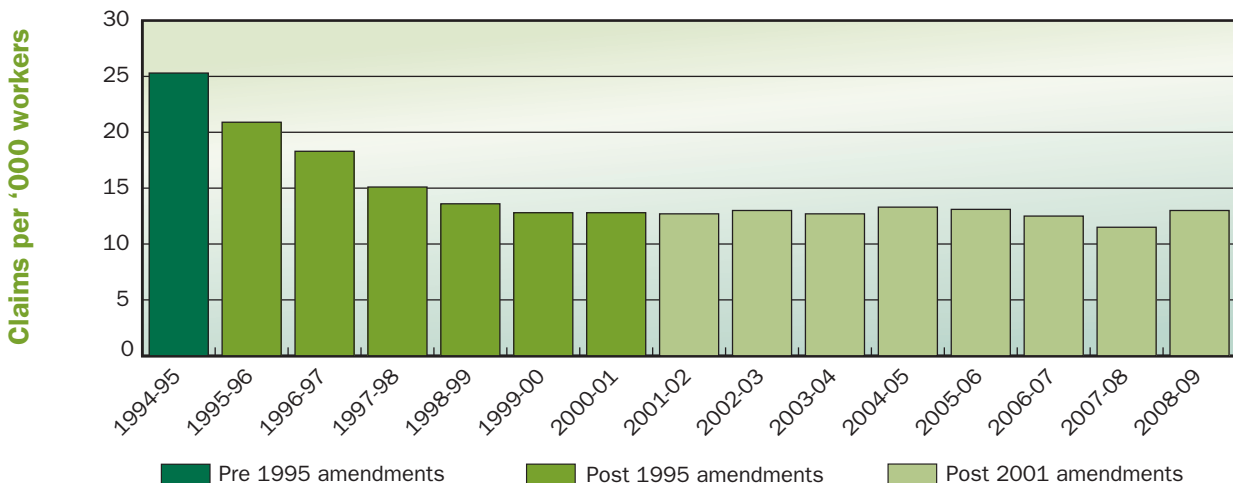
### Chart 1: Number of Claims Reported



### Chart 2: Incidence Rate of Claims



### Chart 3: Incidence Rate of Above Excess Claims



## **WorkCover Tasmania Scheme Performance Report** **July 2008 – June 2009**

### Return to Work

Return to work (RTW) is a key outcome used to measure the performance of workers compensation systems both in Australia and overseas. RTW reflects the successful outcome and resolution of claims from the point of view of all key stakeholders — the injured worker, the employer, the insurer and the authority responsible for overseeing the workers compensation scheme.

#### Return to Work Outcomes for Tasmanian Inured Workers – a Summary

Considering WorkCover Tasmania is yet to fully implement the Return to Work and Injury Management Model, figures show that Tasmania continues to have a good RTW performance compared to the national figures.

Over the past 12 years, the Tasmanian RTW rate has been consistently higher compared to the national rate. The Tasmanian durable RTW rate is also significantly higher than the national rate and those with a durable RTW are returning earlier to work than the rest of the country. Additionally, fewer injured Tasmanian workers are still receiving compensation payments six months after they had lodged a claim, and this figure is now well below the rate nationally.

While injury related reasons remain the main reason why some injured workers are not yet back at work, employment issues appear to be a growing factor here. In contrast, a growing reason for injured workers returning to work is because of economic need.

The majority of Tasmanian injured workers receive a RTW plan but fewer workers now are involved in the development of that plan. Tasmanian injured workers were more likely to rate the attitude to their claims, being provided with accurate information about their claims and the way their enquiries are responded to above the national figures. However, they rate the way they are being communicated with and given advice about their claim below the national results.

Tasmania was shown to be performing *above* the national average in the following areas:

	Tasmania	National
RTW rate	91%	83%
Durable RTW rate	80%	72%
Mean length of durable RTW	161 days	141 days
Full RTW (employment as the only source of income seven to nine months after making their claim)	66%	59%
Management help in RTW (mean rating out of 5)	3.8	3.6
Ease of putting in a claim (simple)	80%	74%
Previous claim experience	46%	37%
Previous lost time claim	40%	31%
Development of a RTW plan	59%	53%
Who helped to follow RTW plan: Insurer	6%	4%
In helping to RTW, most assistance: Rehab provider	14%	7%
In helping to RTW, least assistance: Rehab provider	3%	1%
Helpfulness of people in RTW: Work rehabilitation coordinator (mean rating out of 5)	4.0	3.8
Helpfulness of people in RTW: Employer (mean rating out of 5)	3.7	3.6
Participation in rehabilitation	56%	46%
Mean cost of rehabilitation	\$2,385	\$1,588

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In the following areas Tasmania was shown to be performing *below* the national average:

	Tasmania	National
Compensation payment status seven to nine months after making their claim	15%	23%
Non-durable RTW / no RTW (income from all sources except employment)	21%	27%
In helping to RTW, most assistance: Physiotherapist	12%	17%
In helping to RTW, most assistance: Insurer	3%	7%
In helping to RTW, least assistance: Scheme/Insurer	7%	12%
Contact with insurer in the last three months	22%	48%
Mean number of days compensation paid	37 days	55 days

Compared to 2007-08, in 2008-09 Tasmania reported a significant decrease in assistance given to follow the RTW plan (73% in 2007-08 compared to 61% in 2008-09), contact with insurer in last 3 months (30% in 2007-08 compared to 22% in 2008-09), and in attitude to claims (mean rating 4.0 out of 5 in 2007-08 compared to 3.8 in 2008-09).

### Return to Work Outcome Measures

#### RTW Rate

- In 2008-09, nine in ten (91%) injured workers had returned to work for some time, seven to nine months after submitting a claim. The Tasmanian RTW rate has been stable over previous 12 years (at around 87-91%) and has exceeded the national RTW rate in every year.

#### Durable RTW

- In 2008-09, four in five (80%) Tasmanian injured workers had a durable RTW. This has increased from 79% in 2007-08.
- While there has been some fluctuation in the Tasmanian durable RTW rate, over the previous 12 years the Tasmanian durable RTW rate has exceeded the national RTW rate in every year.

#### Non-Durable RTW

- One in five (20%) Tasmanian injured workers were not working seven to nine months after making their claim:
  - 9% had not returned to work at all; and
  - 11% had a non-durable RTW.
- The not returned to work rate is lower in Tasmania than among injured workers nationally.

#### Length of Durable RTW

- In 2008-09, Tasmanian injured workers were back at work for an average of 161 days (23 weeks), higher than the national average of 141 days (20 weeks). Tasmanian injured workers have consistently had a longer durable RTW than injured workers nationally.

#### Length of Non-Durable RTW

- In 2008-09, the mean time Tasmanian injured workers had returned to work before they stopped was 85 calendar days (12 weeks). The national mean was 84 days.
- The past three years have shown a significant decrease from 2005-06 (106 days).

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### **Current Compensation Status**

- Less than one in six (15%) Tasmanian injured workers reported they were still receiving weekly workers compensation payments seven to nine months after making their claim. The national rate was 23%. The Tasmanian rate has remained under 20% for the past six years.
- Three in four (76%) Tasmanian injured workers reported that their main source of income came from employment seven to nine months after making their claim. The national rate was 71%.
- The proportion of injured workers indicating workers compensation as their main source of income has remained steady at 9-11% since 2002-03. In 2008-09, the Tasmanian rate was 9% compared to 15% nationally.
- Since 2002-03, the Tasmanian proportion of injured workers indicating Social Security as their main source of income has been higher compared to the national average. In 2008-09, Tasmania recorded 4% compared to 3% nationally.
- Two-thirds (66%) of injured workers from Tasmania received their income from wages or a salary only (that is, have had a full RTW). Over one in ten (12%) had a partial RTW, and were receiving income from employment plus another income source such as workers compensation. Two in ten (21%) had either not returned to work or had a non-durable RTW, and were not receiving income from wages or a salary.
- Between 2002-03 and 2007-08, in terms of income sources, an increasing proportion of injured Tasmanian workers had a full RTW with an equivalent decrease in the proportion of workers with a partial RTW. Non-durable and no RTW have remained constant.

### **Employment and Duties**

- Seven to nine months after making their claim, over eight in ten (85%) Tasmanian injured workers who had returned to work, returned to work for the same employer. This was similar to the national rate of 84%.
- Seven to nine months after making their claim, 75% of injured Tasmanian workers who had returned to work were performing duties that were the same as before they were injured. This was similar to the national rate of 75%.
- Of those who had returned to work, seven in ten (70%) Tasmanian injured workers were both working for the same employer and doing the same duties seven to nine months after making their claim. For the second consecutive time, this number was higher than the national average (69%).

### **RTW Process Measures**

#### **Workplace Culture**

- Injured workers from Tasmania had the highest level of agreement than injured workers nationally in regard to being satisfied with the work they do.
- With regards to management help and procedures for RTW, Tasmanian injured workers were more in agreement than injured workers nationally (a consistent pattern) that management will help with RTW and have procedures for returning them back to work.

#### **Making a Claim**

- Over eight in ten (81%) injured Tasmanian workers reported that it was easy to get the information needed to make a claim. This was the same as the national rate, although had been higher in previous years.
- In 2008-09, four in five (80%) Tasmanian injured workers reported that it was 'simple' to put in a claim. The national rate was 74%.
- Under half (46%) of injured Tasmanian workers who made a claim (of ten days or more) reported having a previous workers compensation claim. This is higher than the national rate (37%).

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- Total reasons for returning to work were:
  - ‘Recovered from injury’ (55%)
  - ‘Economic need/needed money’ (27%)
  - ‘I wanted to return to work’ (27%).
- In 2008-09, the total reasons for not working were:
  - ‘Still injured’ (39%)
  - ‘No work available’ (16%)
  - ‘Old injury got worse/aggravated’ (9%)
  - ‘Retrenched’ (8%)
  - ‘Psychological reasons’ (7%).

### **RTW Plan**

- Six in ten (59%) Tasmanian injured workers received a RTW plan, which was significantly higher than the national rate of 53% and has been over the previous 12 years.
- Of the injured Tasmanian workers who received a RTW plan, 76% were involved in the development of the plan. This proportion was the same as the national rate (76%).
- Over three-quarters (77%) of Tasmanian injured workers who received a RTW plan reported the plan to be helpful. This proportion is similar to the national rate (75%).
- After peaking at 73% in 2007-08, the proportion of Tasmanian injured workers who received a RTW plan and who reported being given help to do what was recommended in their plan decreased significantly to 61% in 2008-09. The main people providing help were the rehabilitation provider (20%), the main supervisor at work and the employer (both 13%).

### **RTW – Timing and Duties**

- Eight in ten (78%) Tasmanian injured workers, who returned to work, reported they felt ready to do so. This proportion was similar to the national rate (76%).
- Tasmanian injured workers reported the reason for not feeling ready to return to work as:
  - ‘Still injured/in pain’ (91%)
  - ‘Employer/insurer/doctor pressure’ (7%)
  - ‘Duties/hours not appropriate’ (3%)
  - ‘Mentally unprepared’ (1%).
- Over eight in ten (84%) Tasmanian injured workers who had returned to work felt that they were given suitable duties at that time, the same as the national rate.
- Overall three in four (74%) Tasmanian injured workers who returned to work indicated some change in their duties compared to pre-injury. This is similar to the national rate (72%). Of these, 64% were given ‘lighter duties’, 17% ‘no heavy lifting’ and 12% ‘reduced hours’. Seven to nine months later, one in four (25%) had different duties.

### **Partial RTW**

- Over the last four years, the proportion of all Tasmanian injured workers who were still receiving compensation payments when they returned to work was similar to injured workers nationally. Prior to that time the rate was higher. In 2008-09, one in four (26%) of all Tasmanian injured workers were still receiving compensation payments when they returned to work.

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- Over half (54%) of Tasmanian injured workers who had returned to work reported they returned to the hours that they were working before the injury. This proportion was similar to the national rate (53%) and similar to earlier years.

### **Sources of Assistance to RTW**

- Tasmanian injured workers reported that the following people helped them the *most* in the RTW process: doctors (22%), themselves (18%), someone from work (15%), rehabilitation providers (14%), and physiotherapists (12%). Compared with injured workers nationally, Tasmanian injured workers were more likely to mention rehabilitation providers as someone who was the *most* help.
- When asked to rate the helpfulness of those involved in the RTW process, the employer was rated on average more favourably by injured workers from Tasmania than nationally (3.7 and 3.6 respectively). Work rehabilitation coordinators were also rated more favourably for their helpfulness by Tasmanian injured workers compared to injured workers nationally (4.0 and 3.8 respectively). Doctors were rated the most helpful (4.4).
- One in four (25%) Tasmanian injured workers identified at least one person who made it harder for them to return to work.

### **Rating of Customer Service by Insurer/Scheme**

- Two in ten (22%) injured workers had some contact with the people that handled their claim in the previous three months. This is the lowest rate during the past 12 years, the lowest rate of all states, and is significantly lower than the national rate of 48%.
- The overall customer service rating for 2008-09 was 3.6 (out of 5). The national average was the same.

### **Demographics**

- The mean number of days compensation paid to Tasmanian injured workers was 37, lower than the national mean of 55 days.
- Over half (56%) of Tasmanian injured workers participated in rehabilitation in 2008-09, more than the national rate of 46%.

The Return to Work Monitor Tasmania 2008-09 report describes these findings in detail. The Monitor, conducted by Campbell Research & Consulting Pty Ltd, surveys injured workers to measure RTW outcomes and processes. The population surveyed is injured workers who have had ten days or more compensation paid. Surveys are conducted seven to nine months after claims have been lodged. The report is available on the WorkCover website at [http://www.workcover.tas.gov.au/resources/research\\_papers/rtw\\_monitors](http://www.workcover.tas.gov.au/resources/research_papers/rtw_monitors).

### **Disputed Claims – Disputes Lodged and Cases Finalised**

The Workers Rehabilitation and Compensation Tribunal's functions are to determine all claims for compensation and such other matters as are referred to it under the Workers Rehabilitation and Compensation Act 1988, to exercise the powers conferred and the duties imposed on it in the Act, and to hear and determine any appeal referred to it under the Workers (Occupational Diseases) Relief Fund Act 1954. Thus, if a claim is disputed a party may refer it to the Tribunal for resolution. A dispute may be over any aspect of a claim for compensation including (but not limited to) starting or stopping of weekly compensation payments, amount of weekly payments, payment for medical or other treatments, or payment of rehabilitation expenses. The procedures used to resolve a dispute vary depending upon what issue is being disputed.

The table below shows that in 2008-09, 742 cases were finalised by the Tribunal. Of these, almost half (49%) were finalised within one calendar month.

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### Number of Disputes Finalised in 2008-09 and Time Required to Finalise Case

Time required to finalise case	Number of cases finalised in 2008-09 <sup>1</sup>	Percentage of cases finalised in 2008-09
Within 1 calendar month	367	49%
Between 1 and 3 calendar months	120	16%
Between 3 and 6 calendar months	118	16%
Between 6 and 9 calendar months	65	9%
Over 9 calendar months	72	10%
TOTAL	742	100%

<sup>1</sup> These are not necessarily cases referred within this financial year.

In 2008-09, there were 729 new disputes lodged with the Workers Rehabilitation and Compensation Tribunal, which is 2% more than the 713 referrals made to the Tribunal during 2007-08.

### Snapshot of the Insurers

The following table provides a snapshot of workers compensation statistics for licensed and self insurers and the Tasmanian State Service (TSS) for 2008-09.

### Snapshot of Workers Compensation Statistics by Insurer Type

Insurer Type	Number of Insurers	Number of Claims	Claim Payments (\$m)	Worker Coverage	Earned Wages (\$m)	Market Share (%) <sup>2</sup>	Earned Premium (\$m)	Number of Policies
Licensed	8 <sup>1</sup>	7,608	81.1	190,700	6,222.6	74	95.3	18,309
Self	13	566	7.2	12,647	542.4	6	NA	29
TSS	1	1,535	26.8	24,787	1,681.5	20	NA	83
Total	22	9,709	115.1	228,134	8,446.4	100	NA	18,421

<sup>1</sup> During the course of 2008-09 the number of licensed insurers decreased to seven.

<sup>2</sup> Based on earned wages.

### Snapshot of the Nominal Insurer

- The Nominal Insurer is the body established under the *Workers Rehabilitation and Compensation Act 1988* to act as the insurer in certain circumstances, including when an insurer becomes insolvent, or when an employer has not taken out insurance.
- The Nominal Insurer claims represent around 0.1% of the number of claims reported to the licensed insurers, and around 0.3% of incurred costs.
- The average number of claims reported to the Nominal Insurer each calendar year between 1990 and 2008 is 6.9 claims per annum.
- There has been a marked drop in the number of claims falling to the Nominal Insurer from the 2000 accident year.
- Payments across payment years between 1991 and 2008 average at just under \$400,000 (December 2008 values) per annum. Over the five payment years to 2008, payments have averaged at \$320,000 per annum.

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- The average size of Nominal Insurer claims by accident year is just under \$60,000 for the period 1990 to 2008.
- Over one third of the Nominal Insurer claims are for amounts of less than \$10,000, making up only 2% of the claims cost. A small number of large claims (over \$300,000) make up over 20% of the claims cost.
- Measured per claim reported, administration expenses have averaged \$3,900 per claim for the period 1991 to 2008.
- Measured per claim payments, administration expenses have averaged 6.8% of claim payments.

### Outstanding Claims Liability and Insurer Reserves

WorkCover Tasmania's actuary has estimated future claim payments to arrive at an estimate of the outstanding claims liabilities for the Scheme. This is compared in the table below with estimated insurer reserves.

#### Estimated Outstanding Claims Liabilities

	Insurer Segment (\$m)
Actuary Central Estimate <sup>1</sup>	148.0
Held Reserves, excluding margins <sup>2</sup>	
Case Estimates at 31 Dec 2008	128.1
IBN(E)R at 30 June 2008 <sup>3</sup>	57.1
"Held" Central Estimate <sup>4</sup>	185.2
Actuary CE <i>less</i> "Held" Central Estimate	-37.2
Actuary CE/"Held" Central Estimate	80%

<sup>1</sup> Central estimate, inflated to payment date and discounted to 31 December 2008.

<sup>2</sup> Margins for claims handling expenses and prudential margin have not been included.

<sup>3</sup> Incurred But Not Enough Reported: Case estimates have a tendency to increase over time as more becomes known about the claim. The estimated central estimate includes allowance for such development in cost over time, known as IBN(E)R.

<sup>4</sup> This is an estimate of the amount held as at 31 December 2008 which combines the case estimate at that date and the IBN(E)R allowance at 30 June 2008.

The actuarial assessed central estimate of outstanding claims liability is \$37 million less than insurer reserves, indicating that the insured segment as a whole appears to be adequately reserved.

It should be noted that this comparison has been performed at a high level and does not provide an indication of the adequacy of reserves for any individual insurer.

Self insurers are required to hold bank guarantees to mitigate the financial impact on the scheme should a self insurer find itself in a position of not being able to satisfy its financial obligation to the scheme. The assessed central estimate of outstanding claims liability for self insurers is about \$30m; self insurer bank guarantees exceed this actuarial central estimate by 22%.

This information, prepared by Finity Consulting Pty Ltd, can be found in WorkCover's Scheme Review to 31 December 2008 report, which is available on the WorkCover website at [http://www.workcover.tas.gov.au/resources/statistics/annual\\_scheme\\_reviews](http://www.workcover.tas.gov.au/resources/statistics/annual_scheme_reviews)

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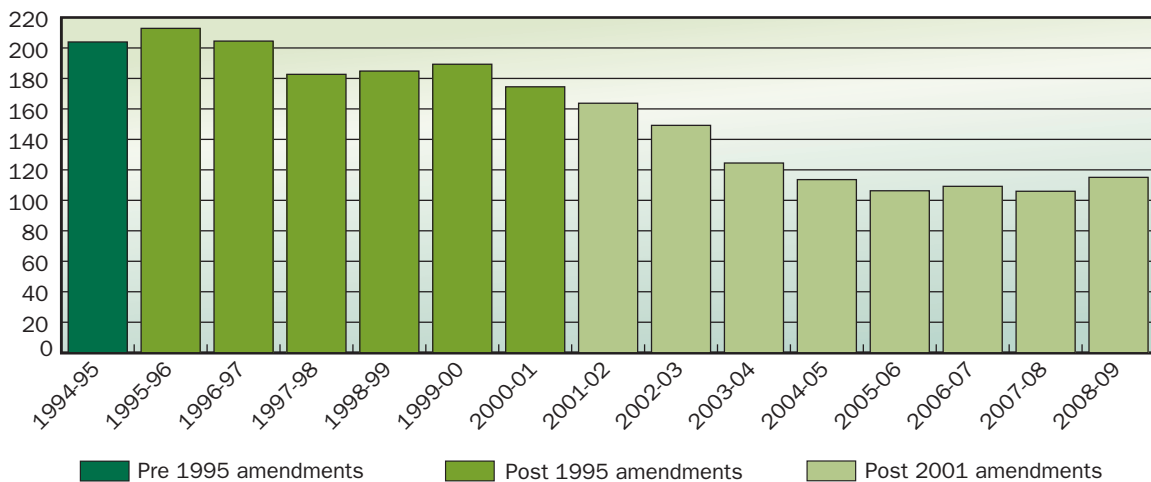
## July 2008 – June 2009

### Scheme Expenditure - Payments

This section details the payments made in each payment year; that is, the payments made in a year, to and on behalf of injured workers, against a claim regardless of when the claim was incurred. Payment data from past years presented in this report has been adjusted for inflation to allow for more accurate analysis of payment data over time (for further information, see the Notes section at the end of this report).

#### Total

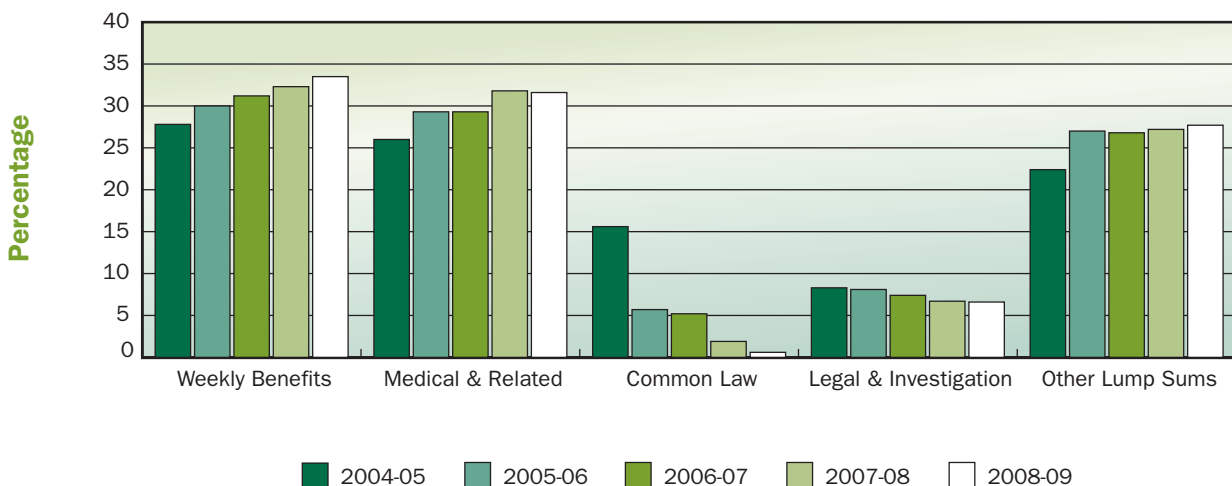
**Chart 4: Total Payments (\$m) by Payment Year**



In 2008-09, a total of \$115.08m was paid on claims reported prior to and during that year. This is \$9.13m more than the total amount paid during 2007-08 (\$105.95m), an increase of 8.6% (Chart 4).

#### Payments by Payment Type

**Chart 5: Type of Payment as a % of Total Payment**



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### **Weekly Benefits (income replacement payments)**

The major component of total payments in 2008-09 was *Weekly benefits*, which represented 33.5% of all payments at \$38.56m. This was an increase on 2007-08 of \$4.29m (12.5%). *Weekly benefits* have been increasing as a proportion of total payments over the past five years (Chart 5).

### **Medical and Related Payments**

*Medical & related payments* accounted for \$36.35m of the total payments in 2008-09, or 31.6%. This equates to an increase of 7.9% on *Medical & related payments* in 2007-08 (\$33.70m). *Medical & related payments* have also been increasing as a proportion of total payments over the past five years.

Payments for *Doctors* made up more than a third of total *Medical & related payments* (34.2%) in 2008-09. The greatest increase in percentage terms between 2007-08 and 2008-09 was in *Hospital payments*, which increased by \$1.22m or 26.4%. *Miscellaneous*<sup>5</sup> medical payments increased by 7.8% between 2007-08 and 2008-09 to \$2.36m.

### **Common Law Payments**

Payments relating to *Common law* during 2008-09 decreased by 67.8% relative to 2007-08, contributing \$0.64m or 0.6% to total payments. This is 96.4% less than the \$17.71m paid in 2004-05.

### **Legal and Investigation Payments**

*Legal & investigation payments* have increased by 6.5% to \$7.60m in 2008-09 compared with \$7.14m in 2007-08. Expenses are about half legal and half investigation. In 2008-09, 46.8% of *Legal & investigation payments* went to *Legal expenses* and 53.2% went to *Investigation expenses*.

### **Other Lump Sum Payments**

*Other lump sum payments*, including redemptions, impairment payments, death benefits and settlements, increased by 10.7% from \$28.85m in 2007-08, making up 27.7% of total payments.

The majority of *Other lump sum payments* was made up of *Settlements* which accounted for 72.6% of the total in 2008-09. *Settlements* have increased since the implementation of the 2001 legislative changes restricting access to common law to injuries with a whole body impairment of at least 30%.

*Impairment payments* increased to \$4.66m in 2008-09, up from \$1.27m in 2007-08, an increase of 266.4%. Impairment payments include payments under the previous maims structure as well as the current impairment payments introduced in the 2001 legislative changes. The impairment payments presented here may not represent total impairment payments, as a payment for impairment could have been included in a settlement and not been recorded under the impairment category.

## **Scheme Expenditure - Administration Costs**

### **Total**

Insurers incur various administration costs in the course of writing workers compensation insurance policies and managing claims. This section details these costs.

Total administration costs have declined steadily over the past five years from \$39.04m in 2004-05 to \$33.11m in 2008-09.

*Commission & brokerage* costs decreased from \$3.77m in 2007-08 to \$3.59m in 2008-09, a decrease of 4.8% (Chart 6). *Re-insurance* and *Stop-loss & catastrophe* categories decreased by 9.4% and 10.9% respectively. These lower insurer costs are most likely a reflection of lower claim numbers in recent years.

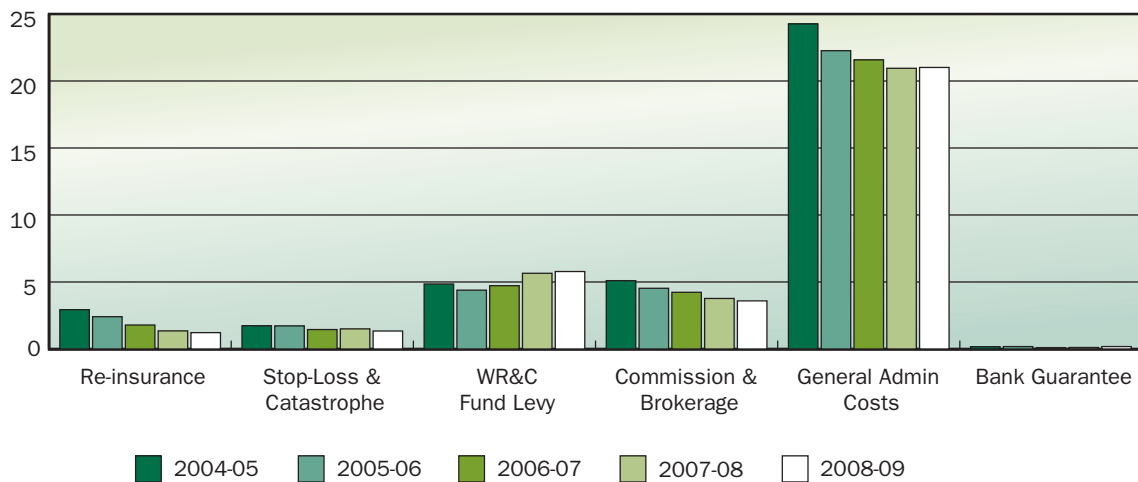
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<sup>5</sup> Miscellaneous costs relate to travel or accommodation expenses incurred by worker to undertake medical treatment, including road or air ambulance, worker's transport (at insurer's request), and clothing. Also includes costs associated with modifications to the home as part of rehabilitation. Also includes payments relating to funeral expenses for accidents incurred from 1 July 2001.

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The *Workers Rehabilitation & Compensation Fund Levy* has increased steadily over the past four years from \$4.39m in 2005-06 to \$5.78m in 2008-09. Relative to the previous year, the *Workers Rehabilitation & Compensation Fund Levy* increased 2.2% in 2008-09.

**Chart 6: Administration Costs (\$m)**



In 2008-09, *General administration* costs accounted for nearly two thirds (63.4%) of total administration costs. The *Workers Rehabilitation & Compensation Fund Levy* accounted for 17.4% and *commissions and brokerage* accounted for 10.8%.

### Scheme Expenditure - Breakdown

#### Total

The previous sections *Payments* and the *Administration Costs* detailed the payments and administration costs expenditure of the scheme.

This section examines the disbursement of payments and administration costs to determine the proportion of scheme expenditure that goes to benefit workers (either directly or indirectly) as compared to administration costs.

Scheme expenditure has been organised into the following categories:

- Direct compensation payments – payments directly to an injured worker including weekly benefits, common law payments and lump sum payments.
- Indirect compensation payments – payments which benefit the injured worker but are paid on their behalf to other entities. Medical and rehabilitation expenses for example.
- Administration costs – all administration costs plus legal and investigation payments.

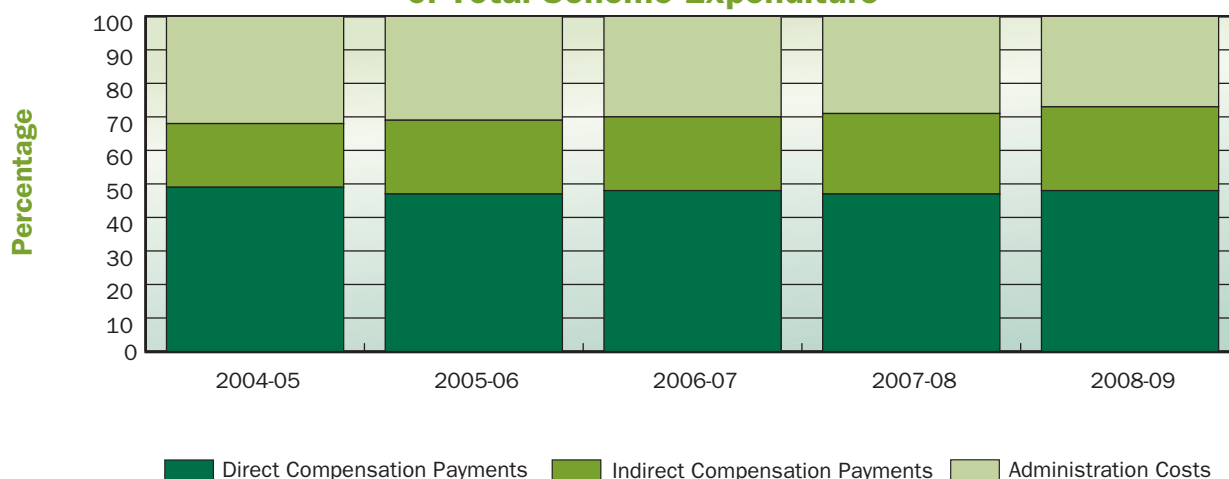
The table and Chart 7 below show each of these categories as a percentage of total scheme expenditure.

## WorkCover Tasmania Scheme Performance Report July 2008 – June 2009

**Breakdown of Total Scheme Expenditure**

Payment Year	Direct Compensation Payments	Indirect Compensation Payments	Administration Costs
2004-05	49%	19%	32%
2005-06	47%	22%	31%
2006-07	48%	22%	29%
2007-08	47%	24%	29%
2008-09	48%	25%	27%

**Chart 7: Payments and Costs as a Proportion of Total Scheme Expenditure**



The table and graph above show that the percentage of total payments going directly to injured workers has remained steady over the past five years, at around 48%. The proportion of indirect payments has increased over the period from 19% to 25%. When combined, the direct payments and indirect payments represent the proportion of scheme payments expended for the benefit of the injured worker. This proportion has increased somewhat between 2004-05 (68%) and 2008-09 (73%).

The proportion of administration costs has also decreased slightly, from 32% in 2004-05 to 27% in 2008-09.

These results show that over the past five years, there has been little change in the overall level of scheme expenditure for the benefit of the injured worker compared to administration costs.

### Suggested Premium Rates and Actual Earned Premium Rates – a Comparison

Since 2002-03, WorkCover has published actuarially assessed suggested premium rates as a guide for licensed insurers and employers. The chart below compares the suggested premium rates with the actual earned premium rates charged by employers.

Chart 8 suggests that the licensed insurers were initially slower to recognise the impact of the 2001 legislative reforms than the Scheme actuaries<sup>6</sup>. This is evident for the 2002-03 and 2003-04 years where the suggested premium rates are lower than the actual earned premium rates.

<sup>6</sup> A summary of legislative changes can be found in the Notes section.

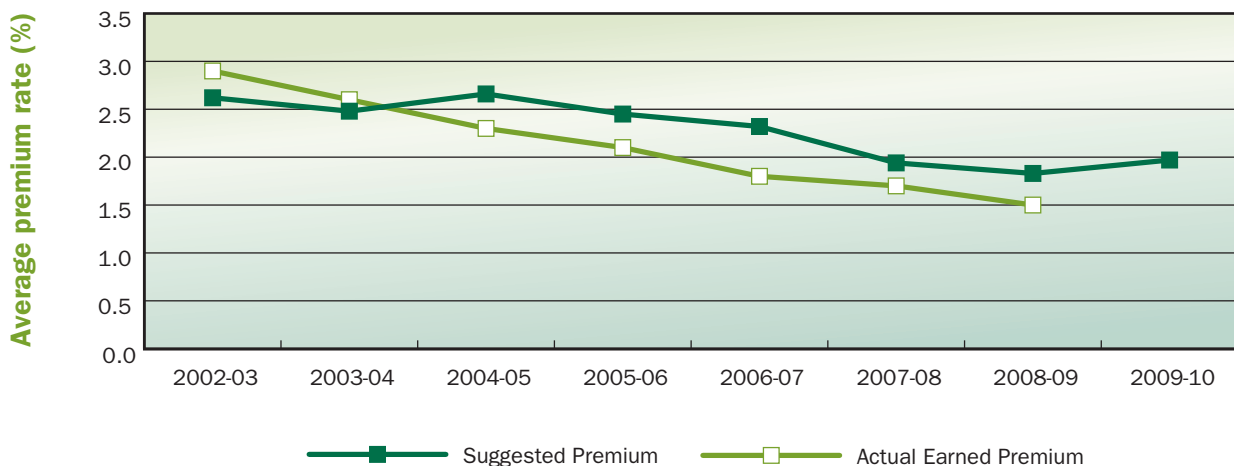
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When considerable uncertainty exists around the estimated claims costs, and/or when the market is uncompetitive, insurers in a privately underwritten market will be hesitant to reduce premiums. The 2001 Tasmanian legislative reforms introduced many changes to the benefit structure, and claimant behavioural impacts were unknown. Furthermore, following the collapse of HIH in the early 2000s, the market may have become less competitive. These events are reflected in the rates for the 2002-03 and 2003-04 years, albeit with a time lag of a few years.

However, since 2004-05, the premiums charged by insurers have been lower than the Scheme actuary's suggested premium rate. From 2004-05, the market became more competitive and premiums responded accordingly. Actual earned premium rates have continued to reduce despite claims experience steadying in recent times.

For 2009-10, the actuarially assessed suggested premium rate increased compared to the previous year. This is the first increase in the suggested rate since 2003-04. The main drivers for the increase are global financial crisis related items such as reductions in the discount rate and wage inflation. Other drivers of the increase are expected increases in the average claim size and profit loadings by insurers to offset less investment income, as well as an increase in APRA's investment capital charges.

**Chart 8: Achieved versus Suggested Premium Rates**



### Workers Compensation Levy as a Percentage of Premium

Premiums of licensed insurers and the notional premiums of self insurers incur a levy, the monies from which are used to fund the Board's activities and the administration of the *Workers Rehabilitation and Compensation Act 1988* for the year.

The levy payable by insurers is determined by calculating the percentage that the expenditure of the Board bears to the Total Premium Income Pool and applying this percentage to the premium of each insurer. The amounts used for the Total Premium Income Pool and the premium of each insurer refer to the immediately preceding financial year.

For 2008-09, the Workers Compensation levy as a percentage of premium is 3.9%.

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## Workplace Injuries

This section of the report analyses injuries suffered in the course of employment between 1994 and 2008, with a focus on occupational health and safety. The data presented is from WorkCover's 2008 Workplace Injuries Statistical Report, which is available on the WorkCover website at [http://www.workcover.tas.gov.au/resources/statistics/injury\\_reports](http://www.workcover.tas.gov.au/resources/statistics/injury_reports)

### Number of Injuries by Type of Injury

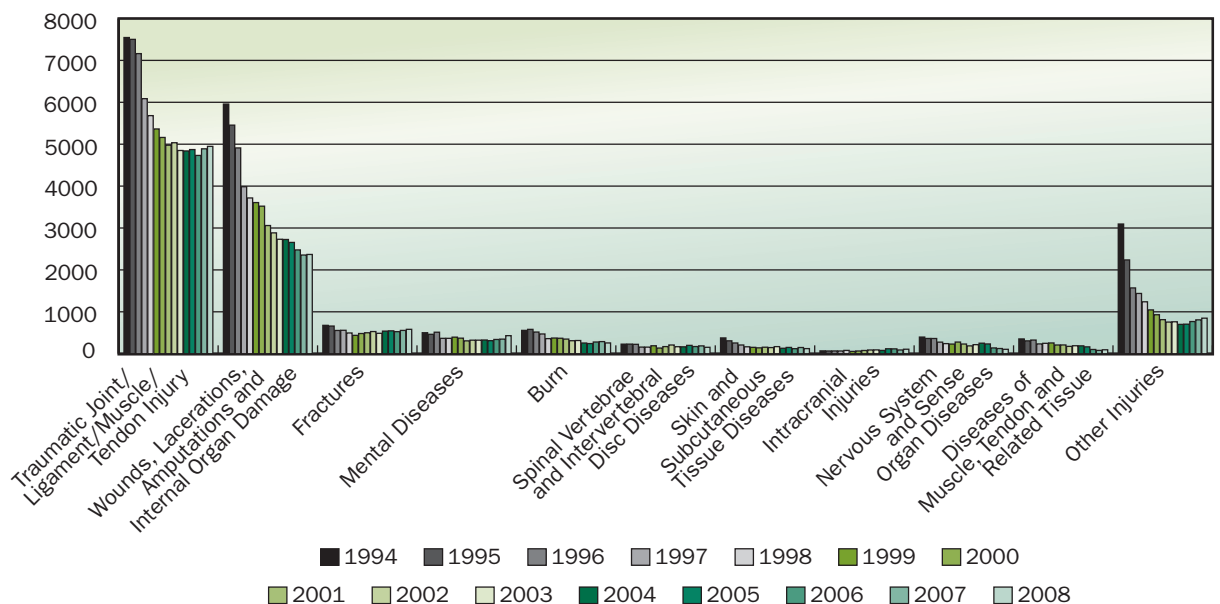
The most common group of injuries was *Traumatic joint/ligament/muscle/tendon injuries* including dislocations and soft tissue injuries such as sprains and strains (Chart 9). Each year between 1994 and 2008 this type of injury made up more than a third and up to a half of all injuries and overall accounted for 44.8% of the injuries during the period. The most common type of injury in this group was *Soft tissue injuries* which accounted for a majority of the injuries.

The next most common was *Wounds, lacerations, amputations & internal organ damage*. Each year between 1994 and 2008, this group of injuries have been the second most common, accounting for 28.1% of all injuries during the period. The most common injury type within this group was *Laceration or open wounds* which made up more than half of the injuries, followed by *Contusion, bruising & superficial crushing* which made up over a third of the injuries.

During 2008, there were 4,948 *Traumatic joint/ligament/muscle/tendon* injuries, or 49.4% of all injuries reported during the year. The most common injury type within this group for 2008 was *soft tissue injuries* such as sprains and strains, which accounted for 70.8% of these injuries, and 35.0% of all injuries.

The second most common injury type during 2008 was *Wounds, lacerations, amputations & internal organ damage* with 2,369 injuries reported, 23.6% of all injuries. The most common injury in this group was *Lacerations or open wounds not including amputation* which represented more than half of these injuries (56.5%) and 13.4% of all injuries during the year. Between them, the two most common injury groups accounted for nearly three quarters of all injuries reported during 2008 (73.0%). The third most common group of injuries was *Fractures* which only accounted for 5.8% of injuries (582).

**Chart 9: Number of Injuries by Type of Injury 1994 to 2008**



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### Number of Injuries by Mechanism of Incident

The mechanism of incident identifies the overall action, exposure or event that best describes the circumstances that resulted in the most serious injury or disease.

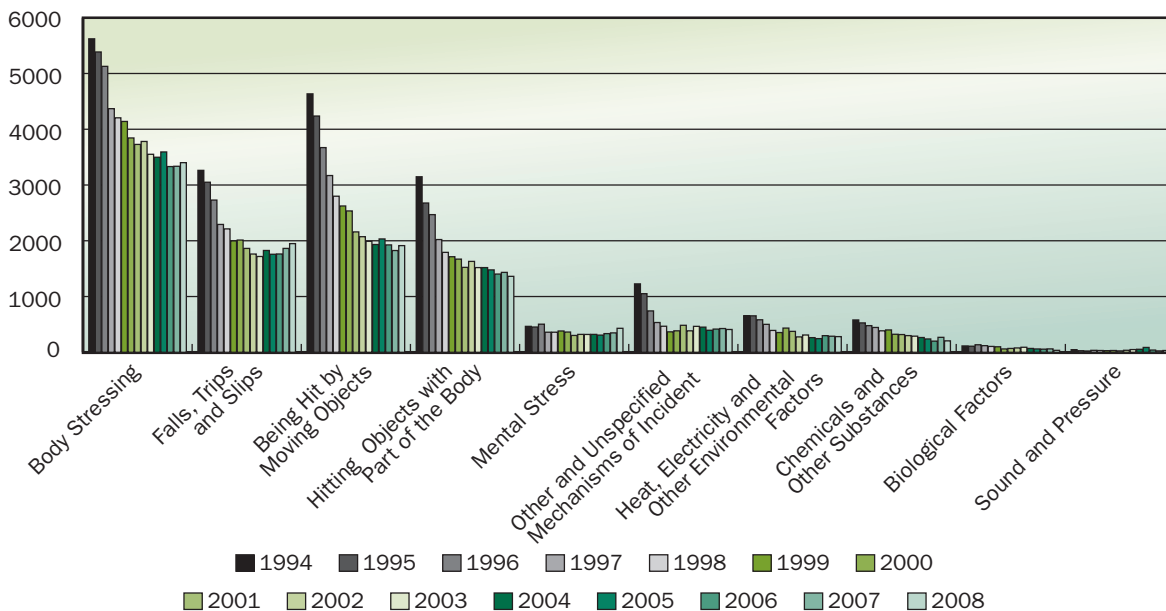
The most prevalent cause of injury to workers is *Body stressing*, which includes manual handling and repetitive strain/occupational overuse syndrome (Chart 10). Between 1994 and 2008, the number of injuries caused by *Body stressing* was 60,913; more than 30% of all injuries during the period. The proportion of total injuries each year attributed to *Body stressing* has been increasing, from 28.5% in 1994 to 32.6% in 2008.

The other most common causes leading to injuries between 1994 and 2008 were *Being hit by moving objects*, accounting for 21.2% of all injuries, *Falls, trips and slips* (17.2% of all injuries) and *Hitting objects with parts of the body* (14.7% of all injuries).

In 2008, of the 10,017 injuries reported, 3,401 injuries were caused by *Body stressing*. Of these, more than 80% involved manual handling of objects. Compared with 2007, the number of injuries caused by *Body stressing* increased by 1.9%.

The second highest mechanism of injury during 2008 was *Falls, trips and slips*, causing 1,949 injuries, most of which resulted from falls on the same level. *Being hit by moving objects* caused 1,913 injuries, of which around three-quarters involved being hit by moving or falling objects or being trapped between stationary and moving objects.

**Chart 10: Number of Injuries by Mechanism of Incident 1994 to 2008**



### Number and Frequency of Injuries by Occupation

#### Number of Injuries by Occupation

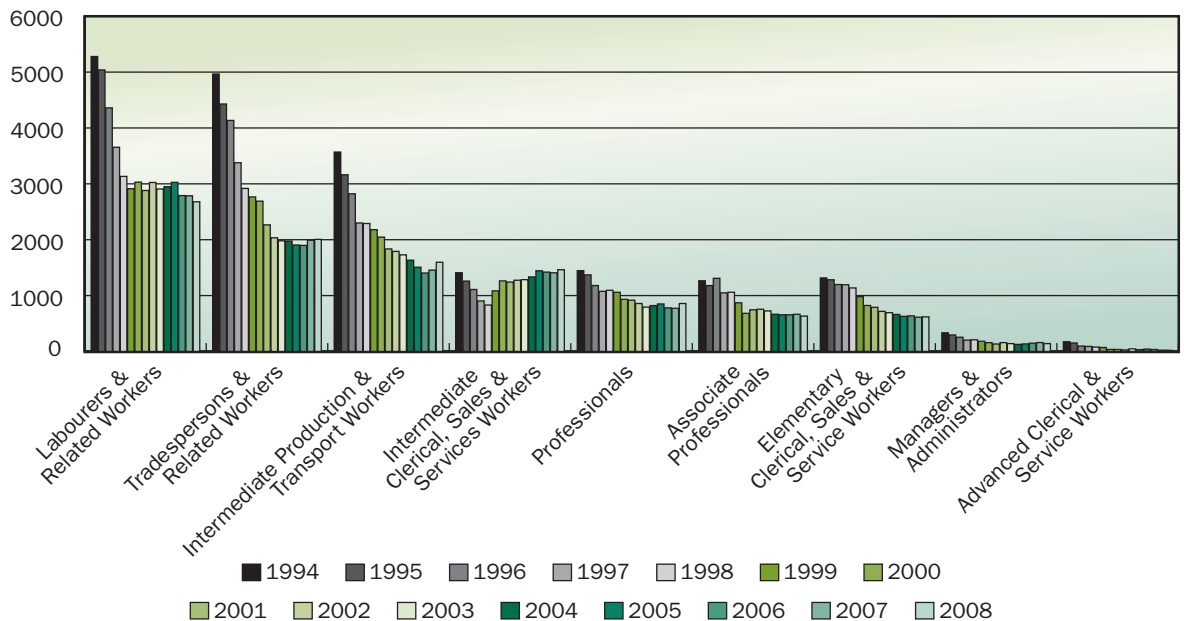
Between 1994 and 2008 the occupation category with the most injuries was *Labourers & related workers* (50,453). It has had the highest number of injuries each year since 1994 including 2008 when there were 2,679 injuries to workers in the occupation category, which was more than a quarter of all injuries (26.7%). The number of injuries has been relatively stable at around 3,000 a year since 1998.

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*Tradespersons & related workers* were the second most injured occupation category overall between 1994 and 2008 (41,337 injuries). Since 1994 (4,965), there has been a large decline in the number of injuries suffered by these workers. In 2008, 2,006 of these workers were injured, a fifth of all injuries (20.0%).

*Intermediate production & transport workers* were the third highest overall, with 31,322 injuries between 1994 and 2008 (Chart 11). The number of injuries suffered by these workers has decreased from 3,569 in 1994 (18.1%) to 1,597 injuries in 2008 (15.9%).

**Chart 11: Number of Injuries by Occupation 1994 to 2008**



### Frequency of Injuries by Occupation

Frequency rate is measured as the number of injuries per million hours worked<sup>7</sup> and allows analysis of the number of injuries without the distorting effects of the size of the workforce.

The change in frequency rate across occupation categories shows a similar trend to the change in number of injuries (Chart 12). *Labourers & related workers* had the highest frequency rate in 2008 (106.7), followed by *Tradespersons & related workers* (49.1) and *Intermediate production & transport workers* (44.0). Between 2007 and 2008, the greatest improvement in frequency rate in percentage terms occurred for the occupation group *Managers & administrators* (-11.3%)<sup>8</sup>.

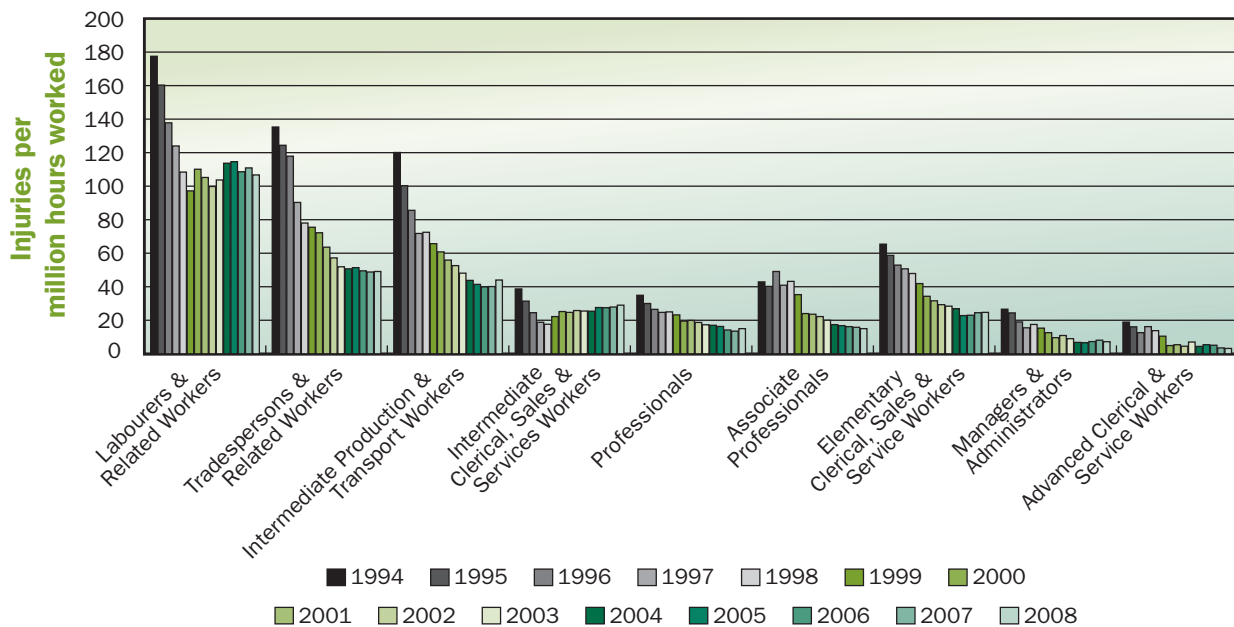
<sup>7</sup> Australian Bureau of Statistics denominator data, based on Labour Force Survey and Survey of Employment and Earnings data. Refer to *Appendix A: Notes of this report*

<sup>8</sup> 2007 and 2008 frequency rate figures are preliminary only as they have been calculated using hours worked from the 2006-07 financial year. Refer to *Appendix A: Notes of this report*



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**Chart 12: Frequency Rate by Occupation 1994 to 2008**



## Number and Frequency of Injuries by Industry of Employer

### Number of Injuries by Industry

The greatest number of injuries occurred in the *Manufacturing* industry, which reported 25.6% of all injuries between 1994 and 2008 (Chart 13). It consistently had the most injuries each year and in total had more than twice as many injuries as any other industry. *Health & Community Services* had the second highest number of injuries, representing 12.2% of all injuries, followed by *Retail Trade* (9.6%).

In 2008, the *Manufacturing* industry reported the most injuries (1,920); this was 19.2% of all injuries reported in the year and 5.5% fewer injuries than 2007. The proportion of injuries occurring in the industry has been steadily decreasing since 1994 when 31.7% of all injuries occurred in the industry. The *Manufacturing* industry is the second largest industry in Tasmania, accounting for 11.9% of all hours worked, behind *Retail Trade* (12.0%)<sup>9</sup>.

There were 1,446 injuries reported in the *Health & Community Services* industry during 2008, an increase of 14.0% compared with last year. The *Retail Trade* industry reported 1,029 injuries, a 3.3% increase on 2007.

The biggest decline in injury numbers between 2007 and 2008 was seen in *Finance & Insurance*, by 28.9%. This was based on 83 injuries in 2007 compared with 59 in 2008.

The *Personal & other services* industry saw the second biggest decline in the number of injuries reported, falling by 17.7% to 401 injuries in 2008 compared to 2007 (487).

Since reaching a low of 122 injuries in 2004, the number of injuries being reported in the *Mining* industry has increased to 223 in 2008. This equates to an 82.8% increase over five years, at a time when overall injury numbers have fallen by 1.8%.

<sup>9</sup> Australian Bureau of Statistics denominator data, based on Labour Force Survey and Survey of Employment and Earnings data

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### Frequency of Injuries by Industry

Larger industries with many workers would expect to report more injuries than an industry with few workers; by viewing injury occurrence as a ratio to the number of hours worked within the industry, a comparison of the relative performance of industries can be made.

Across all industries the frequency rate has fallen from 80.5 injuries per million hours worked in 1994 to 33.0 injuries per million hours worked in 2008 – a 59.0% decrease. However, between 2007 and 2008, the frequency rate increased by 1.5%; the first increase since 1994.

Since 1994, *Cultural & Recreational Services* has had a significant improvement in its injuries frequency rate, falling by 78.4%, from 109.0 injuries per million hours worked in 1994 (the second highest of any industry behind *Manufacturing*) to 23.5 in 2008. *Communication Services* has also shown a significant reduction, by 78.1%, from 79.1 in 1994 to 17.3 in 2008. This is the second lowest frequency rate by industry in 2008, and well below the all industries average of 33.0 injuries per million hours worked.

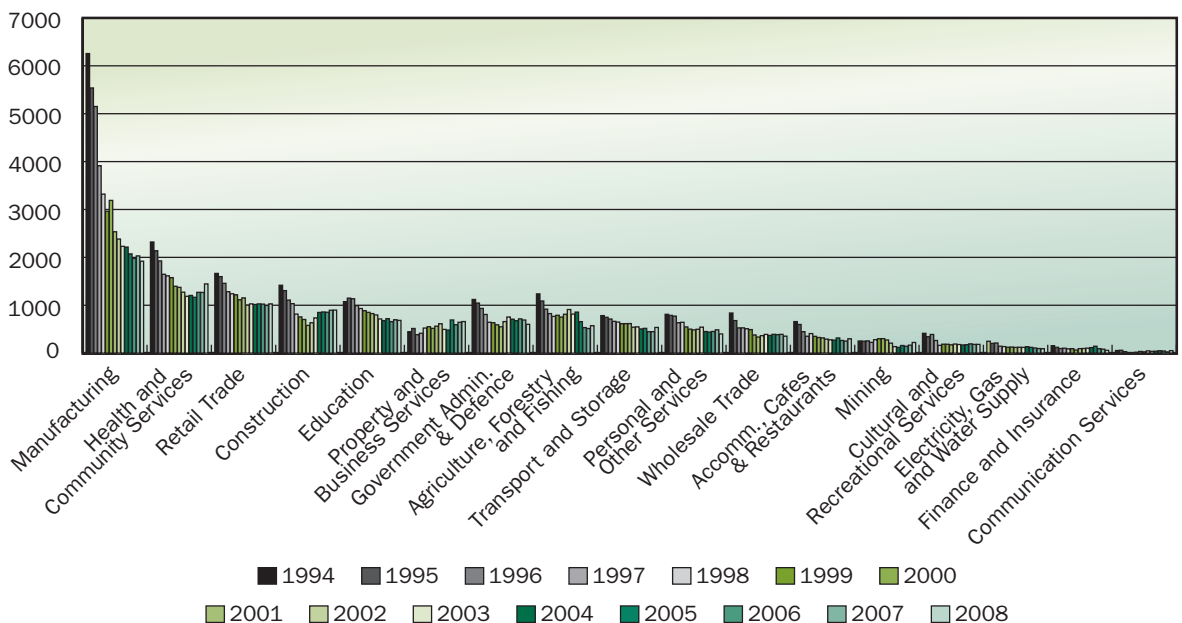
In 2008, *Manufacturing* had the highest frequency rate of 53.1 injuries per million hours worked, more than 1.6 times the all industries average. *Mining* was second with 47.4 injuries, followed by *Construction* at 44.8. The lowest rates were in *Finance & Insurance* (7.1), *Electricity, Gas & Water Supply* (17.6) and *Accommodation, Cafes & Restaurants* (18.0).

Between 2007 and 2008, seven industries had decreases in the frequency of injuries per million hours worked, while 10 had increases.

The greatest improvement in percentage terms was in *Finance and Insurance* which decreased its frequency rate by 28.9% or nearly 3 injuries per million hours worked. In absolute terms, *Personal & Other Services* had the greatest improvement, with 6.8 fewer injuries per million hours worked during 2008 compared with 2007.

The biggest percentage increase in frequency rate was seen in *Communication Services* which rose by 112.0% from 8.2 injuries per million hours worked in 2007 to 17.3 in 2008. In absolute terms, *Mining* was the worst, with 11.9 more injuries per million hours worked in 2008 compared with 2007.

**Chart 13: Number of Injuries by Industry 1994 to 2008**



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## Notes

### Report Year versus Accident Year

Report year relates to the year (July to June) when claims were reported by employers to their insurer. Accident year relates to the year when the accident or injury occurred.

The data in this report is presented using report year. While it is recognised accident year information is important for both injury intervention and workers compensation points of view, the use of accident year data for the purpose of general statistical reporting can be problematic. The various problems include: long latency occupational diseases or illnesses that usually take time to be diagnosed and reported; administrative inefficiencies which may contribute to delays in reporting of claims; the maximum period allowed for claim lodgement following an injury as prescribed under statute.

Analysis of trends using accident year data is likely to produce different results, unless appropriate allowance for claims development (incurred but not reported (IBNR)) is factored into the data. While this is achievable when reporting in aggregate numbers, this can be much more complicated when reporting at a more detailed level, for example, tracking trends in industries, occupations or type of injuries.

### Adjustments of Payments and Costs for Inflation

The analysis of claim payments and costs in this report has been based on claim payments expressed in constant November 2008 dollars. Constant November 2008 dollars is the value in November 2008 of amounts paid in past years; that is, the actual dollar amount paid in past years adjusted to take into account the effect of inflation.

Payments have been adjusted for inflation using the Australian Bureau of Statistics (ABS) trend series data on *Average Weekly Earnings (AWE) for Tasmania, November quarter series, full-time adult persons ordinary time earnings*. The November quarter has been selected as this is approximately mid-way through each financial year.

The AWEs used were:

November 2003:	\$828.00
November 2004:	\$874.90
November 2005:	\$910.70
November 2006:	\$958.20
November 2007:	\$1011.00
November 2008:	\$1050.10

### Calculation of frequency rates

Frequency rates (injuries per million hours worked) were calculated using Australian Bureau of Statistics denominator data, which is based on ABS Labour Force Survey and Survey of Employment and Earnings data. The denominator data included the number of hours worked each financial year to 2006-07. The average number of hours worked over two consecutive financial years was used to generate hours worked per calendar year (used in this report). Denominator data for 2007-08 was unavailable at the time this report was generated. As such, denominator data (number of hours worked) for 2006-07 was used to calculate frequency rates for 2007 and 2008 in this report.

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### Legislative Changes

The *Workers Rehabilitation and Compensation Act 1988* has been amended over time. An overview of amendments introduced since 1995 is provided below. Refer to the relevant legislation for full details of the changes.

#### 1995 Amendments

- Introduced step-downs in the replacement ratio for weekly benefits (prior to this the replacement ratio was always 100%).
- Introduced the employer excess for weekly benefits (one week's benefits).
- Introduced the employer excess for medical and related payments (\$200).
- Abolished the ability to redeem statutory entitlements.
- Removed coverage of journey claims.
- Tightened up conditions for stress claims.

#### 2001 Amendments

- Further reduced the replacement ratio for weekly benefits. Replaced the dollar cap with a ten year time limit.
- Introduced a ten year time limit on medical and related benefits.
- Introduced a 30% whole person impairment threshold for access to common law benefits.
- Replaced Table of Maims with benefits based on a whole person impairment test (threshold 5%) and a maximum benefit increase.
- Re-introduced the ability to redeem statutory entitlements.
- Increased powers for conciliators and compulsory disclosure of evidence before arbitration, binding Medical Panel decisions.
- 2004 Amendments
- Increased replacement ratios for weekly benefits (but not to level under 1995 amendments).
- Reduced the ten year time limit to nine years and applied retrospectively to 1 July 2001.
- 2007 Amendments

#### Changed rules to make proving and assessing industrial deafness claims easier.

- Changed the calculation of weekly benefit rate for casual employers and employees with short employment histories.
- Provided coverage to jockeys for race-riding work.
- Tightened up the 'at work' and 'in the course of work' tests for coverage of diseases.

# WorkCover Tasmania Scheme Performance Report July 2008 – June 2009

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## Glossary

Above excess	Under the Workers Rehabilitation and Compensation Act 1988 employers are required to pay an excess in the form of the costs of the first five days of weekly payments for each claim.
Accident year	Year when the occupational injury occurred or when the symptoms of the occupational illness or disease were first recognised.
Administration costs	Includes reinsurance, stop loss/catastrophe insurance, contribution to the Nominal Insurer, contribution to the Workers Rehabilitation and Compensation Fund, commissions to brokers/agents and other administrations costs (i.e., operating expenses in respect of workers compensation such as overhead/personnel costs, premises/office accommodation, motor vehicles, entertainment and travel, communications, advertising and promotion, professional fees for accounting, audit, management, legal interpretations (unless they relate to a specific claim in which case they should be reported as claim costs), head office expenses, safety and medical advice, finance such as banking fees and charges on transactions and computing).
Allied medical costs	Costs associated with services provided by dentists, chiropractors, opticians, physiotherapists, podiatrists, chemists, radiologists (including x-rays), and/or payments relating to provision, maintenance, repair, adjustment or replacement of artificial limbs, eyes or teeth, crutches, splints, spectacles and other medical and surgical aids.
ANZSIC	Australian and New Zealand Standard Industrial Classification 1993 - A system of industry classification developed by the Australian Bureau of Statistics (ABS).
Australian national rate (RTW)	The combined results for the financial year for all participating jurisdictions.
Average premium rate	Earned premium as a percentage of earned wages.
Claim payments	Payments made in respect to a claim for workers compensation and covers all the statutory benefits or entitlements provided for in the Tasmanian Workers Rehabilitation and Compensation Act 1988 (the Act). Claim payments do not include payments for claims incurred prior to the 1988 Act.
Common law payment	<p>Represents the total economic loss component of a common law settlement or judgement after deduction of amounts for contingencies and contributory negligence. Includes any amount for pain and suffering, permanent impairment, loss of superannuation, legal expenses and future medical costs.</p> <p>Accidents prior to 1 July 2001—common law payment represents settlement for a claim where a writ has been served with respect to such claim. Accidents from 1 July 2001—access to common law is restricted to claims with whole of person impairment (WPI) medically assessed to be 30% or more. A writ being served is immaterial in this case because of the 30% WPI minimum threshold.</p>

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Death benefit	<p>Lump sum—benefit paid to a worker’s dependant or family member(s) as a result of work related death of that worker (details in section 67 of the Act).</p> <p>Weekly benefit to spouse—weekly payment made in addition to any lump sum payable that is made to the spouse of the deceased worker (details in section 67A of the Act).</p> <p>Weekly benefit to children—weekly payment made in addition to any lump sum payable and any weekly benefit to the deceased worker’s spouse that is made to the child(ren) of the deceased worker (details in section 67A of the Act).</p>
Doctors costs	<p>Costs of services relating to treatment and reports from treating doctors, including anaesthetists. Costs for services provided in either private clinics or public and private hospitals, including outpatient charges for doctors’ services.</p> <p>Costs also include those relating to medical reviews commissioned by the insurer that are:</p> <ul style="list-style-type: none"><li>– related to the medical treatment of the worker; and are</li><li>– clearly attributable to a specific claim.</li></ul>
Earned premium	<p>This is the amount of premium allocated to a given period from actual premiums collected during the previous and current period. It allocates each premium to the period of risk, irrespective of when the premium was actually paid. For example, a premium record that has an annual premium of \$1,000 but only nine months fall within the period being reported will contribute \$750 (<math>=\\$1,000*0.75</math>) to earned premium.</p>
Earned wages	<p>This is the amount of wages allocated to a given period from actual wages expected to be earned by workers covered by a policy. For example, a policy record that has an annual wages coverage of \$100,000 but only nine months fall within the period being reported will contribute \$75,000 (<math>=\\$100,000*0.75</math>) to earned wages.</p>
Durable RTW	<p>An injured worker who returned to work and was still working seven to eight months after their claim. Durable RTW is measured by the injured worker reporting their work status, sources of income and compensation status.</p>
Frequency rate	<p>The number of injuries per million hours worked. Used to eliminate distorting effects of the size of the workforce and allow comparison of relative performance.</p>
Full RTW	<p>An injured worker who returns to work to their former level of paid employment and is not receiving workers compensation payments.</p>
Hospital cost	<p>This includes all expenses billed by hospitals. It covers charges for inpatient hospital services and includes cost of bed, operating theatre and other hospital facilities. It does not include outpatient charges. Outpatient charges billed by hospitals are included in either doctors’ costs or allied medical costs, as appropriate.</p>

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Impairment payment	Payment made to the worker based on the level of impairment sustained by the worker due to injury (details in sections 71, 72 and 73 of the Act).
Incidence rate	The number of claims per thousand workers. Used to eliminate distorting effects of the size of the workforce and allow comparison of relative performance.
Industry	Industries are grouped into divisions as per the Australian and New Zealand Standard Industrial Classification (ANZSIC) 1993 - A system of industry classification developed by the Australian Bureau of Statistics (ABS).
Investigation costs	Costs of claims investigations such as provision of medico-legal reports, services of a loss assessor/adjuster, police reports, court attendances of doctors and witnesses during the course of investigation, etc.
Legal costs	Costs associated with services provided by lawyers/legal practitioners, payments made in respect to legal advice, legal representation and costs arising from Workers Rehabilitation and Compensation Tribunal proceedings and legal costs incurred by worker or insurer.
Licensed insurers	Insurers that hold a licence to write workers compensation in Tasmania. A licence is one that is issued and is in force under Division 2, part IX of the Act.
Lost time claims	Claims involving a worker's absence from work of one full day (or shift) or more due to a workplace injury.
Maims payment	Payment relating to amounts paid for specific injuries under the Table of Maims. This is relevant only to claims with date of accident prior to 1 July 2001.
Mechanism of incident	The mechanism of incident identifies the overall action, exposure or event that best describes the circumstances that resulted in the most serious injury or disease. As defined in the Type of Occurrence Classification System (TOOCS3).
Medical costs	Sum of costs associated with doctor, hospital, rehabilitation, allied medical services and miscellaneous costs incurred by a worker to undertake medical treatment.
Miscellaneous costs	Costs relating to travelling or accommodation expenses incurred by the worker to undertake medical treatment, including road or air ambulance, worker's transport (at insurer's request), and clothing. Also includes costs associated with modifications to the home as part of rehabilitation. Also includes payments relating to funeral expenses for accidents incurred from 1 July 2001.

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Nominal Insurer	The Nominal Insurer is the body established to ensure workers are not disadvantaged in circumstances where an employer does not hold a policy for workers compensation insurance, cannot be located, has been declared bankrupt or has defaulted in payment. The Nominal Insurer Scheme is administered by a committee drawn from insurers and self-insurers and is funded by contributions from licensed and self-insurers.
Non-durable RTW	An injured workers not working and not deriving income from employment. Non-durable RTW refers to workers who returned to work for a period of time but were not deriving income from employment seven to nine months after making their claim.
Occupation	Occupations are grouped as per the Australian standard Classification of Occupations (ASCO) second edition - A system of occupation classification developed by the Australian Bureau of Statistics (ABS).
Outstanding case estimates	Amount of liability that is yet to be paid for each injury and as estimated by insurers.
Partial RTW	An injured workers who returns to work, or is working seven to nine months after making their claim, while still receiving workers' compensation payments for lost income.
Settlement	This relates to lump sum settlements for claims settled by common law release but for which no writ was issued. This amount includes legal costs incurred by the worker and/or insurer.
Payment year or payment period	Period when payments were made on workers compensation claims irrespective of when the injury occurred or when the claim was lodged. It must be noted that the payment year data used in this report covers only those claims lodged since the introduction of the 1988 Act.
Premium	Insurance levy paid by an insured employer for a given period of time to cover the compensation costs in respect of that insured employer's worker. Usually estimated as a percentage of wages.
Redemption	A lump sum amount paid to an injured worker, on application, which covers payment for weekly benefits or income maintenance for the period for which weekly benefits remain payable.
Rehabilitation cost	Costs directly associated with rehabilitation service providers. Includes modifications to the workplace but not the home.
Report year	Year when injuries were reported by employers to their insurer.

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Return to work (RTW)	An injured worker who reported returning to work between the time of the claim and seven to nine months later.
RTW plan	Return to work plan. This is a formal structured plan designed to enhance the achievement of a durable RTW within the limitation of the injured workers' functional capacity.
Self-insurers	Employers who hold a permit for self-insurance for workers compensation in Tasmania. A licence is one that is issued and is in force under Division 2, part IX of the Act.
Tasmanian State Service (TSS)	Includes all workers employed by the State Government with workers compensation insurance arrangements being managed by the Tasmanian Risk Management Fund.
Type of injury	The type of injury or nature of injury/disease classification is intended to identify the most serious injury or disease sustained or suffered by the injured worker. As defined in the Type of Occurrence Classification System (TOOCS3).
Wages	Amount of remuneration declared by employers for workers compensation premium calculation purposes. The guidelines on the definition of wages are available from WorkCover Tasmania and specify relevant inclusions and exclusions for determining the amount of wages to be declared for premium calculation.
Weekly benefit	Amount paid to a worker to cover loss of income due to injury.



Financial  
Statements >



## **INDEPENDENT AUDIT REPORT**

**To Members of the Parliament of Tasmania**

### **WORKCOVER TASMANIA BOARD**

**Financial Statements for the Year Ended 30 June 2009**

#### **Report on the Financial Statements**

I have audited the accompanying financial statements of the WorkCover Tasmania Board (the Board), which comprise the balance sheet as at 30 June 2009, the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the certification of financial statements by the Board.

#### *The Responsibility of the Board for the Financial Statements*

The Board, in accordance with Section 15 (1) of the *Workers Rehabilitation and Compensation Act 1988*, is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and

the reasonableness of accounting estimates made by the Board of the Board, as well as evaluating the overall presentation of the financial statements.

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

### **Independence**

In conducting this audit, I have complied with the Independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

- Providing that only Parliament; and not the executive government, can remove an Auditor-General, and
- Mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

### **Auditor's Opinion**

In my opinion the financial statements of the WorkCover Tasmania Board:

- (a) present fairly, in all material respects, the financial position of the WorkCover Tasmania Board as at 30 June 2009, and of its financial performance, cash flows and changes in equity for the year then ended; and
- (b) are in accordance with the *Workers Rehabilitation and Compensation Act 1988*, Australian Accounting Standards (including Australian Accounting Interpretations).

### **TASMANIAN AUDIT OFFICE**



A. V. Barron  
**DIRECTOR - FINANCIAL AUDIT**  
Delegate of the Auditor-General

HOBART  
22 September 2009

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2008-09 \$'000	2007-08 \$'000
<b>Revenue from ordinary activities</b>			
Contributions	1(e)(i)	5,424	4,927
Interest on trust account	1(e)(ii)	71	79
Other revenue	1(e)(iii)	155	107
<b>Total revenue from ordinary activities</b>		<b>5,650</b>	<b>5,113</b>
<b>Expenses from ordinary activities</b>			
Employee entitlements	1(f)(i)	2,143	1,660
Advertising and promotion		178	362
Communications		60	40
Consultancies		616	497
Information technology		20	54
Travel and transport		72	72
Other operating expenses	1(f)(iii)	1,389	1,256
Transfer to Tribunal		1,172	1,172
<b>Total expenses from ordinary activities</b>		<b>5,650</b>	<b>5,113</b>
<b>Net operating surplus (deficit) from ordinary activities</b>		<b>-</b>	<b>-</b>

Notes 1-10 form an integral part of these accounts.

## BALANCE SHEET AS AT 30 JUNE 2009

	Note	2008-09 \$'000	2007-08 \$'000
<b>Current Assets</b>			
Treasury Trust Account	2	2,215	1,980
Receivables	3	1	7
<b>Total current assets</b>		<b>2,216</b>	<b>1,987</b>
<b>Non-current Assets</b>			
Property, plant and equipment	4(a)	-	-
<b>Total non-current assets</b>		<b>-</b>	<b>-</b>
<b>Total Assets</b>		<b>2,216</b>	<b>1,987</b>
<b>Current Liabilities</b>			
Payables and accrued expenses	5	1,753	1,631
Employee entitlements	6	168	135
Other current liabilities	7	10	8
<b>Total current liabilities</b>		<b>1,931</b>	<b>1,774</b>
<b>Non-current Liabilities</b>			
Employee entitlements	6	269	201
Other non-current liabilities	7	16	12
<b>Total non-current liabilities</b>		<b>285</b>	<b>213</b>
<b>Total Liabilities</b>		<b>2,216</b>	<b>1,987</b>
<b>Net assets (liabilities)</b>		<b>-</b>	<b>-</b>
<b>Accumulated (surplus)/deficit</b>	<b>1(e)(i), (l)</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>-</b>	<b>-</b>

Notes 1-10 form an integral part of these accounts.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2009

	Note	2008-09 \$'000 Inflows (Outflows)	2007-08 \$'000 Inflows (Outflows)
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
Industry contributions		5,531	5,373
Interest		71	79
Other cash receipts		155	107
<b>Total cash inflows</b>		<b>5,757</b>	<b>5,559</b>
<b>Cash outflows</b>			
Employee entitlements		(2,040)	(1,607)
Other cash payments		(3,482)	(3,387)
<b>Total cash outflows</b>		<b>(5,522)</b>	<b>(4,994)</b>
<b>Net cash from (used by) operating activities</b>	<b>8 (b)</b>	<b>235</b>	<b>565</b>
<b>Cash flows from investing activities</b>			
<b>Net cash from (used by) investing activities</b>		-	-
<b>Cash flows from financing activities</b>			
<b>Net cash from (used by) financing activities</b>		-	-
Net increase (decrease) in cash held		235	565
Cash at the beginning of the year		1,980	1,415
<b>Cash at the end of reporting period</b>	<b>2 &amp; 8 (a)</b>	<b>2,215</b>	<b>1,980</b>

Notes 1-10 form an integral part of these accounts.

**STATEMENT OF RECOGNISED INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2008-09 \$'000	2007-08 \$'000
Net surplus/(deficit) for the period		-	-
<b>Total recognised income and expense for the period</b>		<b>-</b>	<b>-</b>

Notes 1-10 form an integral part of these accounts.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Operations of the Board

The role of the WorkCover Tasmania Board (the Board) is to oversee, promote, review, and ensure the efficient operation of (so far as is practicable) workers rehabilitation and compensation procedures in accordance with the *Workers Rehabilitation and Compensation Act 1988*. Integral to this role is advising the Minister on matters relating to workers rehabilitation and compensation in this State. Other major functions within this role include reviewing the performance of licensed insurers and self-insurers and the operation of the Nominal Insurer, and managing the Workers Rehabilitation and Compensation Fund. A more comprehensive explanation of the Board's activities is contained in the body of the Annual Report.

### (b) Statutory Matters

Under the *State Service (Restructuring) Order 2006* the Department of Justice assumed responsibility for providing administrative support for the Board from 1st April 2006.

By virtue of Section 15 (1) of the Workers Rehabilitation and Compensation Act 1988 the Board is required to report to the Minister for Workplace Relations on its operations.

### (c) Basis of Accounting

The Board is a body corporate, established by the *Workers Rehabilitation and Compensation Act 1988*. The financial statements are a general purpose financial report and have been prepared in accordance with:

- the Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990*; and
- Australian Accounting Standards (AASBs) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB). In particular, AAS 29 'Financial Reporting by Government Departments' has been applied.

Compliance with AASBs may not result in compliance with International Financial Reporting Standards (IFRS), as AASBs include requirements and options available to not-for-profit organisations that are inconsistent with IFRS. The Board is considered to be not-for-profit and has adopted some accounting policies under AASBs that do not comply with IFRS.

The financial statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention. The accounting policies are consistent with the previous year, after having regard to the impact of new accounting standards as discussed below.

### (d) Changes in Accounting Policies

#### (i) Impact of new and revised Accounting Standards

In the current year, the Board has adopted all of the new and revised Standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. These include:

- AASB 2008-10 Amendments to Australian Accounting Standards: Reclassification of Financial Instruments permits the reclassification of certain non-derivative financial assets. The Board has not reclassified its financial assets in the current period.
- AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31 – The primary focus of this Standard has been on relocating, where necessary, the requirements in AASs 27, 29 and 31, substantively unamended (with some exceptions), into topic-based Standards. The Standard has not had a material financial impact on the Financial Statements.

## **(ii) Impact of new and revised Accounting Standards yet to be applied**

The following new standards have been issued by the AASB and are yet to be applied:

- AASB 2007-8 Amendments to Australian Accounting Standards Arising from AASB 101 - revised Standard to be applied in reporting periods beginning on or after 1 January 2009. The Standard will not have a financial impact on the Financial Statements but will require a number of changes in disclosures.
- AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101 revised Standard to be applied from reporting periods beginning on or after 1 January 2009. This Standard changes the term “general purpose financial report” to “general purpose Financial Statements” and the term “financial report” to “Financial Statements”, where appropriate, in Australian Accounting Standards (including Interpretations) and the Framework to better align with IFRS terminology. The Standard will not have a financial impact on the Financial Statements.
- AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project – revised Standard to be applied from reporting periods beginning on or after 1 January 2009. The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The Standard will not have a material financial impact on the Authority’s Financial Statements.

The future adoption of these standards is not expected to have a material impact on the financial statements of the Board.

## **(e) Income**

Income is recognised in the Income Statement when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

### **(i) Contributions**

#### *Funding of WorkCover Tasmania’s Operations*

As soon as it is practicable in respect of each financial year, the Board is obliged to estimate the amount of money required for the payment or discharge of expenses, charges and obligations of the Board and to estimate the amounts to be received by the Board. A recommendation is then made to the Minister for Workplace Relations of the rate to be levied on the premiums of licensed insurers and the notional premiums of self-insurers.

An advance contribution or levy payable by insurers is determined by calculating the percentage that the budget of the Board bears to the Total Premium Income Pool and applying this percentage to the premium of each insurer. The amounts used for the Total Premium Income Pool and the premium of each insurer refer to the immediately preceding financial year.

Subsequent to the end of the financial year, and once the expenses of the Board and the actual premiums of licensed insurers and the notional premiums of self insurers are known, a final apportionment of the Board’s expenses for the year is made.

#### *2008-09 Contributions Determination*

Income for the financial year ending 30 June 2009 includes the final determination, under the terms of the *Workers Rehabilitation and Compensation Act 1988*, of contributions from Licensed Insurers and Self-Insurers for 2007-08.

As detailed above, WorkCover Tasmania is funded by contributions from licensed insurers and self-insurers with the contributions based on an estimate of the amount of money required for the payment or discharge of expenses, charges and obligations of the Board. Therefore, the Board does not accumulate surpluses with the necessary accrual adjustment made to contributions revenue to reflect this.

**(ii) Interest**

Interest is earned on the trust account balance and is credited to revenue as it accrues using the effective interest method.

**(iii) Other revenue**

Other revenue represents proceeds from fines issued under the *Workplace Health and Safety Act 1995* and *Workers Rehabilitation and Compensation Act 1988*, and revenue from the Workplace Safe Awards dinner. Revenue is recognised when WorkCover Tasmania gains control of the funds.

**(f) Expenses**

Expenses are recognised in the Income Statement when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.

**(i) Employee Entitlements**

Employee entitlements include entitlements to wages and salaries, annual leave, long service leave, superannuation and any other post-employment benefits.

**(ii) Depreciation**

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Depreciation is provided for on a straight line basis, using rates/useful lives which are reviewed annually. The useful lives of each class of asset are as follows:

<b>Class of asset</b>	<b>Useful Life</b>
Plant and Equipment	10
Computer Equipment	3

**(iii) Other Expenses**

Other expenses from ordinary activities are recognised when it is probable that the consumption or loss of future economic benefits resulting in a reduction in assets or an increase in liabilities has occurred and can be reliably measured.

**(g) Receivables**

Receivables are recognised at amortised cost. Impairment of receivables is reviewed on an annual basis. Impairment losses are recognised when there is objective evidence that there is a measurable decrease in the collectability of receivables.

**(h) Property, plant and equipment**

**(i) Valuation basis**

Plant and equipment are recorded at historic cost.

**(ii) Asset recognition threshold**

The asset capitalisation threshold adopted by the Board is \$5,000. Assets valued at less than \$5,000 are charged to the Income Statement in the year of purchase (other than where they form part of a group of similar items which are material in total).

## **(i) Payables**

Payables, including goods received and services incurred but not yet invoiced, are recognised at the amortised cost when the Board becomes obliged to make future payments as a result of a purchase of assets or services.

## **(j) Employee Entitlements**

Liabilities for wages and salaries and annual leave are recognised when the employee becomes entitled to receive the benefit. Those liabilities expected to be realised within 12 months are measured as the amount expected to be paid. Other employee entitlements are measured as the present value of the benefit at reporting date, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material.

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

## **(k) Superannuation**

The Board does not recognise a liability for the accruing superannuation benefits of the Boards' employees. This liability is held centrally and is recognised within the Finance-General Division of the Department of Treasury and Finance.

During the reporting period, the applicable percentage of salary in respect of contributory members of the Retirement Benefits Fund was paid into the Superannuation Provision Account within the Special Deposits and Trust Fund. The appropriate Superannuation Guarantee Charge was paid into the nominated superannuation fund in respect of non-contributors. Under these arrangements there is no further superannuation liability for the past service of employees.

## **(l) Accumulated surpluses**

As detailed in note 1(e)(i), the Board does not accumulate any surpluses.

## **(m) Judgements and estimates**

In the application of Australian Accounting Standards, the Board is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the Board that have significant effects on the financial statements are disclosed in the relevant notes to the financial statements.

The Board has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

## **(n) Comparative Figures**

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards. Where amounts have been reclassified within the financial statements, the comparative statements have been restated.

**(o) Rounding**

All amounts in the financial statements have been rounded to the nearest thousand dollars unless otherwise stated.

**(p) Tax Status**

The Board is exempt from all forms of taxation except fringe benefits tax, payroll tax and the goods and services tax. The Board's obligations for the goods and services tax are included in grouping arrangements with the Department of Justice. Accordingly, no payments or receipts of goods and services tax are recorded directly against the Board's operations.

## 2. TREASURY TRUST ACCOUNT

WorkCover Tasmania processes all transactions through a Treasury Trust Account entitled T435 *Workers' Rehabilitation and Compensation Act 1988* Fund Account. The transactions of the Workers Rehabilitation and Compensation Tribunal which are processed through the Department of Justice's Operating Account are reimbursed on a monthly basis out of the T435 Account. The cash is represented by:

	2008-09 \$'000	2007-08 \$'000
Treasury Trust Account T435	2,215	1,980
<b>Total</b>	<b>2,215</b>	<b>1,980</b>

## 3. RECEIVABLES

	2008-09 \$'000	2007-08 \$'000
Receivables	1	7
<b>Total</b>	<b>1</b>	<b>7</b>

## 4. PROPERTY, PLANT AND EQUIPMENT

### (a) Carrying value

	2008-09 \$'000	2007-08 \$'000
Plant and Equipment at Cost	2	2
Accumulated Depreciation	(2)	(2)
	-	-
Computer Equipment at Cost	1	1
Accumulated Depreciation	(1)	(1)
	-	-
<b>Total Property, Plant and Equipment</b>	<b>-</b>	<b>-</b>

## 5. PAYABLES AND ACCRUED EXPENSES

	2008-09 \$'000	2007-08 \$'000
Creditors and Accrued Expenses	83	117
Accrual Refund for Contributions	1,670	1,514
<b>Total</b>	<b>1,753</b>	<b>1,631</b>

## 6. EMPLOYEE ENTITLEMENTS

	2008-09 \$'000	2007-08 \$'000
Accrued Salaries	30	19
Annual Leave	139	116
Long Service Leave	268	201
<b>Total</b>	<b>437</b>	<b>336</b>

### Classified as:

Due within 12 months	168	135
Due in more than 12 months	269	201
	<b>437</b>	<b>336</b>

## 7. OTHER LIABILITIES

	2008-09 \$'000	2007-08 \$'000
Employee On-costs	26	20
<b>Total</b>	<b>26</b>	<b>20</b>

### Classified as:

Due within 12 months	10	8
Due in more than 12 months	16	12
	<b>26</b>	<b>20</b>

## 8. CASH FLOWS

### (a) Reconciliation of Cash per Balance Sheet to Statement of Cash Flows

	2008-09 \$'000	2007-08 \$'000
Cash and cash equivalents at year end per Statement of Cash Flows	2,215	1,980
Balance Sheet Cash	2,215	1,980

### (b) Reconciliation of Operating Surplus/(Deficit) to Net Cash used in Operating Activities

	2008-09 \$'000	2007-08 \$'000
<b>Net Operating Surplus / (Deficit)</b>	-	-
(Increase)/decrease in Receivables	6	(6)
Increase/(decrease) in Refunds to Contributors Accrual	156	452
Increase/(decrease) in Creditors and Accrued Expenses	(34)	58
Increase/(decrease) in Employee Entitlements	101	54
Increase/(decrease) in Other Liabilities	6	7
<b>Net Cash Flows from Operating Activities</b>	<b>235</b>	<b>565</b>

## 9. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

### (a) Credit Arrangements

The Board does not have any credit stand-by arrangements or loan facilities.

### (b) Interest Rate Risk Exposures

The interest rate applicable on Treasury trust account balances was an average of 5.48% for the year ended 30 June 2009. Exposure to interest rate is considered to be minimal.

### (c) Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Exposure to credit risk is considered to be minimal.

The credit risk on financial assets, of the Board which have been recognised on the balance sheet, is the carrying amount, net of any impairment.

The Board extends 30 day credit terms for sundry receivables, and receives standard commercial credit terms for sundry creditors.

The Board is not materially exposed to any individual overseas country or individual customer.

### (c) Liquidity Risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

Payables, including goods received and services incurred but not yet invoiced arise when the Board becomes obliged to make future payments as a result of a purchase of assets or services.

Payables are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Board becomes obliged to make future payments as a result of a purchase of assets or services. The Board's terms of trade are 30 days.

Monitoring of revenue and expenditure forecasts and current cash balances is undertaken by the Board on a monthly basis.

## 2009

### Maturity analysis for financial liabilities

	1 Year	Undiscounted Total	Carrying Amount
Financial Liabilities			
Creditors	21	21	21
Accrued Expenses	62	62	62
Accrual Refund for Contributions	1 670	1 670	1 670
<b>Total</b>	<b>1 753</b>	<b>1 753</b>	<b>1 753</b>

## 2008

### Maturity analysis for financial liabilities

	1 Year	Undiscounted Total	Carrying Amount
Financial Liabilities			
Creditors	7	7	7
Accrued Expenses	110	110	110
Accrual Refund for Contributions	1 514	1 514	1 514
<b>Total</b>	<b>1 631</b>	<b>1 631</b>	<b>1 631</b>

### (d) Net Fair Values of Financial Assets and Liabilities

The carrying amount of Treasury trust account balances, receivables, creditors and provisions for employees' entitlements approximates the net fair value because of the short term to maturity.

## 10. OPERATING LEASE COMMITMENTS

Future lease payments, rentals and commitments not provided in these statements include:

	<b>2008-09</b>	<b>2007-08</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than 1 year	32	27
Later than 1 year and not later than 5 years	10	11
Later than 5 years	-	-
<b>Total Lease Commitments</b>	<b>42</b>	<b>38</b>

The Board lease commitments are represented by vehicle lease costs.

## CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of WorkCover Tasmania are in agreement with the relevant accounts and records and have been prepared in compliance with Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990* to present fairly the financial transactions for the year ended 30 June 2009 and the financial position as at end of the year.

At the date of signing, I am not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.

Dated this day of September 2009

A handwritten signature in black ink, appearing to read 'Leigh Mackey', written over a light grey rectangular background.

Leigh Mackey

**ACTING CHAIR**







