

WorkCover
Tasmania Board
**ANNUAL
REPORT**
2006-07



WorkCover
TASMANIA

The logo for WorkCover Tasmania features the words "WorkCover" in a bold, sans-serif font, with "TASMANIA" in a smaller font below it. A stylized orange and white swoosh arches over the text.

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Tasmania Board

**ANNUAL
REPORT**
2006-07

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We welcome your
feedback on this report.
Send to: wstinfo@justice.tas.gov.au

/// Glossary

ACFR	all claims frequency rate
ASCC	Australian Safety and Compensation Council
the Act	the <i>Workers Rehabilitation and Compensation Act 1988</i>
the Board	the WorkCover Tasmania Board
the Branch	the WorkCover Tasmania Branch
the Department	Department of Justice
the Minister	the Minister for Justice, Planning and Workplace Relations
the model	the Return to Work and Injury Management Model
the Regulations	the <i>Workers Rehabilitation and Compensation Regulations 2001</i>
OHS	occupational health and safety
TSS	Tasmanian State Service
2006–07; this year	the reporting period of 1 July 2006 to 30 June 2007

The Hon Steven Kons MHA

Minister for Justice, Planning
and Workplace Relations

WorkCover Tasmania Board Annual Report for 2006–2007

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 2007.

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



Lisa Hutton
Chair

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WorkCover
Tasmania Board



/// From the Chair

This is the sixth 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 oversees the operation of Tasmania's Workers Rehabilitation Compensation Scheme, reviews the incidence and cost of workplace injuries, and provides advice to the Minister on the effectiveness of the scheme and the associated legislation. Under the *Workplace Health and Safety Act 1995*, the WorkCover Board has the function to promote the prevention of injuries and the development of healthy and safe workplaces.

The 12 months to 30 June 2007 has been characterised by a plateauing in the number of workplace injury and illness claims. A major part of this Annual Report is the statistical analysis of Tasmania's safety and workers compensation performance. The statistical report shows that during the reporting period, the number of workers compensation claims was 3% fewer than the previous year (9,726 compared to 10,019). Regrettably, there were four compensable fatalities, which is unacceptable.

The injury claims trend reflects the national and international trend of plateauing injury numbers. With this in mind, the Tasmanian Government has commissioned a review of the *Workplace Health and Safety Act 1995*. I look forward to the Board being able to play a role in improving the safety performance in individual Tasmanian workplaces, as learnings from this review are implemented.

The cost of workers compensation continues to fall. The average premium rate paid by employers in 2006 was 2.0% of wages. This is a decrease of 13% from the previous year's 2.3% of wages and is the fifth successive decrease in average premium rate.

The Board has recently reviewed and strengthened its claims management, safety management, and financial requirements for the scheme's self-insurers. The level of financial security (bank guarantees) was made significantly higher. Audits of self-insurers show improvements in claims management and safety performance. An emerging challenge is to balance proper scrutiny of these self-insurers while, at the same time, avoiding unnecessary duplication and red tape, particularly for the self-insurers with a multi-jurisdictional presence. The Board has committed to harmonisation of self-insurance arrangements, which will minimise the administrative burden on multi-jurisdictional self-insurers. It is pleasing to note that the largest percentage decrease in claim numbers occurred in the self-insurance sector: claims were down by 19.4% compared with an overall scheme decrease of 2.9%.

Another key focus of the Board is improving injury management. The Board has worked with doctors, insurers, employers, unions and others to improve and streamline the way workplace illness, injury, and return to work, are managed. The Return to Work and Injury Management Model will draw on the best features of existing approaches to injury management.

/// From the Chair

The Board started — in conjunction with the University of Tasmania — a Long Term Benefit Study to evaluate the social, health and economic outcomes for longer-term workers compensation claimants. In almost every circumstance, it is preferable to see an injured worker recover and return to their pre-injury employment than take a financial lump sum settlement. It is hoped that this study will identify the pressures and trigger points that lead to an injured worker taking a settlement and leaving the workforce. If these can be accurately identified, the Board can ensure that sufficient support is provided to injured workers to maximise their opportunity for rehabilitation and return to work.

Workplace Safe Week was held in the last week of October 2006. In this time, many Tasmanian workplaces took part in activities that provided vital OHS information.

I would like to congratulate the 44 Tasmanian businesses that entered the Workplace Safe Awards in 2006. The overall winner was Works Infrastructure Pty Ltd; the company also won 'Best workplace health and safety management system'.

For the second time, winners at these awards went on to represent Tasmania in the national Safe Work Australia Awards, held in Canberra in April 2007. I would particularly like to congratulate the staff and management of Works Infrastructure Pty Ltd, Australian Paper (Wesley Vale Mill), Scaffold Services Tasmania Pty Ltd and Tasmanian Alkaloids Pty Ltd for representing Tasmania so well at the national level.

In April 2007 Peter Hoult, the former Secretary of the Department of Justice, was appointed to the position of Secretary of the Department of Health and Human Services. As a consequence of this change, chairing the Board moved from Peter to me. I wish Peter well in his new position and I look forward to working with Board members and the staff of WorkCover to ensure that we continue to build on the solid foundation that has already been laid.

Workers compensation premiums and the numbers of workplace injuries continue to decline but now is not the time for complacency. I encourage each of you to continue to make occupational health and safety a priority in your workplace.

Lisa Hutton

Chair

/// Functions of the board



Standing, left to right: Annie Backhouse (Executive Assistant), Neil Buchanan, Dr Rob Walters, Damon Thomas, Martin Shirley (Secretary), Vanessa Fenton (Research Advisory officer)
Seated, left to right: Simon Cocker, Leigh Mackey, Lisa Hutton, Penny Le Couteur. Absent Peter Tullgren

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
- is the Secretary of Justice.

Voting members

Only those Board members appointed by the Minister from a list of names conveyed to him 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.

Board attendance

Board Member	Number of Meetings Absent	Conflict of Interest	Audit and Regulatory Oversight Committee	Scheme Improvement Advisory Committee	Legislative Review Advisory Committee	Injury Management Model Working Group	Accreditation of Rehabilitation Providers Working Group
Peter Hault (Chair until March 2007)	1	0					
Lisa Hutton (Chair from 15 May 2007)	0	0					
Dallas Booth (to December 2006)	2	0	✓				
Damon Thomas	0	0	✓				✓
Leigh Mackey	1	0			✓		
Neale Buchanan	2	0		✓	✓	✓	
Penny Le Couteur (replacement for Dallas Booth from May 2007)	1	0	✓				
Peter Tullgren	3	0			✓		✓
Robert Walters	1	0				✓	✓
Simon Cocker	0	0	✓	✓		✓	

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

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 write the 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

Audit and Regulatory Oversight Committee

Membership

Damon Thomas (Chair)

Simon Cocker

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 Branch 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, initiated either by the committee or requested 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 Branch 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.

The committee is authorised to take any independent professional advice it considers necessary.

The committee has no executive powers in its findings and recommendations.

In addition to reviewing and amending the Branch's structure during the year, the Board also took the opportunity to review its committee structure. The scope of the Audit Committee was expanded to incorporate overseeing all regulatory activities undertaken by the Board.

/// Committees and working groups

Achievements

The committee reviewed its terms of reference and sought advice on which systems and process it needs to establish in order to satisfy its functions under those terms of reference.

It also completed work on the Scheme Effectiveness Planning Document for approval and use in developing the Board's Strategic Plan.

This resulted in the committee identifying the following objectives, with the recommendation that they be agreed to and communicated to key stakeholders:

- to reduce the number of workers killed and to reduce the number and severity of workplace 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 committee also:

- worked with officers of the Audit Department to achieve a strategically focused audit program for WorkCover. This program was focused on WorkCover's major expenditure items and key risks
- worked with KPMG to identify key governance and operational risks for WorkCover. This risk profiling will inform the Board's planning process
- examined the Board's audited financial statements, and recommended modifications to better describe its financial position for the financial year
- reviewed the set of staff delegations and examined the use of the WorkCover seal to ensure these activities were both appropriate and properly conducted.

Legislative Review Advisory Committee

Membership

Leigh Mackey (Chair)
Neale Buchanan
Peter Tullgren
Stuart Worsley
Brian Aherne
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 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 four times during the year. The major focus was to review the drafting of the *Workers Rehabilitation and Compensation Amendment Bill 2007*. Many of the amendments are legally complex, and the committee played a key role in resolving stakeholder concerns and in ensuring the amendments will achieve the desired outcome.

The committee also provided advice on a recent change in policy by Centrelink in calculating the length of time lump sum compensation recipients are precluded from receiving Centrelink benefits.

/// Committees and working groups

Scheme Improvement Advisory Committee

Membership

Ray Pickett

Neale Buchanan

Simon Cocker

Terms of reference

This committee is responsible for:

- advising on governance, policy and strategy for 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.

Achievements

The committee met five times during the year, and considered:

- branding and identity — approved the development of new branding for the Board to promote the Board and its activities
- the Long Term Benefits Study — considered and noted progress associated with implementing the research plan for this study
- a memorandum of understanding — instigated the development of a memorandum of understanding that clearly differentiates the role of the Workplace Standards inspectors and the role of WorkCover advisors in providing OHS advice
- the Advisory Unit — endorsed a two year business plan targetting the transport and manufacturing sectors
- sponsorship requests — approved requests to sponsor industry forums, conferences and seminars
- operational procedures — considered protocols for the Advisory Unit's activities
- promotional activities — endorsed activities associated with promoting safety messages, including Workplace Safe Week and the Workplace Safe Awards, and the services of the Advisory Unit.

/// Committees and working groups

Injury Management Model Working Group

Membership

Martin Shirley (Chair)

Neale Buchanan

Simon Cocker

Robert Walters

Peter Donaldson

Martin Broad

Rod Chandler

Dr Philip Thompson

Dr Geoff Chapman

Tania Foale

Rod Lethborg

Terms of reference

This working group is responsible for:

- developing an injury management model (the Return to Work and Injury Management Model; the model) for the Tasmanian workers compensation system, identifying and specifying: the key principles and strategies of the model; the roles, relationships and interactions between the parties involved in the injury management model; and any legislative, regulatory or other considerations
- providing advice and recommendations to the project team and/or Project Steering Committee on specific issues within the project; and any matter referred to the working group by the project team or Project Steering Committee
- facilitating small short-term working parties, and/or consulting with and taking advice from relevant experts and specialists where necessary, on specific issues or matters that emerge through the process.

The working group is to take account of the issues identified at the stakeholder workshop held on 7 December 2004; and consider relevant research, developments and procedures in other jurisdictions.

Achievements

The model was approved by the Board at its April 2007 meeting. The model aims to help injured workers by shifting the focus to managing the injury rather than managing the workers compensation claim.

The model has seven principles:

- shared commitment to recovery and return to work — this section of the model reinforces the need for the injured worker, the employer and all parties involved in the injury management process to have a joint commitment to returning the injured worker to their pre-injury work capacity
- access to information and support — this section recognises the need for support to be provided to all parties, and in particular the injured worker, small businesses and the treating medical practitioner
- early intervention — many studies recognise the important link between early intervention and good return-to-work outcomes. This section sets out how early intervention can be achieved
- effective co-ordination and planning — this section establishes the concept of injury management programs (a statement by insurers and large employers about how they will treat workplace injury and disease) and the concept of injury management plans (a specific plan about how this individual workplace injury or disease will be managed). It also introduces the concept of an injury management co-ordinator
- timely, appropriate medical management — this section sets out a mechanism for ensuring that medical services and medical information is both timely and well targeted. It also introduces a medical advisory and mentoring service
- early, safe and sustainable return to work — this section reinforces the value of workplace-based recovery; encourages employers to provide meaningful alternative duties; and encourages workers to maintain their relationships with the workplace
- monitoring for better long-term outcomes — any new system needs both data and a robust evaluation mechanism. This section addresses these requirements.

/// Committees and working groups

Regulation of Workers Compensation Rehabilitation Providers Working Group

Membership

Damon Thomas (Chair)

Peter Tullgren

Robert Walters

Rod Lethborg

Martin Shirley

Maureen Rudge

Neale Buchanan

Tania Foale

Terms of reference

This working group is responsible for:

- determining the definition of and the services provided by rehabilitation providers for the purposes of this review
- identifying the involvement of rehabilitation providers in the workers compensation process, particularly the number of referred cases, the outcomes of their involvement, the cost to the system, and an analysis of these matters
- obtaining and considering the views of all parties on the role and the performance of rehabilitation providers
- considering if it is necessary and/or appropriate to regulate the services delivered by rehabilitation providers; if so, recommending what form any regulation should take
- determining the cost and benefits of any of the options identified in the preceding term of reference.

The working group may consider:

- the skills required to undertake the services identified in the first term of reference listed here
- entrance training and/or qualifications
- the need for competency-based performance standards
- the incorporation of a code of practice into the approval/accreditation system.

In addressing the terms of reference, the working group will respond to the Board on:

- the time frame for the completion of the review
- a list of recommendations at the conclusion of the review.

Achievements

The working group researched various models for the regulation of rehabilitation providers; developed a discussion paper; and released this paper for stakeholder comment in August 2006.

Stakeholder comment was received until October 2006. From this, the working group produced an accreditation of rehabilitation providers model, which sets out:

- the accreditation requirements and process
- the professional standards applying to the accreditation of rehabilitation providers
- prohibited conduct and disciplinary proceedings
- the establishment of a rehabilitation advisory committee.

The model also sets out transitional arrangements for people currently practising as rehabilitation providers, but who do not meet the educational or other requirements for immediate accreditation.

The model stipulates that accreditation will be granted for three years.

The rehabilitation providers committee will be established to:

- review, analyse, evaluate and advise the Board about the accreditation of rehabilitation providers including the extent, scope and effectiveness of accreditation arrangements
- conduct (or cause to be conducted) regular audits of rehabilitation providers in accordance with proposed arrangements
- review and analyse the effectiveness of occupational rehabilitation services and consumer satisfaction about the functions performed, services provided and employment outcomes achieved.

It is anticipated that the working group will make its final recommendation to the Board in August 2007.

/// Review of workplace health and safety in Tasmania

In May 2006, the Minister released terms of reference for the Review of Workplace Health and Safety in Tasmania.

This review examined the legislative and administrative frameworks that OHS is regulated within, to ensure they are designed to effectively meet the changing circumstances of workplaces and the developing economy.

In particular, the Review considered and provided recommendations on improvements that may be made to the *Workplace Health and Safety Act 1995* and to the administration of OHS. For example:

- ensuring the OHS legislative framework takes account of changes that affect (or may affect) OHS; such as changes in the labour market, industrial relations, new and emerging risks in the workplace
- ensuring the legislative duties and obligations are updated so they are understood by all duty holders and enforcers of the legislation
- ensuring the nature of offences is clear, and the penalties associated with these offences have appropriate deterrent effect, in order to increase compliance with the legislation
- ensuring everyone in the workplace understands their role and responsibilities for OHS
- improving the effectiveness of the administration of OHS to achieve the purposes of the legislation
- further reducing the incidence of workplace accidents, injury and illness to achieve the targets

of the National Occupational Health and Safety Improvement Strategy 2002–2012.

A discussion paper was released in June 2006 for public consultation, making suggestions on most of the above issues. Thirty eight written submissions were received, from organisations representing employers and workers, as well as from individuals in the private and public sectors. From these comments, *Safe from Injury and Risk to Health — Review of Workplace Health and Safety in Tasmania 2006 — Interim Report* was released in February 2007 with further public comment sought until May 2007.

The Board submitted a response to this interim report's recommendations. The Board supported the review of the *Workplace Health and Safety Act 1995* at this time, given the many changes that are occurring in Tasmanian workplaces. These changes include: increased diversity in the forms of employment; an ageing workforce; the changing nature of physical and psychological injury and disease national harmonisation issues; changes to patterns of working hours to achieve work/life balance; and a decreased level of guidance to employers provided by legislation.

While the Board supported many of the recommendations, it did not support the suggestion to establish an OHS council, which appeared simply to increase the level of bureaucracy for no apparent gain. The functions identified for this proposed council — such as implementing new OHS strategies — would be better carried out by the Board.

/// Review of aspects of the Tasmanian Workers' Compensation System

In July 2006, the Minister announced a review of aspects of the Tasmanian workers compensation system. Mr Alan Clayton was appointed by the Minister to conduct the review; the Board is meeting the costs of the Review; and Mr Clayton has regularly reported to the Board on the progress and conduct of the review while still maintaining his independence in this matter. Mr Clayton has consulted broadly throughout Tasmania.

The terms of reference for the review are:

- to consider and report upon a comparison of Tasmania's workers compensation statutory and common law arrangements and average premium rates with those in other jurisdictions, as well as arrangements proposed by the Productivity Commission and other national inquiries
- to assess and make recommendations (while retaining the essential features of the existing Tasmanian workers compensation system) on whether the statutory scheme provides a fair and equitable level of compensation for workers not able to establish negligence or satisfy the 30% whole person impairment threshold for common law and are unable to return to their pre-injury work; are suffering an ongoing and significant detriment to their quality of life; or are facing significant medical or other costs into the future
- to examine (with consideration of the outcomes of the above two terms and as applicable) the costs

and benefits of increasing statutory benefits; and introducing a narrative test of serious injury to facilitate alternative access to common law damages

- to review and report on the requirement that a worker intending to seek damages must lodge an election with the Tribunal within two years of lodging a claim for compensation (section 138AB).

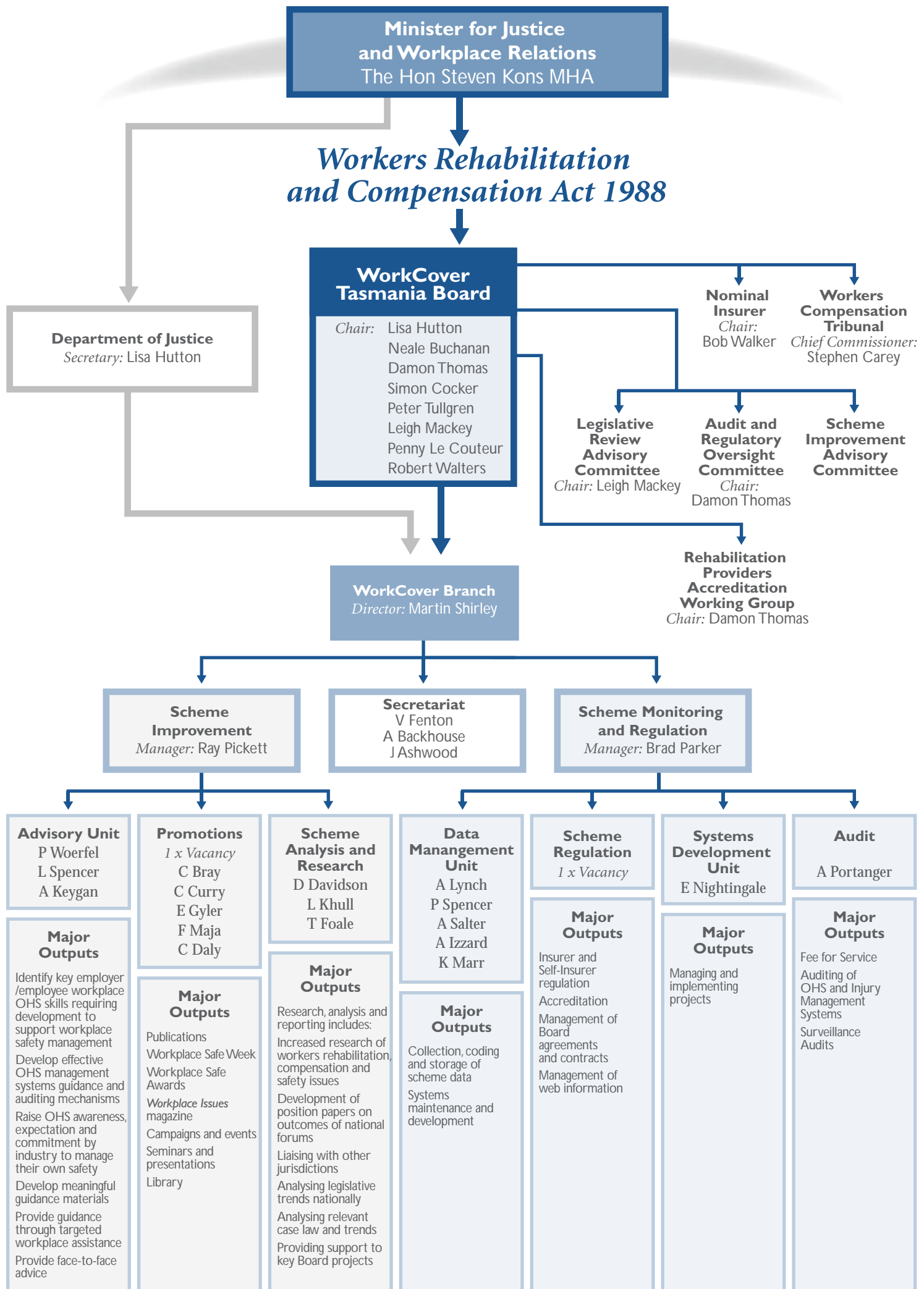
The review will:

- examine barriers to early reporting and return to work
- attempt to identify reasonable incentives for return to work
- examine the role of the employer, insurer, injured worker, general practitioner and rehabilitation provider in return to work and re-training
- examine the compensation of workers who are able to establish permanent impairment levels in excess of 30% but who elect not to go down a common law path
- examine the adequacy and fairness of compensation for workers who are able to establish levels of permanent impairment of less than 30%
- examine what role, if any, a narrative test may have in determining access to common law damages.

It is anticipated the review will be presented to the Minister in the last quarter of 2007.

WorkCover
Branch





/// About the branch

The WorkCover Branch gives effect to the decisions of the Board to achieve the Board's strategic direction. The Branch comprises three sections:

- Secretariat
- Scheme Improvement Section
- Scheme Monitoring and Regulation Section.

This year has been a productive one. The 12 months to 30 June 2007 have continued to be characterised by a plateauing in the rate of decline of workplace illness and injury. The number of workers compensation claims lodged was 293 (3%) fewer than the previous year (9,726 compared to 10,019). The actual average premium rate paid by employers in 2006 was 2.0% of wages. This is a decrease of 13% from the previous year's 2.3% of wages and is the fifth successive decrease in the average premium rate.

The Branch continued its audit program and conducted audits of licensed insurers and self-insurers to facilitate the Board's decision regarding the reissuing of licenses and permits.

During the year, each licensed insurer received a 12-month extension to their licence to allow them to begin implementing the Board's Return to Work and Injury Management Model.

The WorkCover Advisory Unit was established to help small and medium-sized business make their workplaces and workers safe.

Workplace Safe Week was held in the last week of October 2006. In this time, many Tasmanian workplaces took part in activities that provided vital OHS information.

For the second time, last year's first five categories formed part of the National Safe Work Australia Awards. All finalists were commended for their dedication in making Australian workplaces safe.

There are two types of medical accreditation:

- only medical practitioners accredited under section 77 of the Act can issue workers compensation medical certificates in Tasmania. At 30 June 2007 there were 947 resident medical practitioners accredited in Tasmania to issue these certificates. This year, 109 new doctors were accredited.
- only medical practitioners accredited by the Board can issue certificates of impairment. At 30 June 2007 there were 64 medical practitioners accredited to assess impairment.

Our people

The Branch recognises the value and quality of its team members through its commitment to learning and development for staff at all levels.

To help staff maintain up-to-date subject knowledge in related discipline areas such as OHS, workers compensation, policy and auditing, targeted training and attendance at selected seminars and conferences are provided. Membership to relevant professional associations is also encouraged.

The professional development program allows the team to further develop its skills in managing and synthesising information, critical thinking, and in making innovative links between research and work practice.

Recruiting and retaining capable and committed staff

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

The Board continues to recruit and retain capable and committed people and is mindful of the strong competition from the private sector.

Competitive remuneration is an ongoing challenge. In December 2006 the State Service Wages Agreement delivered a 3.5% salary increase. A further 4.5% increase is scheduled for December 2007. These increases, when coupled with generous leave entitlements and other conditions of employment, have helped offset the perception that private industry provides better remuneration. Nevertheless, the Branch continues to experience some difficulties in recruitment for specialist staff positions. The Branch continues to identify skills, knowledge and abilities for each position, assess each staff member's development needs against those requirements, and link the Branch's training program to the performance management program.

There remains a strong emphasis on ensuring a safe workplace and on actively managing work-related illness and injury. The Branch continues to encourage early reporting of workplace illness and injury, and promote a zero tolerance approach to workplace bullying and harassment. Access to staff counselling services is provided, but statistics are not kept on this at Branch level (so that confidentiality remains protected).

/// About the branch

The modern State Service is a demanding workplace and the continuing challenge for management is to ensure it helps staff achieve a reasonable work/life balance. The Branch continues to engage short-term contract staff — to ensure peak workload times do not result in excessive demands on permanent staff — and encourage flexible work arrangements. It will identify programmes of work that no longer deliver efficient outcomes for the community and develop exit strategies for these.

The Secretariat

The Secretariat aims to be an efficient and professional contact of the Board and Branch for the public, and a competent and proficient administrative service for Board members and staff.

This section is responsible for:

- providing information and advice on policy options relating to the Board's operations
- investigating and reviewing contemporary workers compensation issues (including developments across other jurisdictions) and preparing reports, proposals and recommendations for the Board
- organising and preparing Board meetings
- liaising and communicating with Board members
- preparing, organising, editing and formatting Board papers
- supporting the Branch director and managers
- organising Branch and committee meetings and functions
- managing contributions for the Board's Annual Report
- maintaining Board correspondence

maintaining and updating databases, forms, packages and mail merge listings associated with effective administration of the Branch.

While this section has only recently been reformed (including locating its staff in a single location), the potential for more streamlined and efficient administrative processes within the Branch is already evident. For example, many Branch meetings are now supported by the Secretariat. It is envisaged that when at full capacity, this section will be able to perform the majority, if not all, of this work.

Scheme Improvement Section

Relevant legislative functions

- To promote the prevention of injury and disease in the workplace, and the development of healthy and safe workplaces.
- To promote and support the effective injury management of injured workers.
- To promote an understanding of this Act and the *Workplace Health and Safety Act 1995* 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 comprises four units:

- Advisory Unit
- Projects
- Promotions
- Scheme Analysis and Research.

Advisory Unit and its achievements

This unit helps employers in priority industries improve their OHS and injury management performance.

This unit supports the Board's strategy to improve OHS by providing consultative, educative, informative and advisory initiatives. The unit and its program's strategies:

- promote prevention as an integral part of a workplace safety culture and management system
- develop consultative and collaborative relationships with workers, employers and other relevant parties
- encourage joint employer and worker involvement in OHS and support the principles and practices of injury management

/// About the branch

- identify opportunities for improvement and possible solutions that may support workplaces to address safety issues and effect a program of continuous improvement
- incorporate a follow-up strategy to gauge the progress of workplace improvement programs.

The unit began operating in February 2007, with four major projects (all of which continue into 2007–08):

Dangerous substances legislation support material

The unit is responsible for developing and delivering publications and information sessions to key stakeholders, to support new dangerous substances legislation. This legislation is not expected to be finalised until late 2007; Workplace Standards Tasmania's Inspectorate and Policy, Planning and Services Branch are also involved in this project.

New and young workers program

A new and young workers program has been delivered each year since 1996. The program normally coincides with the peak times of employment for new workers, and the times prior to work placement for students who are in workplace learning programs.

The program aims to raise awareness of OHS issues facing new and young workers (particularly in black spot occupations, and occupations or groups that have been identified as high risk for new and young workers).

The program focuses on the *Welcome to the Workplace* guides that provide information and tools to new and young workers and to their employers, teachers and trainers.

During 2006–07, the program presented information to groups such as:

- Australian Technical College students and teachers
- community groups
- employer groups
- secondary students prior to work experience placements
- senior secondary college students
- TAFE students pre-work placement
- Tasmanian Training Consortium-run programs for public sector workers
- teachers in vocational education programs.

Manual handling, slips and trips in hospitals

Tasmania is the lead jurisdiction responsible for developing a national Heads of Workplace Safety Authority compliance campaign that will target manual handling, slips and trips in hospitals.

The campaign will further investigate issues identified in previous campaigns (such as the Design 4 Health manual handling campaign of 2004). The areas examined will also align with the national priority to reduce high incidence/severity risks in the health care sector.

Transport and manufacturing industries program

Following research and analysis of the workers compensation claims data, and consultation with the Workplace Standards Inspectorate, the transport and manufacturing industries were selected for the Unit's first major focus.

A strategic plan was developed for delivering OHS advice to these industries; promotional and display material was developed; and businesses in the selected industries were identified. Service delivery began in June with workplace visits and promotion display booths at two conferences.

Projects and its achievements

This unit identifies and implements key projects identified by the Scheme Analysis and Research areas and endorsed by the Board.

Long Term Benefits Study

The University of Tasmania has been contracted to the Board to undertake this study, which focuses on the social, health and economic outcomes for longer-term workers compensation claimants. The study asks:

- what are the financial, social and health situations of long-term workers compensation recipients?
- are there 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 university will use a multi-disciplinary approach covering the economic and social aspects associated with claims. The primary tasks of the study are to:

- develop a comprehensive research proposal/design for implementing the study

/// About the branch

- conduct a quantitative survey of a sample of 700 or more longer duration workers compensation recipients (by mail)
 - conduct a qualitative in-depth interviewing study of a selected group of longer-duration workers compensation recipients
 - conduct a longitudinal project following the progress of a sample of workers compensation claimants over a 12 month period
 - prepare a final report.
- Scaffold Services Tasmania — Best workplace health and safety practices in small business
 - Department of Tourism, Arts and the Environment — highly commended for Public leadership award for injury prevention and management
 - Tasmanian Alkaloids Pty Ltd — Best individual contribution to workplace health and safety
 - Central Coast Council — Best return-to-work program
 - Comalco Aluminium (Bell Bay) Limited — Best new worker program
 - Qantas Hobart Contact Centre and Zinifex Rosebery Mine — joint Best workplace health and wellbeing program.

Promotions and its achievements

This unit delivers promotional services. Where appropriate, it strategically links with the activities of the Advisory Unit.

Workplace Safe Week

In 2006, 31 registered seminars, events and activities were held throughout the state as part of Workplace Safe Week and the national Safe Work Australia Week.

Some events were held at Board-funded venues while others were held at individual workplaces and other venues. Approximately 1,000 show bags — containing OHS resources and publications, promotional items, and an information CD — were distributed during the Week to people attending the seminars, events and activities, and to the Workplace Standards Inspectorate.

Almost 200 people attended events at Board-funded venues during the Week.

Workplace Safe Awards

There were 48 entries in the 2006 Workplace Safe Awards held as part of the national Safe Work Australia Awards. Twenty-eight of these entries reached the stage of finalist in the Tasmanian awards. Five of the eight awards categories were also national categories and the winning entries of four of the five categories were automatically entered in the national Safe Work Australia Week awards.

Fourty four entries were received from Tasmanian businesses for the Workplace Safe Awards in 2006. The overall winner was Works Infrastructure Pty Ltd; the company also won 'Best workplace health and safety management system'. The other award winners were:

- Australian Paper, Tasmania — Best solution to an identified workplace health and safety issue

The awards gala presentation dinner was attended by 453 people: 302 were representatives from businesses that entered the awards while 151 were non-entrants.

Publications

The Branch continued to review existing OHS and workers compensation publications, and develop new ones.

There has been a continued focus on producing and supplying information tailored to meet the needs of workplaces and industry, and supporting Workplace Standards Inspectorate and Board programs.

The free quarterly *Workplace Issues* magazine continues to be a successful and popular vehicle for promoting OHS and Board messages. Approximately 11,000 are printed for each edition; these are sent to more than 7,000 individuals and workplaces.

A number of new publications were produced this year:

- Host Employers: Managing the Safety of Labour Hire Workers
- Labour Hire Agencies: Managing the Safety of Labour Hire Workers
- What is WST and what does it do?
- WorkCover Tasmania Advisory Unit.

A number of publications were reviewed, including:

- A Guide to the Election of ESRs
- A Guide to Workers Compensation in Tasmania
- Hazard Management: Play it SAFE

/// About the branch

- Plant Safety: Registration and Record Keeping Requirements Applying in Tasmania
- Stress, Bullying, Alcohol and other Drug Misuse: Hidden Hazards: A Guide for Employers
- What you don't know can hurt you.

A full list of publications can be found at:

www.workcover.tas.gov.au/workcoverpublish/resource/gb054publica.htm

Scheme Analysis and Research and its achievements

This unit uses Branch resources and the Board's contracted actuaries to strategically analyse data and other available knowledge, in order to identify problem areas of the scheme and identify emerging trends. It also identifies national and local emerging issues; seeks feedback from those attending national forums; and provides advice to the Board on contemporary OHS and injury management issues.

The unit completed the following reports and tasks this year:

Development of Work Related Fatalities Database and Audit of Recorded Fatalities

Workplace Standards Tasmania and the Branch have recently centralised their data collections and recording of work-related fatalities. The result is the Work Related Fatalities Database, which is to be administered by the Branch. An audit of recorded fatalities was also done.

Industry All Claims Frequency Rate Report

This report details and compares the all claims frequency rate for each industry for each year between 2001–02 and 2005–06.

Industry Lost Time Injury Frequency Rate Report

This report details and compares the lost time injury frequency rate for each industry for each year between 2001–02 and 2005–06.

New and Young Workers Report

This report examines injuries sustained by new and young workers for 2005 and 2006; and areas such as industry, occupation, gender and cost.

Nursing and Care Workers Report

This report examines and reports on injuries in the nursing and care workers occupations.

Occupational Black Spots Report Update 2006

This is the third instalment of the black spot reports and covers the period 2002–03 to 2005–06. It identifies occupational groups that have recorded high numbers of severe injuries. Injury severity is determined using a methodology developed by the Board.

Supply of data to the national Comparative Performance Monitoring (CPM) Report

The Branch provides data to ASCC's CPM Report project, which compares the performance of the OHS and workers compensation scheme in Australia and New Zealand.

Workers Compensation Monitoring System data audit and updating of system integrity checks

An internal audit of the workers compensation monitoring system was done to test and verify the accuracy of data held within the system.

Workers Compensation Statistical Report 2005–06

This is an 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 the 2005–06 financial year.

2006 Scheme Review and Suggested 2007–08 Premium Rates

The scheme review is an actuarial review of the performance of the Tasmanian workers compensation scheme for the 2006 year. In particular, it evaluates claims experience, adequacy of insurer estimates, industry profitability and the impact of past legislative changes.

The Board is required to annually publish a set of suggested industry premium rates for workers compensation. The purpose of this is to better inform the market place and to reduce the potential for erratic and volatile pricing of workers compensation insurance cover.

A summary of this is provided below.

2006 Scheme Performance Review

Bateup Actuarial & Consulting Services Pty Ltd conducted a review of the Scheme performance as at 31 December 2006, and developed suggested industry premium rates for the 2007–08 year for the Tasmanian workers compensation scheme.

This summary draws out the key findings of these investigations. By its nature, this summary is brief and does not cover every aspect of the investigations. It is not a stand-alone document and must be read in conjunction with the full report (Volumes 1 to 6) to be found at: www.workcover.tas.gov.au/workcoverpublish/attach/wc2006scheme.pdf

The analysis and projections undertaken are subject to a number of important reliances and limitations, which are detailed in the full report. It is essential that these be read and understood by users of this summary.

Scheme performance to 31 December 2006

Total claim payments were \$95.5 million, 6.7% (or \$6.0 million) lower than total payments in 2005.

Payments in respect of weekly benefits and medical and related services increased in each of the past two years. Each now comprise around 30% of total payments.

Lump sum payments totalled \$30.6 million in 2006, a similar figure to 2005. Common law payments continue to reduce, with \$4.3 million paid in 2006 which is around 10% of the level paid at the time of the 2000 amendments. Payments as redemptions and negotiated settlements now represent 80% of all lump sum payments.

Payments were below the projections from the previous Scheme review, a result driven by lower than projected common law payments.

During 2006 the estimated claim frequency reduced for each segment. The estimated claim frequency is now 1.44 claims per \$million wages for the insured segment, 1.28 claims per \$million wages for the self insured segment, and 1.10 claims per \$million wages for the Tasmanian State Service (TSS).

The proportion of all reported claims involving payment for lost time had been increasing in all segments, with

the sharpest increases in the TSS and insured segments. During 2006 the lost time proportion reduced slightly for each of the three segments. Current estimated levels are 56% for the TSS, 53% for self-insurers and 47% for the insured segment.

An analysis of large claims (claims where costs exceed \$600,000): for 2006 it is estimated there will be 9.3 large claims for the insured segment, 3.7 for the TSS, and 1.1 for all self-insurers combined.

Claim duration

There is some evidence of increasing duration of weekly benefit claims.

The majority of payments are expected to be made within two or three years after the year of accident.

Estimated scheme cost

The total estimated cost of the Scheme for the four years 1997 to 2000 is 2.21% of wages. For the period 2003–06, the estimated cost is 1.36% of wages. It is therefore estimated that there has been a 39% reduction in Scheme cost, relative to wages, since the introduction of the 2000 amendments. In addition to the amendments themselves, other factors contributing to the reduction in estimated Scheme cost may include:

- reduction in claim frequency
- improvements in injury management and claimant rehabilitation
- a shift in industry and claim mix
- a “honeymoon period” following the 2000 amendments.

Licensed insurer premiums and profitability

Average premiums have reduced by approximately 12% in 2006. This brings the total reduction since 2001 to around 39%.

It is estimated that premiums from 2000 have been profitable in terms of their ability to meet the cost of claims and expenses arising in the year. The estimated profit for 2006 is 16% of gross earned premium.

/// About the branch

Premium rates

Monitoring insurer premium rates is a statutory function of the Board. The aim of this monitoring is to ensure that workers compensation insurance arrangements in Tasmania are efficient and competitive.

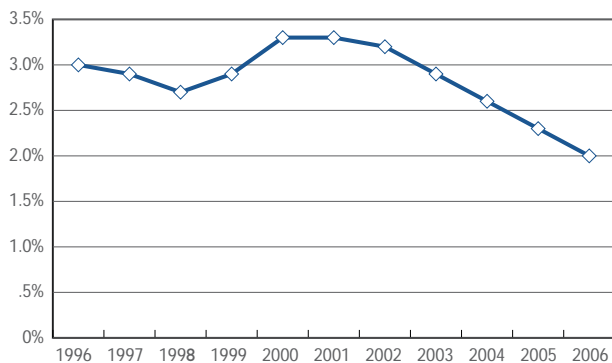
The accepted method of measuring the cost to business of workers compensation cover is to express the premiums as a rate or as a percentage of wages.

The table below shows the gross earned premium and gross earned wages as well as the average premium as a percentage of wages and the indexed value of the average premium rate for each of the past 10 years. The chart below shows average premium as a percentage of wages for the past 10 years graphically.

In 2006, the average premium was 2.0% of wages, which is a decrease of 13% from the previous year.

Year	Gross Earned Premium (\$m)	Gross Earned Wages (\$m)	Premium as % Wages	Index Value (1996=100)
1996	90.10	2,970.72	3.0%	100
1997	88.78	3,052.46	2.9%	97
1998	86.26	3,210.43	2.7%	90
1999	96.96	3,366.19	2.9%	96
2000	113.38	3,454.79	3.3%	109
2001	119.11	3,580.09	3.3%	111
2002	121.72	3,783.58	3.2%	107
2003	116.92	4,006.74	2.9%	97
2004	112.95	4,353.27	2.6%	86
2005	110.39	4,740.67	2.3%	78
2006	104.40	5,119.30	2.0%	68

**Premium as a Percentage of Wages
1996-2006**



The average premium as a percentage of wages has been steadily decreasing in the past five years, reducing 39.4% since its peak in 2000 and 2001 of 3.3% of wages.

Each year the Board publishes a set of suggested industry premium rates on its website. The purpose of this is to better inform the market place and to reduce the potential for erratic and volatile pricing of workers compensation insurance cover.

However, the actual rates charged by insurers to individual employers may differ from the suggested rates, with each insurer taking into account the claims experience of the employer, the insurer's actual expense loadings, and the level of profitability of the insurer's business in determining the rates they will charge.

Scheme Monitoring and Regulation Section

Relevant legislative functions

- To monitor and report to the Minister on the operation and effectiveness of the Act and Regulations, and on the performance of the systems to which the legislation relates.
- To monitor and review the performance of licensed insurers and self-insurers and the operation of the Nominal Insurer.
- To monitor and review premium rates and, so far as is practicable, ensure insurance arrangements are efficient and competitive.
- To collect and publish statistics on matters the Board considers necessary or relevant to the performance of its functions under, or the administration of, this Act.

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

- establishing performance standards for licensed insurers and self-insurers
- monitoring compliance with the licence and permit conditions
- administering accredited service providers
- collecting, storing and maintaining workers claims data
- implementing Board approved projects.

The section comprises four units:

- Audit Unit
- Data Management Unit
- Projects Unit
- Scheme Regulation Unit.

/// About the branch

Audit Unit and its achievements

This unit does audits of the management systems used by licensed insurers and self-insurers: to ensure they satisfy their licence or permit obligations and maintain a cycle of continuous improvement in their management systems.

Licensed insurers

The unit did eight surveillance audits of licensed insurers during the year. These occur after the insurer has completed a self-assessment audit of their own systems. This was the first year that all licensed insurers had been audited. The audits revealed a range of approaches to managing workers compensation claims, from simple claims management to more complex injury management methodologies.

Where the audit identified opportunities for improvement, the insurer was asked to prepare an action plan responding to the issues identified. Sixty-eight opportunities for improvement were identified during the audits, from minor non-compliance with the licence conditions to suggestions on system enhancement. The Scheme Regulation Unit monitors compliance with the action plan.

A complete list of licensed insurers is found on page 35.

Self-insurers

The unit did 17 surveillance audits of self-insurers during the year. These audits included safety management and injury management system audits, using SafetyMAP and InjuryMAP as the audit tools.

Due to limited resources in 2005–06, a number of surveillance audits were not done. 2006–07 saw a significant focus on ‘catching up’ on these outstanding audits.

Audits done in 2006–07 were:

Company	InjuryMAP	SafetyMAP
Australian and New Zealand Banking Group Limited	✓	✓
Cadbury Schweppes Pty Ltd	✓	
Coles Group Limited	✓	✓
Commonwealth Bank of Australia	✓	✓
Forestry Tasmania	✓	
Gunns Forest Products Pty Ltd	✓	✓
Ingham Enterprises Pty Ltd	✓	✓
PaperlinX Limited	✓	
Tasmanian Electro Metallurgical Co Pty Ltd	✓	
Zinifex Hobart Smelter	✓	
Zinifex Rosebery Mine	✓	✓

As a result of the audits completed on the self-insurers’ safety and injury management systems, 136 opportunities for improvement were identified: 76 relating to the SafetyMAP audits and 60 relating to the InjuryMAP audits. Where the audit identified opportunities for improvement, the insurer was asked to prepare an action plan responding to the issues identified. The Scheme Regulation Unit monitors compliance with the action plan.

A complete list of self-insurers is found on page 35.

Fee for service audits

While the priority of the Audit Unit is surveillance audits of licensed Insurers and self-insurers, the unit also performs ‘fee for service’ audits using SafetyMAP and InjuryMAP.

These audits are typically requested by self-insurers leading up to a permit renewal period, where they need to supply an audit report as part of their submission for the renewal of their permit.

No fee for service audits were requested or performed in 2006–07.

Data Management Unit and its achievements

This unit collects, codes, stores and maintains workers compensation claims information. During the year, the unit received and coded 10,270 claim forms.

The unit receives detailed payment information from licensed insurers and self-insurers, checks it for accuracy, and enters it into the Worker Compensation Management System (WCMS) database.

During the year, 78,642 payment records were received and entered into WCMS.

The WCMS database has reached the end of its software development lifecycle and consequently. A request put to the Board in June 2007 for funding to acquire a new system was approved (see the Projects Unit below for details).

This unit is also responsible for managing the infringement notice process in conjunction with the Department’s Fines Enforcement Unit. The introduction of infringement notices prompted a review of existing processing arrangements; in conjunction with the Scheme Regulation Unit, changes were made to existing processes to add additional rigor to the system and strengthen reporting arrangements.

/// About the branch

During the year the unit worked closely with the Scheme Regulation Unit to develop a compliance database (see the Scheme Regulation Unit below for details).

Projects Unit and its achievements

This unit implements the projects developed and approved by the Board. Current projects are:

Return to Work and Injury Management Model (the model)

At its June 2007 meeting, the Board made its final decision to adopt the model and proceed with its implementation.

An actuarial assessment was made to determine the likely financial impact of the model on the Tasmanian workers compensation scheme. This found that implementing the model would have minimal financial impact when considered against the benefits to be gained.

The unit developed an implementation plan, detailing the priorities for the next three years. Key priorities for the first year include:

- aligning legislation
- establishing new licence and permit conditions for insurers
- enhancing existing and developing new Branch systems and processes
- education and promotion of the model.

Knowledge Management

At its June 2007 meeting, the Board approved funding to acquire a new Knowledge Management System. The new system will not be limited to just storing claims, payments and premium data but will have the capacity to integrate all the functions of the Board into a single system, to greatly enhance the Board's monitoring and analysis capability.

As part of the project proposal, the unit assessed the existing systems arrangements, developed an IT strategy for the Branch, and prepared a business requirement specification for the new system. An expression of interest process was completed to seek information from the marketplace.

Preparing a detailed project plan and technical and functional specifications are the first priorities for 2007–08.

National Harmonisation of Self-Insurance Arrangements

The Branch has participated in a number of forums with other jurisdictions to look at harmonising some of the provisions associated with self-insurance across Australia. The Scheme Regulation Unit has been working on implementing a number of changes that will align the Tasmanian provisions for self-insurance with other jurisdictions. These provisions and their status are:

- national audit tool — the Board has agreed to implement the national audit tool for multi-state self-insurers. The Board is waiting for recognition by JAS–ANZ that they will offer certification against the new audit tool
- financial indicators — a common set of financial indicators has been adopted as part of the application /renewal process; these will also be applied to all self-insurers on an annual basis
- method for determining the quantum of bank guarantee — while a method has been agreed through the Heads of Workers Compensation Authorities, Tasmania has sought independent advice on the suitability of applying this to Tasmanian self-insurers. This matter is yet to be considered by the Board
- common format for bank guarantee — the Board has agreed to adopt the national template for bank guarantees. This will be applied as guarantees are reviewed.

Scheme Regulation Unit and its achievements

This unit monitors and regulates those scheme participants that the Board has direct control over.

During the year the Board granted five permits to self-insure: three were for three years, one was for two years. The Board also chose to extend all existing licences to insure for an additional 12 months to allow time for the introduction of the new Return to Work and Injury Management Model.

Two self-insurers surrendered their permit to self-insure during the year. One permit holder was granted access to the Federal Comcare Scheme and the second moved the majority of its operations offshore, choosing to purchase a policy of insurance for its remaining staff.

A complete list of licensed insurers and self-insurers can be found on page 35.

/// About the branch

The unit established a compliance database to improve its ability to measure and monitor the performance of insurers. Timeliness, accuracy and compliance with licence and permit conditions are measured, assessed and recorded. Where requested, compliance reports are provided to insurers to help them improve their systems. The outputs from this database inform the audit process and permit and licence renewal process.

Even though it is still early days, the impact of the section's new structure is yielding significant results. Only when these activities come together can the

true benefits brought about by the new structure be realised. The Scheme Regulation Unit is establishing the performance standards of our insurers; the Audit Unit is monitoring compliance with those standards; the Data Management Unit is collecting and managing data on performance; this is fed back into the Scheme Regulation Unit's activities; and the learnings from these activities are identified and improvements made via the Projects Unit. The net product of these activities is a fully-integrated management system focused on the continuous improvement of the Tasmanian workers compensation scheme.

/// Department's exercise of powers and performance of functions

Relevant legislative functions

- To monitor and review 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

Compliance and awareness projects

The Workplace Standards Tasmania Inspectorate carried out six major compliance and awareness projects in 2006–07. Three projects were part of a national strategy, as agreed to by Heads of Workplace Safety Authorities. The projects were:

- a labour hire industry project that focused on increased OHS awareness and compliance between the labour hire industry and host companies. It audited the safety management systems of targeted labour hire businesses; and surveyed host employers to see if there was industry support for developing an industry code of practice. Two publications were produced in conjunction with the Board to support this project
- a national manufacturing industry project that targeted the steel and structural fabrication sector in Tasmania. It focused on manual handling, and how employers can improve their ability to effectively manage risks through consultation with workers
- a compliance audit project that targeted assessors of applicants for statutory OHS certificates of competency. They were audited to ensure they used guidelines and standards called up in legislation
- a national labour hire industry project that targeted the food manufacturing industry. It helped host employers and labour hire agencies manage and meet their OHS responsibilities and obligations
- a project that focussed on standardising national certificates of competencies and assessor registration requirements. This was done to ensure uniformity,

quality and integrity of training and assessment of applicants performing high-risk work

- a compliance audit project that targeted the mining industry. It focussed on the consultation process within mining companies.

Inspectors from Electricity Standards and Safety conducted audits to examine the maintenance of electrical infrastructure.

Inspectors from Gas Standards and Safety continued to work closely with industry and the community to ensure appropriate safety systems accompanied the roll out of gas reticulation.

Field inspections

A key part of the Inspectorate's role is to visit workplaces to help with and ensure compliance.

- *Workers Rehabilitation and Compensation Act 1988* — 87 site audits and inspections were conducted.
- *Workplace Health and Safety Act 1995* — 4,314 site audits and inspections were conducted; 293 notices were issued (188 requiring improvements and 105 requiring that work stop).

Prosecutions

Fines imposed by the Magistrates Court have increased. The maximum penalty handed down to a defendant this year was \$120,000 for the death of an employee as a result of an underground rock fall. The maximum penalty possible for this offence is \$150,000.

- *Workers Rehabilitation and Compensation Act 1988* — 14 cases were referred to the Court of Petty Sessions; ten defendants were found guilty, four cases were still proceeding. A total of \$20,143 was awarded against employers for insurance premiums avoided.
- *Workplace Health and Safety Act 1995* — 44 cases were referred to the Court of Petty Sessions; 20 defendants were found guilty, 12 cases were still proceeding.

/// Department's exercise of powers and performance of functions

Telephone enquiries and publication requests

The first point of contact for telephone enquiries to Workplace Standards Tasmania is the Helpline.

The Helpline deals with queries about workers compensation, OHS and other legislation administered by Workplace Standards Tasmania. It receives notification of accidents and incidents that may require immediate response from any of Workplace Standards' three regions. Stakeholders are provided with relevant information, and matters requiring further research are directed to other parts of Workplace Standards.

Telephone calls are received during business hours, and an after hours emergency service is maintained. The Helpline also attends to requests for information by email; provides advice for internet users; and helps people choose and order appropriate publications (which it then supplies).

This year, 41,798 phone calls were answered (the previous year, 49,545 calls).

Subject	2006-07
Building standards and regulation	1,612
Dangerous goods	964
Federal industrial relations	6,871
Long service leave	1,607
Workplace health and safety	10,075
Other	591
State industrial relations	16,166
Statutory holidays	587
Workers rehabilitation and compensation	3,325
Total	41,798

The Helpline also received 1,539 emails; processed more than 2,300 requests for publications; and provided more than 76,350 publications.

/// Licensed and Self-insurers

Licensed insurers as at 30 June 2007

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

Self-insurers as at 30 June 2007

Australia and New Zealand Banking Group Limited
Cadbury Schweppes Pty Ltd
Coles Group Limited
Commonwealth Bank of Australia
Forestry Tasmania
Gunns Forest Products Pty Ltd
Inghams Enterprises Pty Limited
National Foods Milk Limited
PaperlinX Limited
Rio Tinto Aluminium (Bell Bay) Limited
Tasmanian Electro Metallurgical Co Pty Ltd
Westpac Banking Corporation
Woolworths Limited
Zinifex Australia Limited

National Australia Bank Limited held a Permit to Self-Insure until 30 April 2007

Blundstone Australia Pty Ltd held a Permit to Self-Insure until 8 June 2007.

Freedom of information requests

Freedom of information requests are administered by the Policy, Planning and Services Branch of Workplace Standards Tasmania.

This report does not include workers compensation prosecutions.

This year 33 freedom of information requests were received (the previous year, 38 requests).

Number and source of requests

Individuals	3	1-30 days	33
Solicitors and clients	13	More than 30 days	-
Members of Parliament	-		
Companies	4		
Other jurisdictions	13		

Decision time (days)

Fees and charges

Total calculated	578.16
Waived or reduced	110.00

Request status

Carried over from previous year (2006)	-
Awaiting decision at 30 June 2007	-
Decided	33
Withdrawn	-
Transferred externally	-

Charge waiving reasons

Routine request	-
Personal information	2
General public interest	-
Impecunious applicant	-
Member of Parliament	-
Other (other jurisdiction's investigation)	2

Outcome of requests

Decided — full access	15
Decided — partial access	-
Decided — denied access	-
Personal files amended	-
Personal files not amended	-
Information not in possession of agency (S22)	18
Information able to be purchased or otherwise available (S9)	-
Outside scope of the Act (S5)	-
Other (S8, S10, S18, S20)	-

Request addressed to

WorkCover Tasmania	14
Email direct to FOI Officer	7
Emailed to wstinfo@justice	4
WST	7
Other	1

/// Contracts 2006–07

Summary of participation by local businesses (for contracts and tenders greater than \$50,000)	
Total number of contracts awarded	1
Total number of contracts awarded to Tasmanian suppliers	1
Total value of contracts awarded	\$300,000
Total value of contracts awarded to Tasmanian suppliers	\$300,000
Total number of tenders called	0*
Total number of bids received	0
Total number of bids received from Tasmanian businesses	0

**An exemption was granted from the requirement to go to tender.*

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 \$
Not applicable				

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 and Consultancy Services Pty Ltd	Melbourne, Victoria	Actuarial services	30 June 2006– 31 December 2007	\$367,000
Beyond PR	Hobart, Tasmania	Public relations services	1 January 2004–31 December 2006	\$330,000
Clemenger Tasmania	Hobart Tasmania	Advertising services	1 September 2005–30 September 2008	\$1.2M
University of Tasmania	Hobart, Tasmania	Long Term Benefits Study	1 January 2007–31 December 2009	\$300,000

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 \$
Division of General Practice	Hobart, Tasmania	Scoping Study	30 September 2006–30 November 2006	\$48,800

Scheme
Performance



/// Workers Compensation Statistical Report

July 2006 - June 2007

Executive Summary

Trends at a Glance

The following table highlights the trends between 2005-06 and 2006-07.

	Overall Scheme	Licensed Insurers	Self-Insurers	Tas State Service
Claims numbers	▼ 2.9%	▼ 1.9%	▼ 19.4%	▲ 0.1%
Days lost	▲ 7.4%	▲ 6.7%	▼ 12.2%	▲ 15.9%
Average claim costs	▲ 0.4%	▼ 3.7%	▲ 17.4%	▲ 14.0%
Scheme expenditure - Payments	▲ 1.8%	▼ 0.8%	▼ 19.1%	▲ 22.0%
Scheme expenditure - Administration costs	▼ 5.3%	▼ 5.1%	▼ 7.8%	▼ 4.9%

Claims Reported

1. Overall, the total number of claims reported in 2006-07 was 9,726. This is 293 claims fewer than the total number of claims reported in 2005-06 (10,019), a decrease of 2.9%.
2. There has been a steady decline in the number of claims reported since 1995-96, although the rate of decline over the past five years has slowed.
3. On average, there were 44.3 claims per thousand workers during 2006-07. This was a decrease on 2005-06 of 4.5%, and continues a trend seen over the past five years in which the average incidence rate has fallen 17.9% from 54.0 in 2002-03.

Fatalities

4. Four compensable fatalities were reported in 2006-07.

Timeliness

5. The percentage of claims not being reported by employers to insurers within five working days has remained consistent at around 22-23%.

Days Lost

6. During the payment year 2006-07 there were 212,137 days lost. The days lost relate to claims incurred during and prior to 2006-07. This is an increase of 14,691 days lost, an increase of 7.4% compared to 2005-06. The number days lost has been steadily increasing since 2003-04.

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Average Claims Cost

7. The past five years has seen a general downward trend in average estimated costs. The average cost for claims reported in 2006-07 was \$8,106, a slight increase of 0.4% compared with the average estimated claim cost of claims reported in 2005-06 of \$8,074.

Scheme Expenditure – Payments

8. In 2006-07 a total of \$99.50m was paid on claims incurred prior to and during that year. This is \$1.74m more than the total amount paid during 2005-06, an increase of 1.8%.
9. The major component of total payments in 2006-07 was Weekly Benefits which represented 31.3% of all payments at \$31.13m, and increased by 6.2% relative to 2005-06 (\$29.30m).
10. Medical and related payments accounted for \$29.21m of the total payments in 2006-07, or 29.3%, and a small increase of 1.8% compared with 2005-06 (\$28.60m).
11. Payments relating to Common law during 2006-07 decreased by a further 6.4% relative to 2005-06, contributing \$5.22m or 5.2% to total payments.
12. Other lump sum payments increased 1.3% from \$26.35m in 2005-06 to \$26.70m in 2006-07, and accounted for 26.8% of all payments during the year.

Scheme Expenditure – Administration Costs

13. In 2006-07 administration costs were \$30.92m, a decrease of 5.3% from the previous year.

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Claims Reported

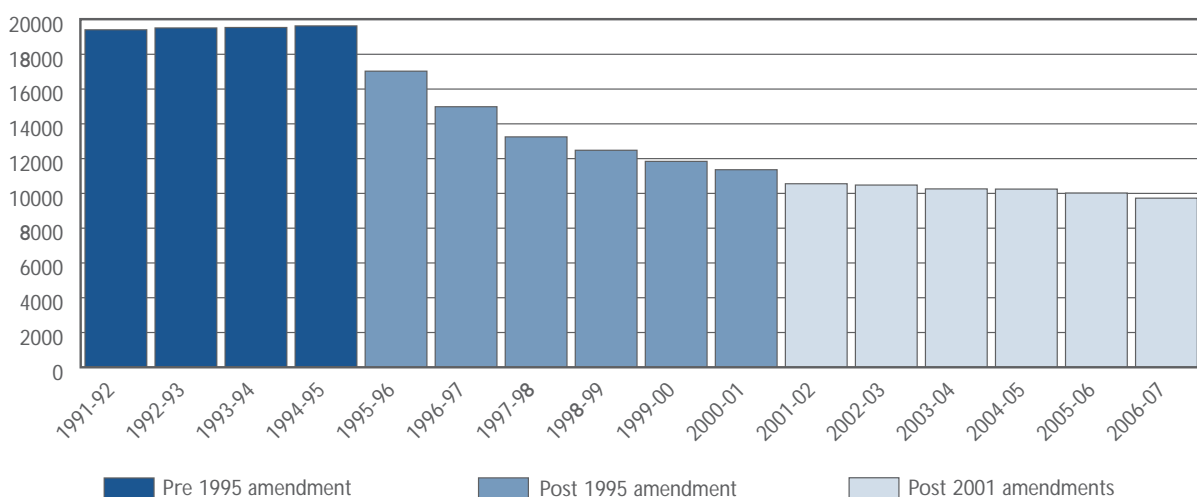
Overall

Overall, the total number of claims reported¹ in 2006-07 was 9,726. This is 293 claims fewer than the total number of claims reported in 2005-06 (10,019), a decrease of 2.9%.

There has been a steady decline in the number of claims reported since 1995-96, although the rate of decline over the past five years has slowed.

Chart 1 below details the number of claims by report year since 1991-92. The graph also shows when legislative changes were made.

Chart 1: Number of Claims Reported



Number of Claims by Type of Insurer

Licensed insurers experienced a small decrease (1.9%) in the number of claims reported in 2006-07 (7,511), with 142 fewer claims compared with 2005-06 (7,653), (Chart 2). Licensed insurers received 77.2% of all claims reported during 2006-07.

Self-insurers had 152 fewer claims in 2006-07 with 631 reported during the year, or 6.5% of the total. This was a 19.4% decrease on the 783 reported during 2005-06.

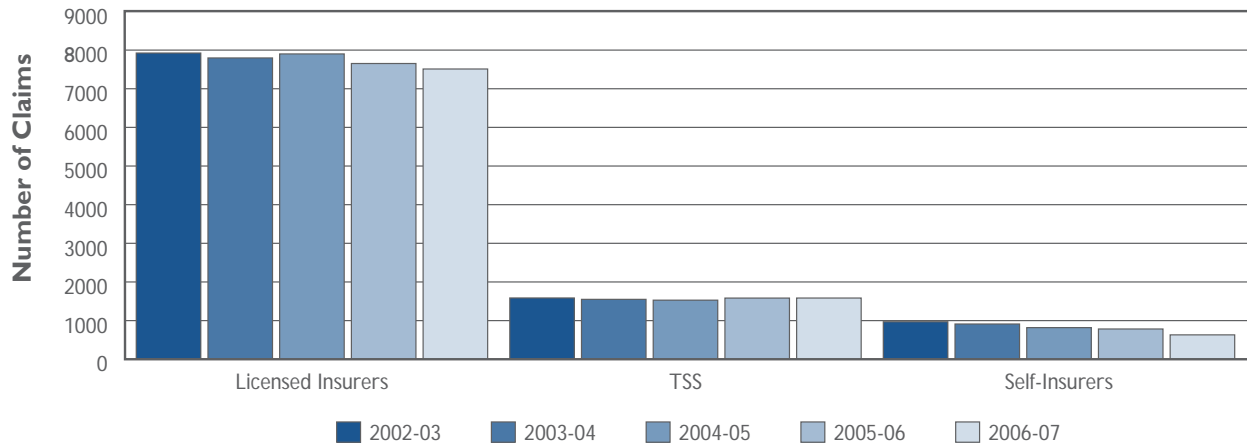
The Tasmanian State Service (TSS) was basically unchanged with one more claim reported in 2006-07 compared with 2005-06 (1,584 and 1,583 respectively).

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.

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Chart 2: Number of Claims by Type of Insurer



Claim Numbers by Industry Division

According to ANZSIC, there are 17 industry divisions. In this report, *Forestry* has been reported as a separate industry division from the *Agriculture, Forestry & Fishing* industry to create two industry divisions, *Agriculture, Fishing & Hunting* and *Forestry*, due to *Forestry* being a significant industry in Tasmania. Chart 3 shows the number of claims per industry between 2002-03 and 2006-07.

Manufacturing continued to report the highest number of claims, with 2,064 in 2006-07, an increase of 2.3% compared with 2005-06 (2,017). This industry is the second biggest based on hours worked.

Health & Community Services and *Retail Trade* were also significant contributors to total claims for 2006-07, representing 12.9% and 10.0% of all claims respectively. *Retail Trade* was the largest industry in 2006-07 based on hours worked and *Health & Community Services* was third.

There were reduction in claims numbers for 12 industry divisions for 2006-07 compared with 2005-06, with percentage decreases ranging between 3.9% and 29.2%. In percentage terms, the biggest improvement was in *Communication Services*, down by 29.2% to 34 claims in 2006-07. *Finance & Insurance* and *Mining* also recorded large decreases, of 27.0% and 21.5% respectively. In terms of absolute claim numbers, the biggest decline was seen in the *Retail Trade*, which had 105 fewer claims in 2006-07 compared with the previous year (-9.8%).

Five industry divisions experienced increases in claim numbers ranging from 0.2% to 6.4%. The biggest proportional increase for 2006-07 compared with 2005-06 was in *Personal & Other Services* which increased by 6.4% to 364 injuries and the biggest increase in absolute terms was *Health & Community Services* which reported 60 more injuries.

Government Administration & Defence was unchanged at 728 claims reported in both 2005-06 and 2006-07.

Incidence Rate by Industry Division

The incidence rate is measured as the number of claims per thousand workers² and allows analysis of claims occurrence without the distorting effects of the size of the workforce. For instance, a large industry with many workers would expect to report more claims than an industry with few workers; by viewing claims occurrence as a ratio to the number of workers within the industry, a comparison of the relative performance of industries can be made.

² Number of workers declared by employers to be covered by Tasmanian workers compensation insurance. This should not be confused with the total number of workers in Tasmania.

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Chart 4 shows the incidence rate of claims by industry over a five year period, shown in the same order as in Chart 3. Across all industries, there was an average of 44.3 claims per thousand workers during 2006-07. This was a decrease on 2005-06 of 4.5%, and continues a trend seen over the past five years in which the average incidence rate has fallen 17.9% from 54.0 in 2002-03.

Between 2005-06 and 2006-07, 13 industries had decreases in the incidence of claims per thousand workers, while five had increases. The greatest improvement was in *Electricity, Gas & Water Supply* which decreased its incidence rate by 46.1% or 38.4 claims per thousand workers, compared with 2005-06. However, there appeared to be a much lower than usual number of workers during 2005-06 resulting in a high incidence rate of 83.3 injuries per thousand workers. Compared with 2004-05 when there was a more usual size of workforce, the incidence rate in 2006-07 was 20.7% lower or 11.7 fewer injuries per thousand workers, which corresponds with a 19.8% decrease in claim numbers during the period.

Other industries with significant improvements in incidence rates were *Finance & Insurance* (-29.2% or 6.1 fewer claims per thousand workers) and *Communication Services* (-26.2% or 7.3 fewer claims per thousand workers). These decreases came from a fall in claim numbers, of 27.0% and 29.2% respectively, with a stable workforce.

Manufacturing continued to have the highest incidence rate, recording 95.9 claims per thousand workers for 2006-07, more than twice the all industries average. Other industries with large incidence rates were *Construction* (76.2), *Mining* (72.9) and *Government Administration & Defence* (62.9). *Finance & Insurance* had the lowest incidence rate of just 14.8 claims per thousand workers, followed by *Agriculture, Fishing & Hunting* (19.3), *Accommodation, Cafes & Restaurants* (20.3) and *Communication Services* (20.7).

Over the past five years, *Forestry, Communication Services, Agriculture, Fishing & Hunting* and *Mining* have shown significant improvements in their claims incidence rates. *Forestry* had the highest incidence rate by industry in 2002-03 of 132.7 claims per thousand workers in 2002-03, but this has reduced by 57.1% to 56.9 claims in 2006-07. *Communication Services* has reduced by 43.3% over the past 5 years from 36.5 claims per thousand workers in 2002-03, to less than half the all industries average at 20.7 claims per thousand workers in 2006-07. *Agriculture, Fishing & Hunting* has reduced by 39.1%, from 31.7 claims per thousand workers in 2002-03 to one of the lowest incidence rates by industry at 19.3 claims in 2006-07. A majority of this decline occurred between 2004-05 and 2005-06, with only a 0.4% decrease between 2005-06 and 2006-07.

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Chart 3: Number of Claims by Industry Division

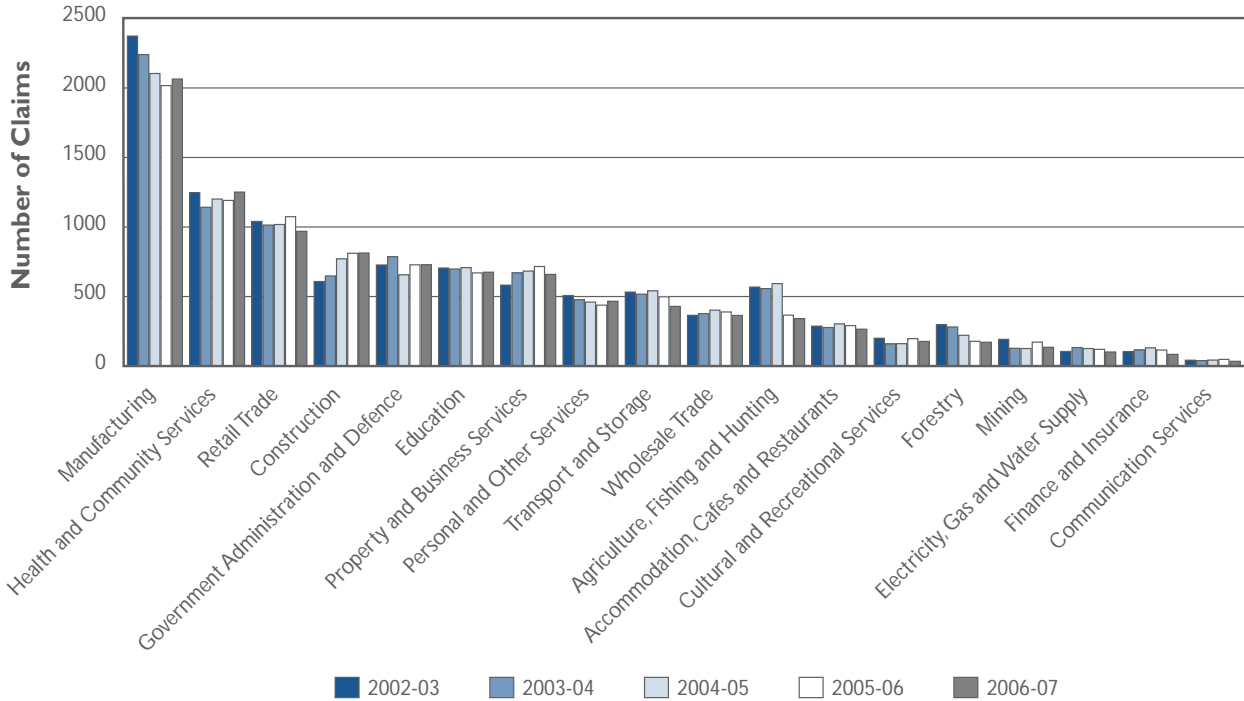
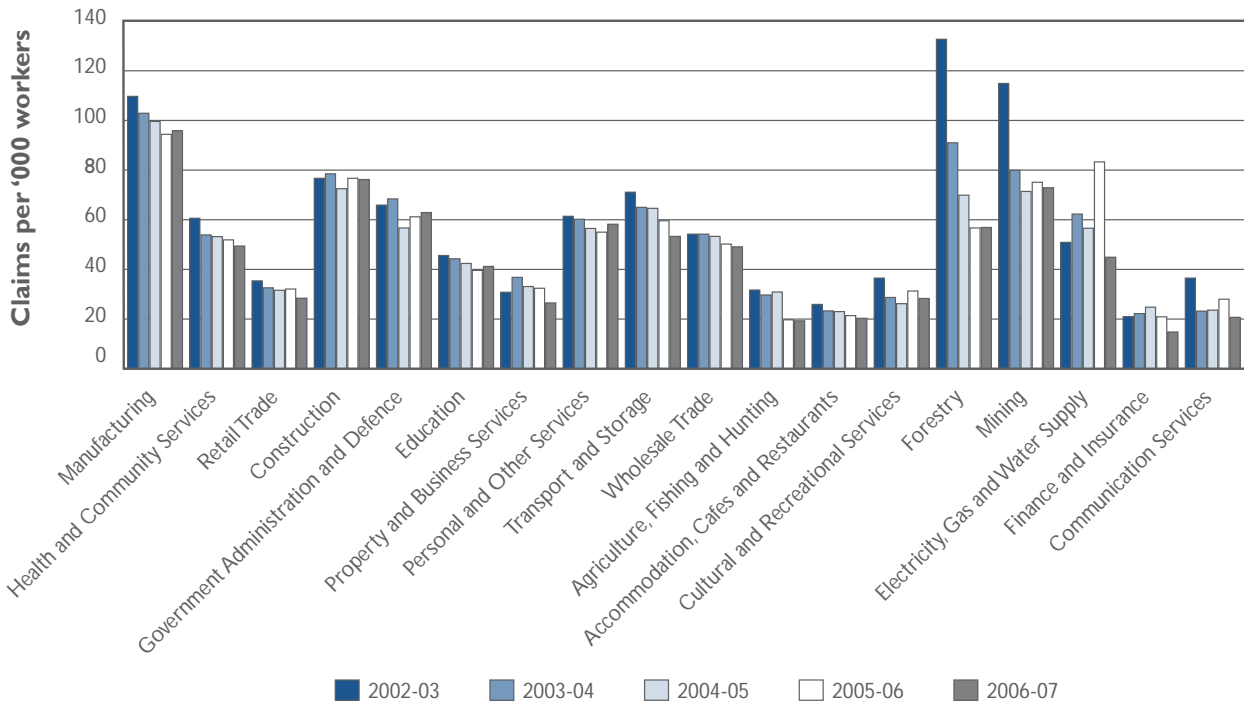


Chart 4: Incidence Rate by Industry Division



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Fatalities

There were seven work related³ fatalities in Tasmania reported during 2006-07, of which four were compensable⁴ under the Tasmanian Workers Compensation Scheme.

The following table shows the number of work related fatalities and the number of those that were compensable for the past five years:

Year3	Total Work Related Fatalities	Compensable Fatalities
2002-03	13	10
2003-04	9	4
2004-05	9	4
2005-06	8	5
2006-07	7	4

The four compensable fatalities which occurred in 2006-07 comprised:

- Two workers were killed by electrocution in the same incident due to contact with overhead power lines whilst moving irrigation pipes. They were employed in the *Grain-sheep and grain-beef cattle farming* industry.
- A worker was killed in a motor vehicle accident while driving a work truck in the *Timber resawing & dressing* industry.
- A worker in the *Freight forwarding (except road)* industry was killed.

3 A fatality is considered to be work related if the death arose out of or in the course of employment or at a workplace where the activity of the deceased was contributing to, or subject to, the activity of that workplace.

4 Not all work related fatalities are covered under workers compensation legislation due to the nature of the deceased person's work arrangements; for example, contractors and self-employed people. Compensable fatalities are identified as those work related fatalities where death entitlements have been paid as part of the Tasmanian Workers Compensation Scheme and thus are recorded as a workers compensation claim on the Workers Compensation Monitoring System.

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Timeliness of Claims Reporting

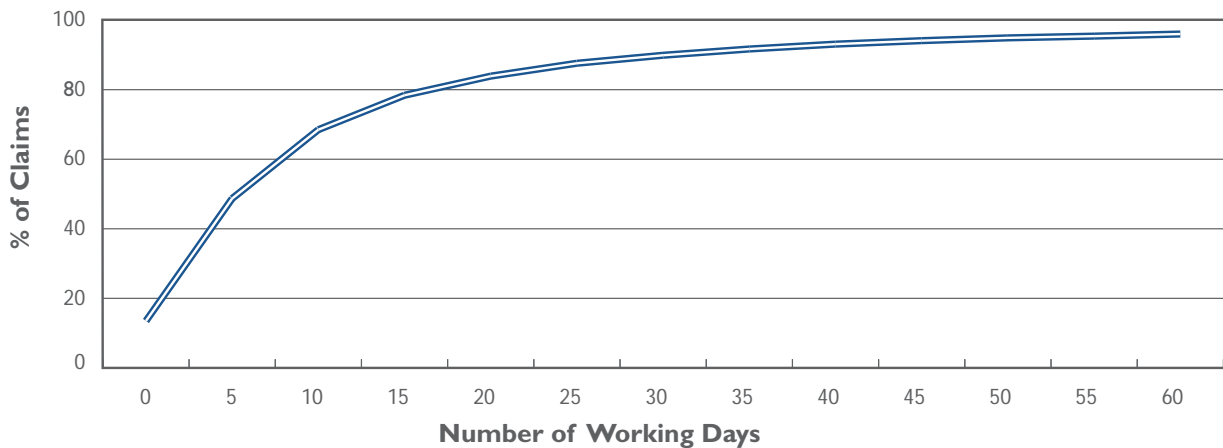
There is evidence of a correlation between claim costs and lag-times in claims reporting, with long lag-times often resulting in higher costs. The sooner a claim is reported, the sooner management of the injury and claim can commence, leading to improved outcomes for the worker and the employer with regards to treatment and cost of the injury.

Worker to Employer

Between 2005-06 and 2006-07 there was a small increase in the proportion of claims being reported by workers to their employers within one week of injury. For claims reported during 2006-07, 48.7% were reported within one week, while for 2005-06 48.4% were reported within one week. This is fairly consistent with previous years, where on average nearly half of all claims are reported within this timeframe.

The following graph shows the total proportion of claims reported within a given number of days. Of all claims occurring in 2006-07, just less than 70% had been reported after 10 working days (two weeks), and after 35 working days (seven weeks) 91.7% had been reported.

Chart 5: Workers to Employers
% of Claims Reported Within X Working Days (2006-07)



Employer to Insurer

It is a requirement under section 36 of the *Workers Rehabilitation and Compensation Act 1988*, that an employer must forward a claim to the insurer within five working days. The percentage of claims not being reported by employers to insurers within five working days has remained consistent at around 22-23%. The percentage for 2006-07 was 22.9%, which was 3.4% lower than 2005-06 (23.7%).

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Days Lost

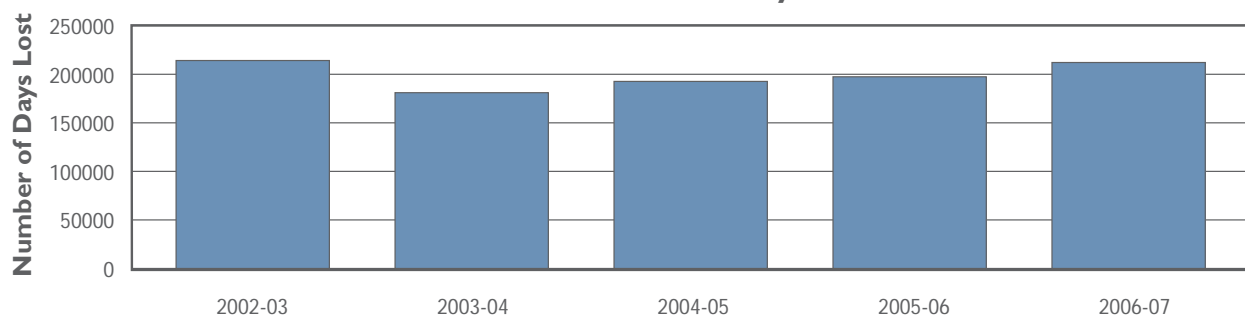
Overall

During the payment year 2006-07 there were 212,137 days lost. The days lost relate to claims incurred during and prior to 2006-07. This is an increase of 14,691 days lost, an increase of 7.4% compared to 2005-06. The number days lost has been steadily increasing since 2003-04.

The 212,137 days lost cost the scheme \$31.13m in weekly benefits (income replacement payments), which is \$1.83m (6.2%) more than the benefits paid in 2005-06.

It is interesting to note that the increases seen in the number of days lost has occurred during a period when total claim numbers have been decreasing. This suggests that either a larger proportion of claims are incurring lost time or individual claims are incurring a greater number of days lost, or a combination of both.

Chart 6: Number of Days Lost



Lost Days by Type of Insurer

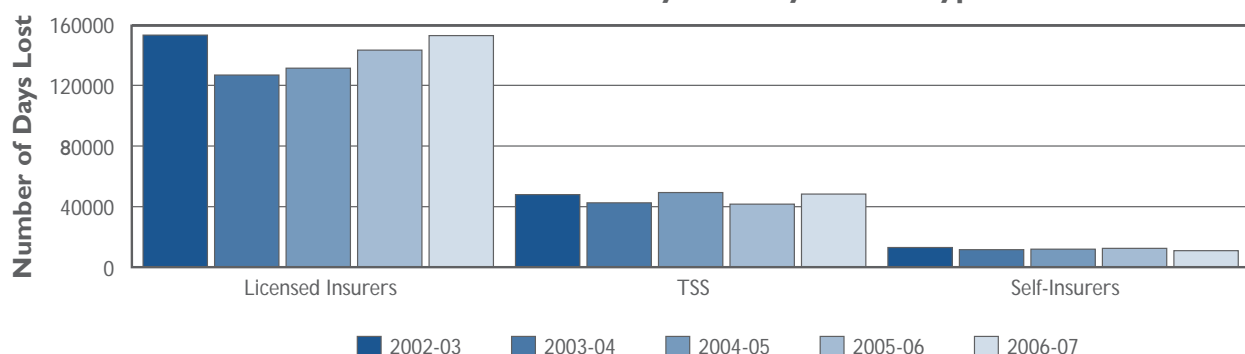
The number of days lost for licensed insurers in 2006-07 was 152,792, an increase of 6.7% on the number from the previous year.

The number of days lost for self-insurers in 2006-07 was 11,016, a decrease of 12.2% on the number from the previous year.

The number of days lost for the Tasmanian State Service in 2006-07 was 48,329, an increase of 15.9% on the number from the previous year.

The number of days lost for the Tasmanian State service as a proportion of total days lost has fluctuated at around 23% over the past five years. This is more than the Tasmanian State Service proportion of total claim numbers which has remained constant at around 15-16%. This suggests that claims from the Tasmanian State Service are more likely than claims from other insurer types to either incur lost time or have a greater number of days lost per claim or a combination of both. This corresponds to findings from other reports.

Chart 7: Number of Days Lost by Insurer Type



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Average Claim Cost

The Tasmanian Workers Compensation Scheme provides direct benefits to injured workers as well as covering the medical, rehabilitation and legal costs of the worker.

This section examines the costs of claims; that is, the cost (payments) made against claims where the claim was incurred in that year. The analysis does not include administration costs which are examined separately in a later section.

The total estimated incurred cost of a claim is equal to the total payments made against a claim plus the insurer estimate of future payments (referred to as outstanding case estimate). The average estimated incurred cost is calculated as the total estimated incurred cost divided by the total number of claims reported.

Many of the claims included in this analysis are still open and receiving payments. This fact makes comparison difficult as older claims are more developed; that is, the claim has been finalised or stabilised meaning the final cost of the claim is known or can be more accurately predicted. Conversely, more recent claims have had less time to develop and there is greater uncertainty regarding estimates of future payments.

To enable meaningful comparison two series of average estimated incurred costs are presented.

Average estimated incurred cost as at 30 June each year

This series is based on the total estimated incurred cost at the end of June each year, with payments and outstanding case estimates adjusted for inflation. For example, for claims reported in 2002-03 total incurred cost has been estimated as total payments made to 30 June 2003 plus outstanding case estimates at 30 June 2003, adjusted for inflation. This allows the average estimated incurred cost to be compared from year to year, at the same stage of development.

When examined this way, the past five years has generally seen a downward trend in average estimated incurred costs, although there was a small increase in 2006-07. The average incurred cost for claims reported in 2006-07 was \$8,106, an increase of 0.4% compared with the average estimated incurred cost for claims reported in 2005-06, of \$8,074.

Average estimated incurred cost as at 30 June 2007

This series is based on total estimated incurred cost as at 30 June 2007, with payments adjusted for inflation. For example, for claims reported in 2002-03 total incurred cost has been estimated as total payments to 30 June 2007 adjusted for inflation, plus outstanding case estimates at 30 June 2007. It should be noted that for this series the total estimated incurred cost for more recent years would be subject to further development. This development may be upwards if future payments and estimates exceed those already recorded or downwards if the estimates have been found to have been too high.

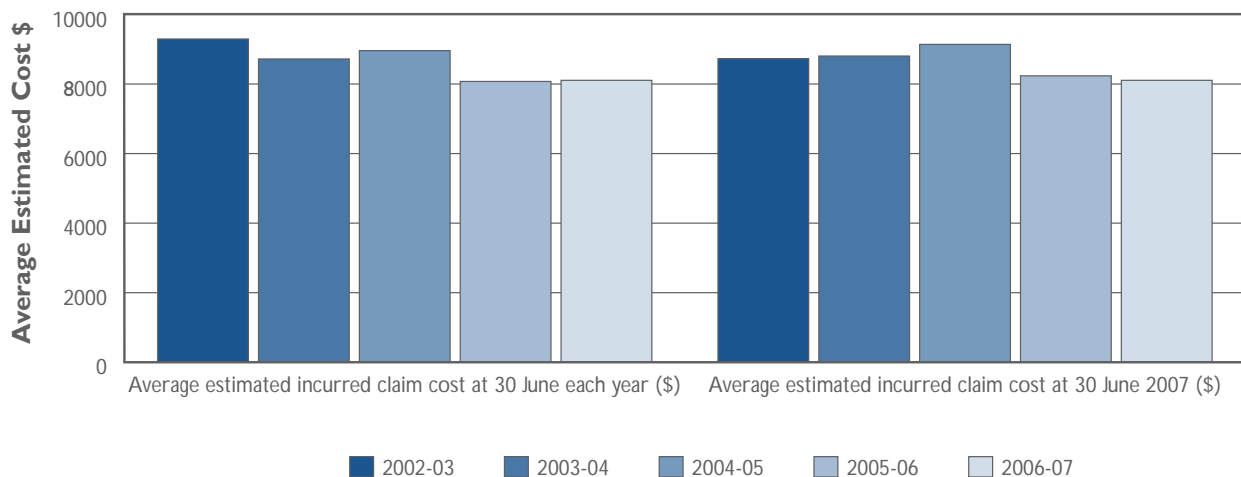
When examined this way, the past five years has seen a general downward trend in average estimated costs. The average cost for claims reported in 2006-07 was \$8,106, a decrease of 1.6% compared with the average estimated claim cost of claims reported in 2005-06 of \$8,236.

From Chart 8 it can be seen the two series are relatively similar suggesting a close correlation between the estimation of future payments and the subsequent actual payments.

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Chart 8: Average Estimated Incurred Claim Costs



Average Claim Cost by Insurer Type

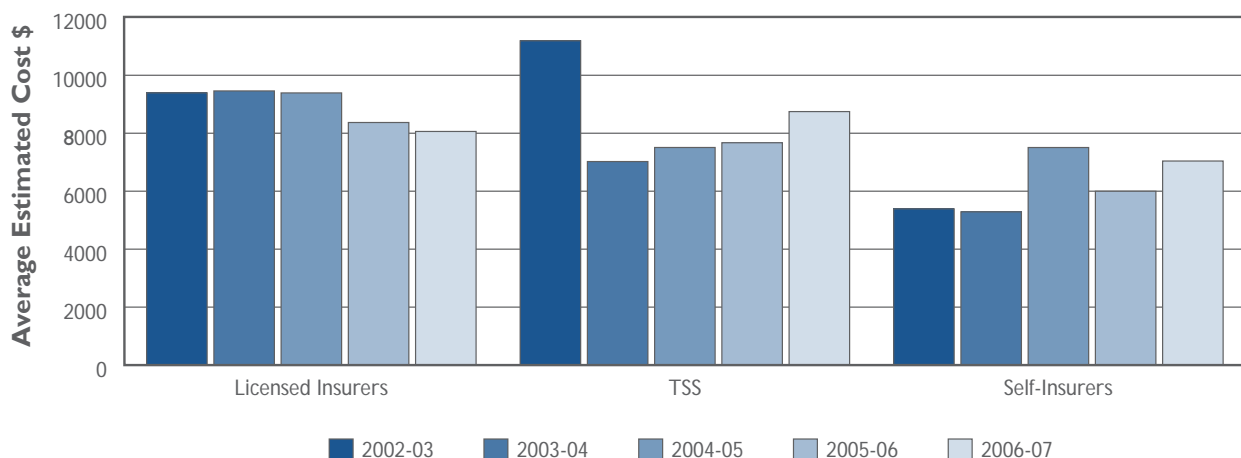
The comparison of average claim costs between insurers as presented in this section is based on the average estimated incurred cost at 30 June each year.

The average estimated incurred cost of claims for licensed insurers was \$8,061 in 2006-07, a decrease of approximately 3.7% from the average in 2005-06.

The average estimated incurred cost of claims for self-insurers has increased to \$7,041 in 2006-07. This is a 17.4% increase.

The average estimated incurred cost of claims for the Tasmanian State Service continued to increase, from \$7,672 in 2005-06 to \$8,747 in 2006-07, an increase of 14.0%. Average costs have increase 24.5% since 2003-04. The relatively large estimated average cost in 2002-03 was due to high outstanding estimates for future payments as estimated at 30 June 2003.

Chart 9: Average Estimated Incurred Claim Costs by Type of Insurer



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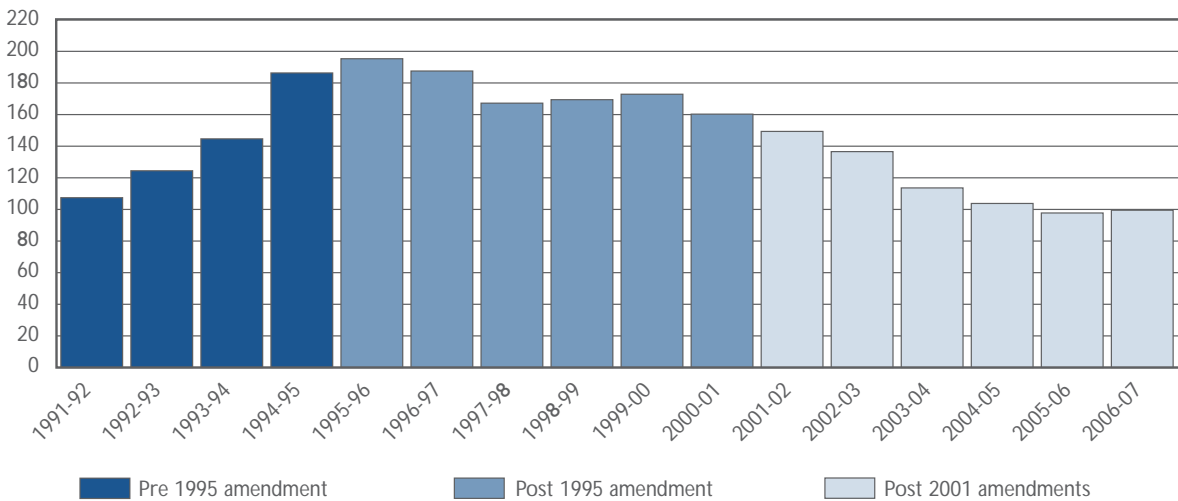
Scheme Expenditure - Payments

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 (as opposed to the previous section which examined the total costs of claims for claims which were reported in a given year). Payment data from past years presented in this report has been inflated to allow for more accurate analysis of payment data over time (for further information, please see the Notes section at the end of this report).

Overall

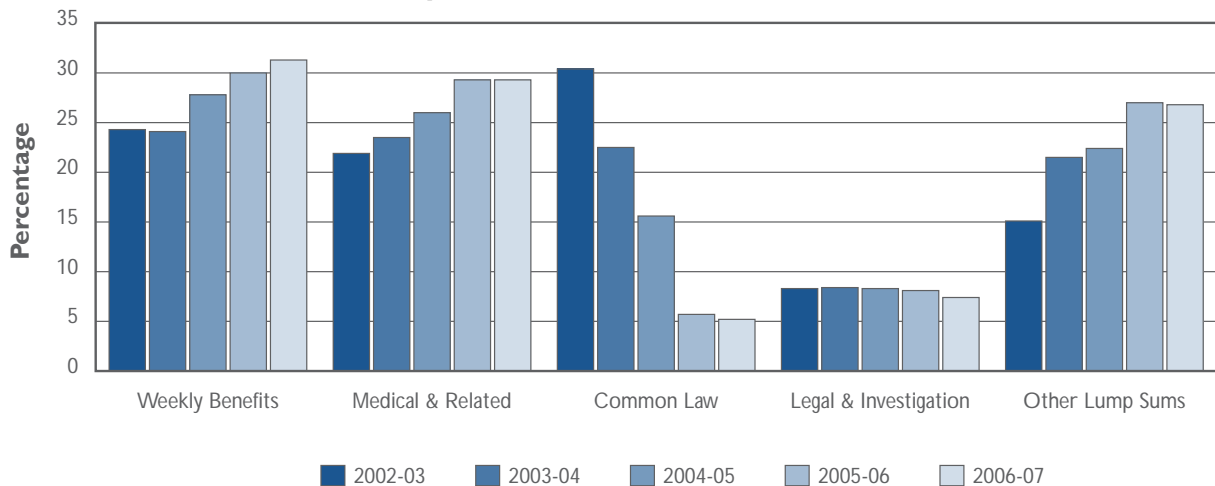
In 2006-07 a total of \$99.50m was paid on claims reported prior to and during that year. This is \$1.74m more than the total amount paid during 2005-06 (\$97.76m), an increase of 1.8%. This is the first increase in payments since 1999-2000.

Chart 10: Total Payments (\$m) by Payment Year



Payments by Payment Type

Chart 11: Type of Payment as a % of Total Payments



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Weekly benefits (income replacement payments)

The major component of total payments in 2006-07 was *Weekly Benefits* which represented 31.3% of all payments at \$31.13m. This was an increase on 2005-06 of \$1.82m (6.2%). *Weekly benefits* have been increasing as a proportion of total payments over the past six years.

Medical and related payments

Medical and related payments accounted for \$29.12m of the total payments in 2006-07, or 29.3%. This equates to an increase of 1.8% on *Medical and related payments* in 2005-06 (\$28.60m), but unchanged as a proportion of total payments.

Payments for *Doctors* made up more than a third of total *Medical and related payments* (35.6%) in 2006-07. The greatest increase between 2005-06 and 2006-07 was in *Rehabilitation*, which increased by \$0.66m or 9.2%. *Miscellaneous*⁵ medical payments fell by 4.5% between 2005-06 and 2006-07, after a large increase of 28.3% between 2004-05 and 2005-06.

Common law payments

Payments relating to *Common law* during 2006-07 decreased by a further 6.4% relative to 2005-06, contributing \$5.22m or 5.2% to total payments. This is 87.4% less than the \$41.49m paid in 2002-03.

Legal and investigation payments

Legal and investigation payments have experienced significant declines in recent years, falling by 8.6% to \$7.47m in 2006-07 compared with \$7.85m in 2005-06. Expenses are about half legal and half investigation; in 2006-07 48.9% went to *Legal expenses* and 51.1% went to *Investigation expenses*. *Investigation expenses* have been increasing as a proportion of all *Legal and investigation expenses*, from 39.4 % in 2002-03 to more than half in 2006-07.

Other lump sum payments

Other lump sum payments, including redemptions, impairment payments, death benefits and settlements, increased by 1.3% from \$26.35m in 2005-06, making up 26.8% of total payments.

The majority of *Other lump sum payments* was made up of *Settlements* which accounted for 79.5% of the total in 2006-07. *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 \$1.96m in 2006-07, up from \$0.49m in 2005-06, an increase of nearly 300%. This increase was partly due to there being more claims receiving impairment payments during 2006-07 (68) compared with the previous year (23), but also because of several large impairment payments, including two claims at the maximum applicable for the accident year of \$187,725 and another three above \$100,000.

Impairment payments include payments under the previous maims structure as well as the current impairment payments introduced in the 2001 legislative changes. It should also be noted 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 recorded under the impairment category.

Common Law Payments and Settlements

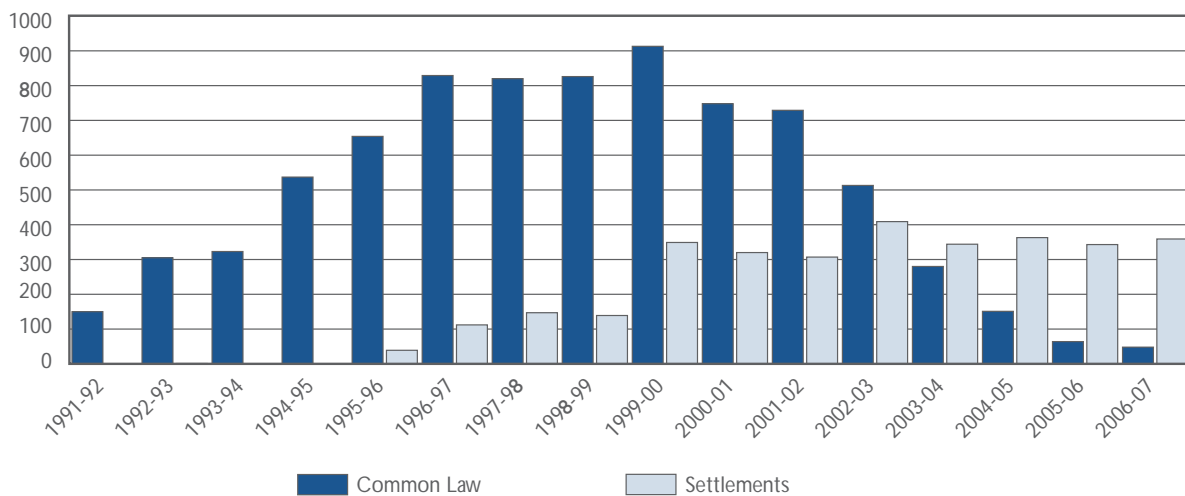
⁵ Miscellaneous costs relate to travel or accommodation expenses incurred by worker to undertake medical treatment, including road or air ambulance, worker's transport (at insurer's request), and clothing. Also includes costs associated with modifications to the home as part of rehabilitation. Also includes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

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Since the changes to the legislation in 2001, the number of *Common law payments* has dropped significantly. In 2000-01, the year before the legislative changes came into effect, there were 748 *Common law payments* made against claims incurred in previous years. In 2006-07 there were 48 of these payments. It is worth noting that the most recent claim to be paid a *Common law payment* occurred in 2003-04.

As the number of payments for *Common law* has fallen, the number of payments for *Settlements* has increased, suggesting a substitution effect. However, despite the increase in the number of *Settlements*, there are still far fewer of these payments compared with *Common law payments* in previous years, as shown in Chart 12.

Chart 12: Number of Common Law and Settlement Payments by Payment Year



Consistent with the drop in number of *Common law payments* made, the total amount of *Common law payments* have also decreased from around \$60m to \$5.22m in 2005-06.

Payments for *Settlements* have increased from around \$15m in 2000-01 to over \$21m for the past two years. However, this is a third of the amount paid out on *Common law payments* immediately prior to the legislative changes.

The average size of *Settlements* has tended to be less than those of *Common law payments*. Since 2000-01, on average *Common law payments* have been between \$80-110,000 each year whereas the average *Settlement* in that time has been about half that, at around \$40-60,000.

The following table shows the number of *Settlements* made each year by the size of the payment. Prior to 1995-96, there was only one other *Settlement* paid in 1992-93.

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Number of Settlements by Size of Payment

Payment Year	Number of Settlements by Size of Payment(\$)						Total Payments
	0-5,000	5-10,000	10-25,000	25-50,000	50-100,000	>= 100,000	
1995-96	12	1	5	11	10		39
1996-97	24	10	19	19	31	9	112
1997-98	34	21	29	29	28	6	147
1998-99	21	19	33	28	26	12	139
1999-00	60	33	86	60	56	54	349
2000-01	75	26	58	51	73	37	320
2001-02	42	51	79	59	59	17	307
2002-03	45	56	97	83	83	45	409
2003-04	36	41	65	59	89	54	344
2004-05	49	40	73	67	88	46	363
2005-06	36	33	68	67	74	65	343
2006-07	37	25	85	63	83	66	359

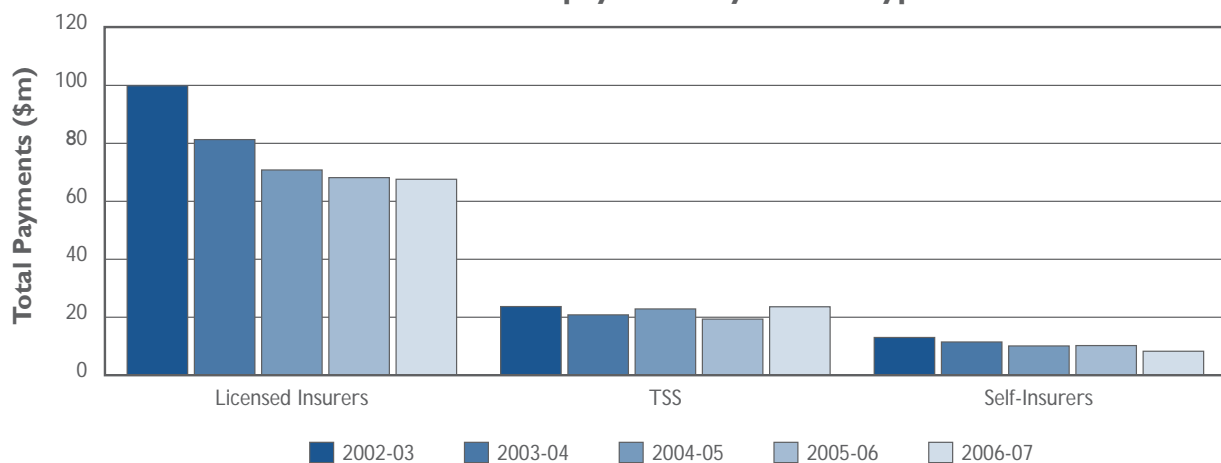
Payments by Insurer Type

Licensed insurers paid a total of \$67.61m in 2006-07, a decrease of 0.8% compared with 2005-06 (\$68.17m) .

The Tasmanian State Service paid out \$23.61m during 2006-07, an increase of 22.0% on the \$19.36m paid in 2005-06.

Self-insurers reported a decrease in total payments in 2006-07 compared to 2005-06, of 19.1%, down to \$8.27m.

Chart 13: Total payments by Insurer Type



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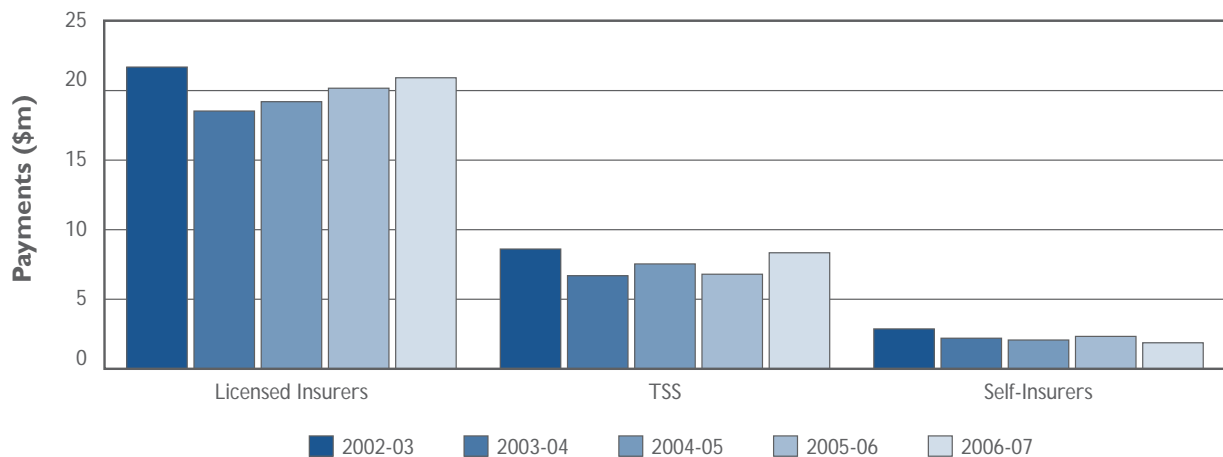
Weekly benefits (income replacement payments)

Licensed insurers paid \$20.92m in weekly benefits during 2006-07, an increase of 3.7% on 2005-06 (\$20.17m). This was 67.2% of the total weekly benefits paid out by all insurer types during 2005-06.

During 2006-07, the Tasmanian State Service paid out \$8.34m in weekly benefits, an increase of 22.7% relative to 2005-06 (\$6.80m).

Self-insurers weekly benefits payments decreased by 20.0% in 2006-07 compared to 2005-06, down to \$1.87m.

Chart 14: Weekly Benefits by Insurer Type



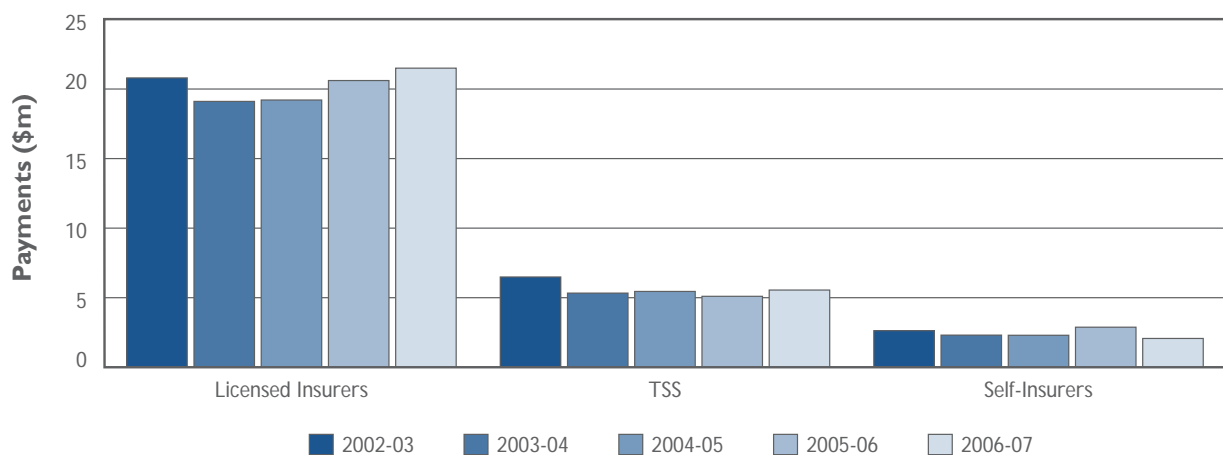
Medical and related payments

Licensed insurers accounted for 73.8% of all *Medical and related payments*, a total of \$21.50m. This was a 4.3% increase on 2005-06 figures, or an extra \$0.88m.

The Tasmanian State Service paid \$0.44m more in 2006-07 in medical payments than they did in 2005-06, an 8.7% increase.

Self-insurers had the greatest proportional change in *Medical and related payments*, falling by 28.1% to \$2.07m in 2006-07 compared with 2005-06 (\$2.88m). However, 2005-06 had in turn been a 25.6% increase on the previous year, 2004-05, which paid out \$2.31m in medical payments.

Chart 15: Medical and Related Expenses by Insurer Type



Workers Compensation Statistical Report

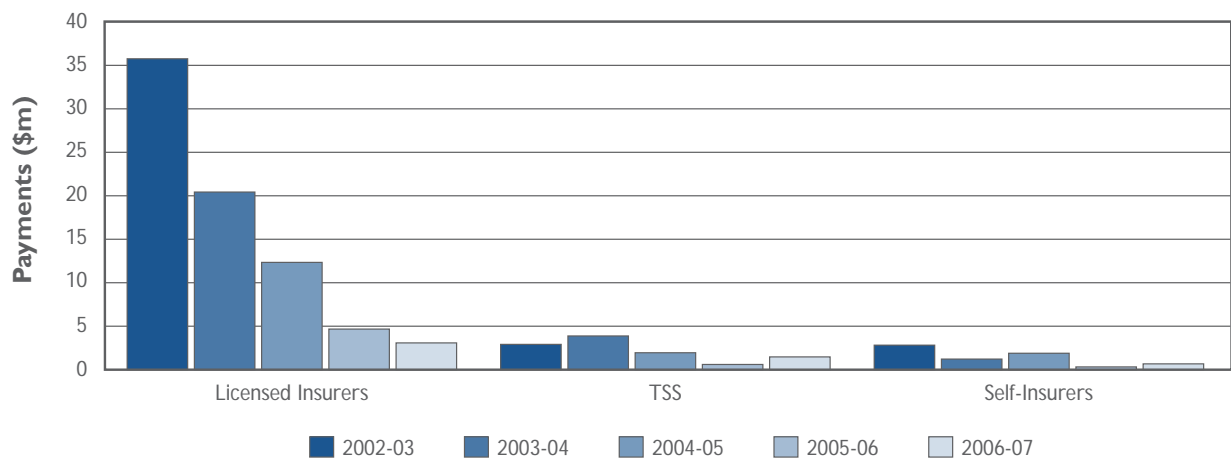
July 2006 - June 2007

Common law payments

The common law payments made by both the Tasmanian State Service and self-insurers more than doubled between 2005-06 and 2006-07. The Tasmanian State Service increased from \$0.60m to \$1.47m, an increase of 147.1%, and self-insurers rose 112.1% to \$0.67m compared to \$0.32m the previous year.

In previous years, licensed insurers had accounted for around 80% of the total common law payments made during a year. However, due to the increases in payments by the Tasmanian State Service and self-insurers, as well as a 34.1% drop in payments by licensed insurers, the proportion has fallen to 58.9% in 2006-07.

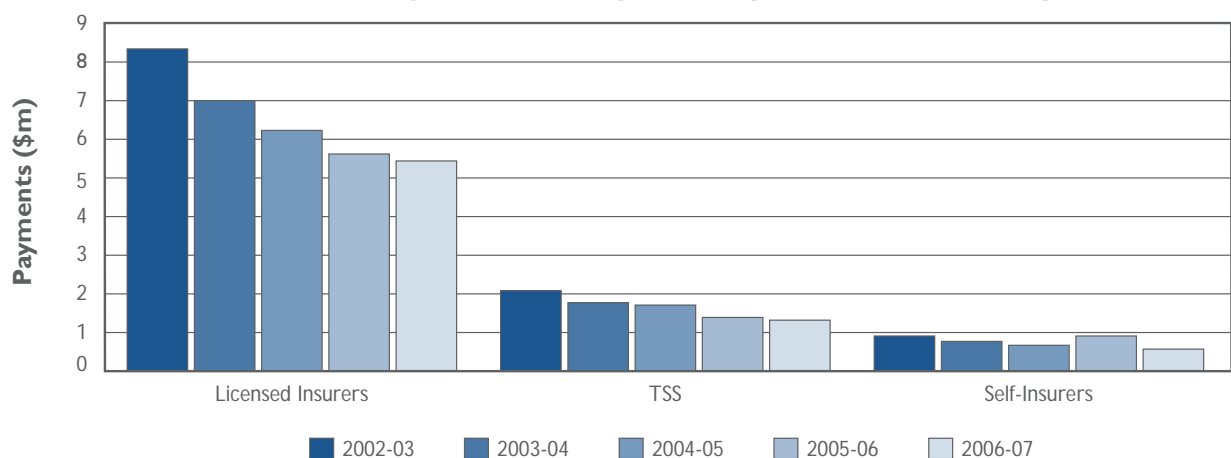
Chart 16: Common Law Payments by Insurer Type



Legal and investigation payments

Legal and investigation payments fell in 2006-07 compared with 2005-06 for all insurer types. The greatest decrease was for self-insurers, where payments against legal and investigation expenses fell by 37.1%. However, this was in comparison to 2005-06, which was unusually high relative to other years, and itself a 35.1% increase on 2004-05. Licensed insurers fell by 3.2% and the Tasmanian State Service by 5.1%.

Chart 17: Legal and Investigation Expenses by Insurer Type



Workers Compensation Statistical Report

July 2006 - June 2007

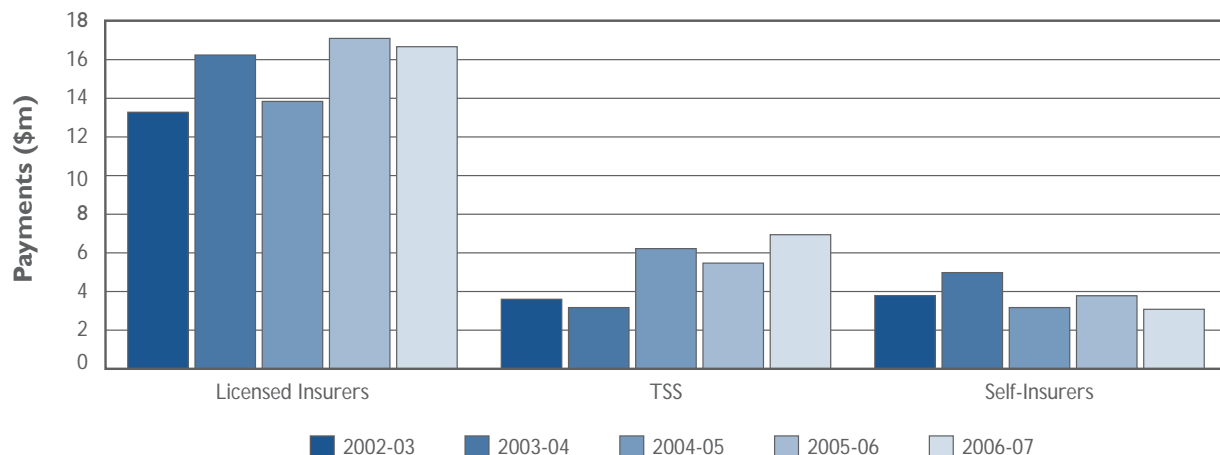
Other lump sum payments

In 2006-07, *Other lump sum payments* by licensed insurers increased by 3.4% compared with 2005-06, to a total of \$16.67m.

For *Other lump sum payments*, the Tasmanian State Service increased by 26.8% in 2006-07 compared with 2005-06, to \$6.94m.

Self-insurers have been variable over the past five years for *Other lump sum payments*. In 2006-07, self-insurers paid out 18.5% less compared with 2005-06.

Chart 18: Other Lump Sums by Insurer Type



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Scheme Expenditure - Administration Costs

Overall

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

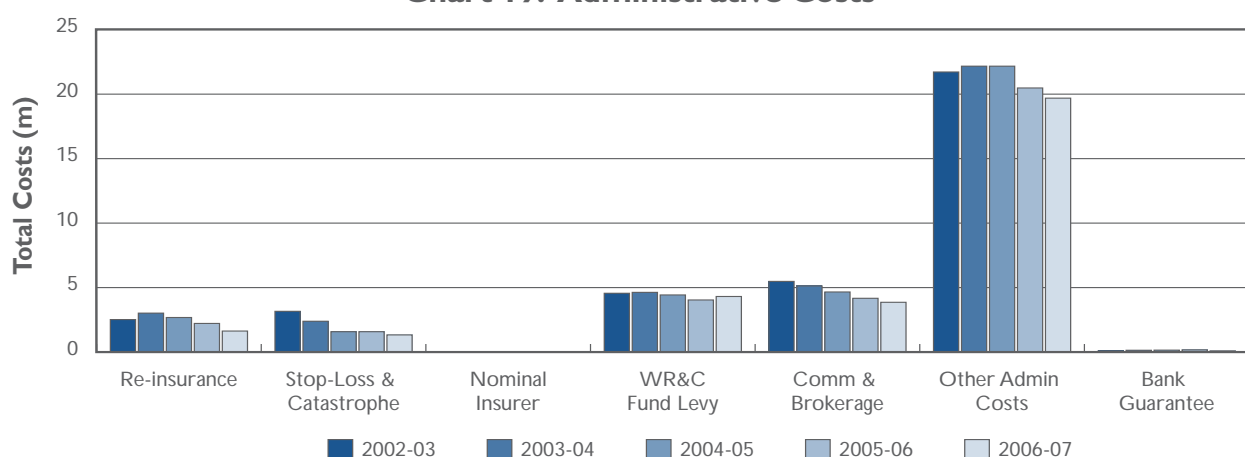
Total administration costs have remained relatively constant between 2002-03 and 2004-05 at around \$35-37m. Costs have decreased in the past two years. In 2006-07 administration costs were \$30.92m, a decrease of 5.3% from the previous year.

Except for the *Workers rehabilitation and compensation fund levy* category, there has been an across the board decrease in all the Administration Cost categories. The *Re-insurance* and *Stop-loss and catastrophe* categories decreased by 26.4% and 16.1% respectively. These lower insurer costs are most likely a reflection of lower claim numbers and lower average claim payments in recent years.

The *Workers rehabilitation and compensation fund levy* increased 6.9% relative to the previous year, however it remains at a level lower the years 2002-03 to 2004-05.

The Nominal Insurer⁶ has not sought funds from insurers since 2001-02.

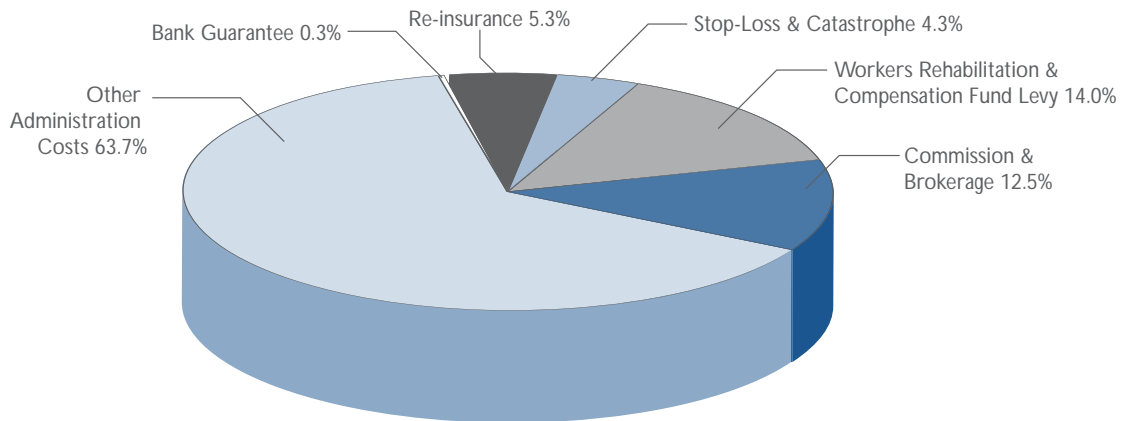
Chart 19: Administrative Costs



In 2006-07, *General administration* costs accounted for nearly two thirds (63.7%) of total administration costs. *Workers compensation fund levy* accounts for 14.0% and commissions and brokerage accounts for 12.5%.

⁶ The Nominal Insurer is the body established by the *Workers Rehabilitation and Compensation Act 1988* 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.

Chart 20: Administration Costs as a Proportion of Total Administration Costs 2006-07



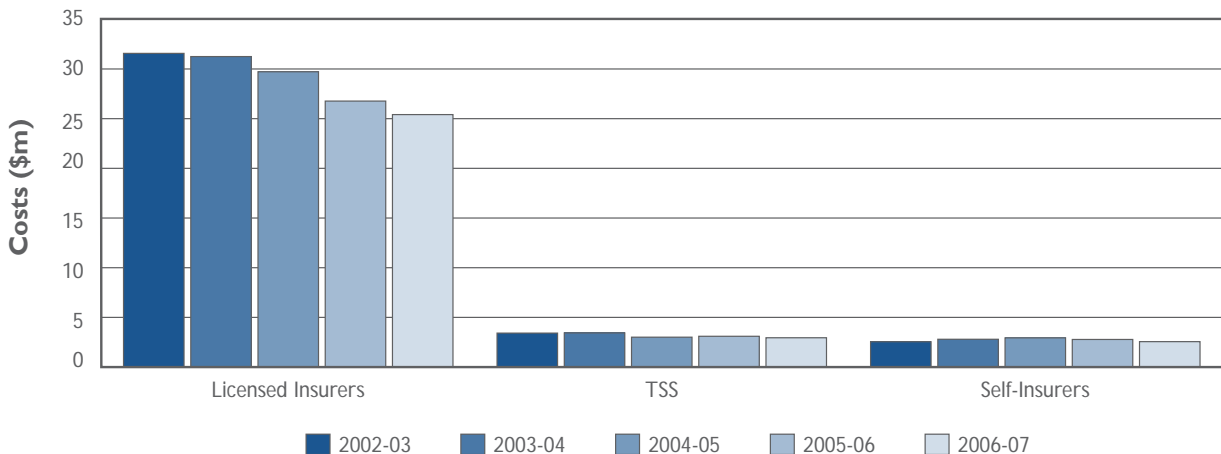
Administration Costs by Insurer Type

Total administration costs for licensed insurers decreased from \$26.77m in 2005-06 to \$25.41m in 2006-07 a decrease of 5.1%. Administration costs for licensed insurers represent approximately 82% of all total costs.

Total administration costs for self-insurers decreased by 7.8% from \$2.78m in 2005-06 to \$2.56m in 2006-07.

Total administration costs for the Tasmanian State Service decreased by 4.9% from \$3.10m in 2005-06 to \$2.95m in 2006-07.

Chart 21: Administration Costs by Insurer Type



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Scheme Expenditure - Breakdown

Overall

The *Payments* section and the *Administration Costs* section detailed 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.

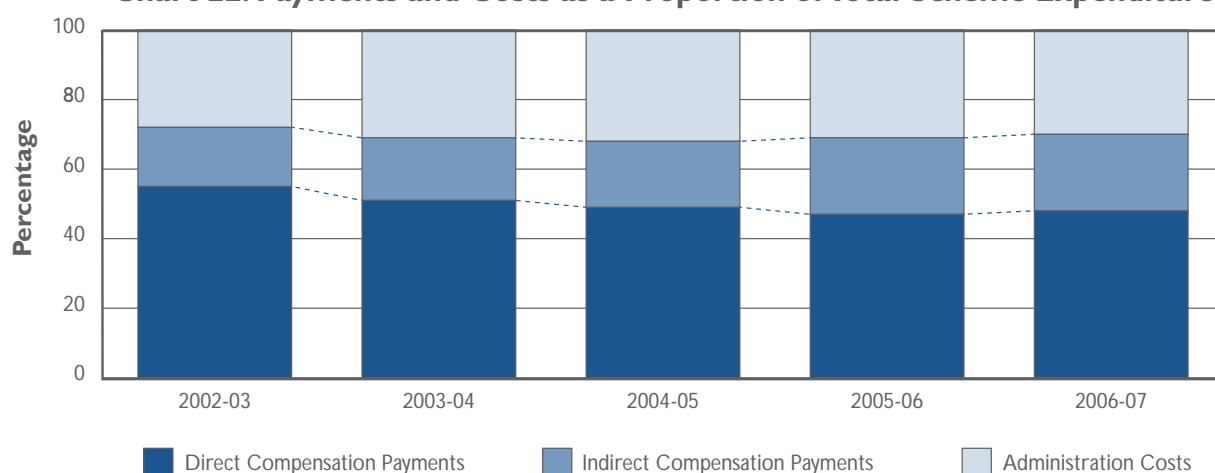
Scheme expenditure has been organised into the following categories:

- 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 22 below show each of these categories as a percentage of total scheme expenditure.

Breakdown of Total Scheme Expenditure

Payment Year	Direct Compensation Payments	Indirect Compensation Payments	Administration Costs
2002-03	55%	17%	28%
2003-04	51%	18%	31%
2004-05	49%	19%	32%
2005-06	47%	22%	31%
2006-07	48%	22%	29%

Chart 22: Payments and Costs as a Proportion of Total Scheme Expenditure



The table and chart above show the percentage of total payments going directly to injured workers has been decreasing over the past five years, from 55% to 48%. The proportion of indirect payments has increased over the period from 17% to 22%. When combined, the direct payments and indirect payments represent the proportion of scheme payments expended for the benefit of the injured worker. This proportion decreased between 2002-03 (72%) and 2004-05 (68%) but then increased again in both 2005-06 (69%) and 2006-07 (71%).

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Conversely, the proportion of administration costs increased from 2002-03 (28%) to 2004-05 (32%) but decreased again in both 2005-06 (31%) and 2006-07 (29%).

These results show that while there has been a shift in the proportion of direct and indirect payments, there has been little change in the overall level of scheme expenditure for the benefit of the injured worker compared to administration costs.

By Insurer

The table below shows each of the expenditure categories as a percentage of total scheme expenditure for each insurer type.

The proportion of direct compensation payments for licensed insurers has been trending downwards while the percentage of indirect payments and administration costs have been trending upwards, though administration costs have decreased in the most recent two years.

The make-up of the proportions for the Tasmanian State Service has fluctuated over the past five years. The Tasmanian State Service has the lowest percentage of administration costs – consistently less than half that of licensed insurers. This may be the result of the Tasmanian State Service not having administration costs relating to reinsurance, catastrophe insurance, brokerage fees and bank guarantees which lessens their administration costs considerably relative to the other insurer types. It may also in part be due to the effect of economies of scale from having one centralised claims management office managing a large number of claims.

The proportion of direct compensation payments for self-insurers had been decreasing between 2002-03 and 2005-06 but increased again in 2006-07. The percentage of indirect payments, though volatile, has been trending upwards over the past five years. Administration costs have increased dramatically to 29% in 2006-07.

Breakdown of Total Scheme Expenditure by Insurer

Payment Year	Insurer Type	Direct Compensation Payments	Indirect Compensation Payments	Administration Costs
2002-03	Licensed Insurers	54%	16%	30%
	TSS	56%	24%	20%
	Self-Insurers	61%	17%	22%
2003-04	Licensed Insurers	49%	17%	34%
	TSS	57%	22%	21%
	Self-Insurers	59%	16%	25%
2004-05	Licensed Insurers	45%	19%	36%
	TSS	61%	21%	18%
	Self-Insurers	55%	18%	28%
2005-06	Licensed Insurers	44%	22%	34%
	TSS	57%	23%	20%
	Self-Insurers	49%	22%	28%
2006-07	Licensed Insurers	44%	23%	33%
	TSS	63%	21%	16%
	Self-Insurers	52%	19%	29%

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Premiums

Actual Industry Average Premium Rates for the Top 50 Industries

The top 50 industries were ranked based on the number of employers, earned premiums and earned wages.

Top 50 industries based on number of employers

In 2006-07 the top 50 industries consisted of 8,926 employers, accounting for 60.0% of all employers (14,883).

The actual average premium rates earned by insurers varied considerably by industry. Among the top 50 industries based on number of employers, the highest average premium rates for all insurers were recorded for *logging* (8.11%), *sheep farming* (5.95%) and *sheep-beef cattle farming* (5.71%). The lowest average premium rates were recorded for *specialist medical services* (0.47%), *accounting services* (0.52%), *real estate agents* (0.52%) and *services to finance and investment, not elsewhere classified* (0.54%).

Top 50 industries based on total earned premium

During 2005-06 the total earned premium for the top 50 industries was \$54.82m, representing 55.1% of total earned premium (\$99.41m).

Again, the actual average premium rates earned by insurers varied considerably by industry. Among the top 50 industries based on earned premiums, the highest actual average premium rates for all insurers were recorded for *logging* (8.11%), *sheep farming* (5.95%), *sheep-beef cattle farming* (5.71%) and *meat processing* (5.58%). The lowest actual average premium rates were recorded for *electricity supply* (0.34%), *higher education* (0.40%), *business management services* (0.84%) and *car retailing* (0.84%).

Top 50 industries based on total earned wages

During 2005-06 the total earned wages for the top 50 industries was \$2.9b, representing 56.6% of the total earned wages (\$5.2b).

The highest actual average premium rates were recorded for *logging* (8.11%), *road freight transport* (3.80%) and *contract staff services* (3.70%). The lowest actual average premium rates were recorded for *electricity supply* (0.34%), *higher education* (0.40%) and *specialist medical services* (0.47%).

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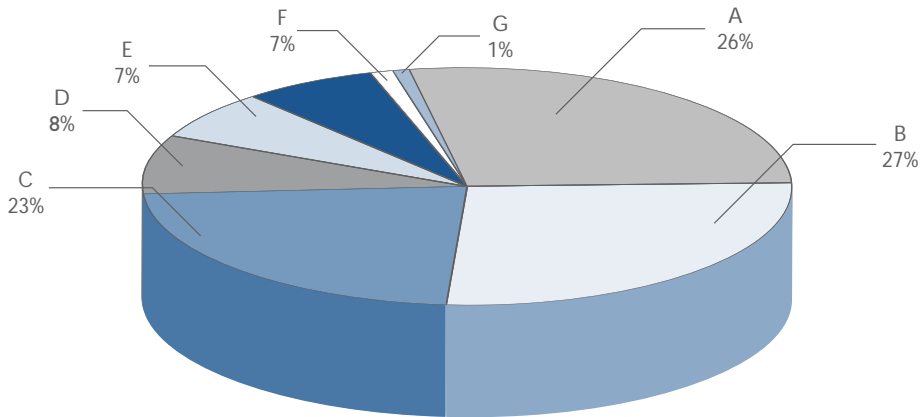
Market share and worker coverage

Market Share by Insurer

Measuring market share as a percentage of the total earned premium pool, individual insurers' market share in 2006-07 ranged from 0.6%⁷ to 27.5%. Using total earned wages instead of total earned premium to determine market share yields similar results, with the range between 0.9% and 29.5%.

In 2006-07, the three largest insurers held 76.7% of the total earned premium, and accounted for 78.0% of total earned wages.

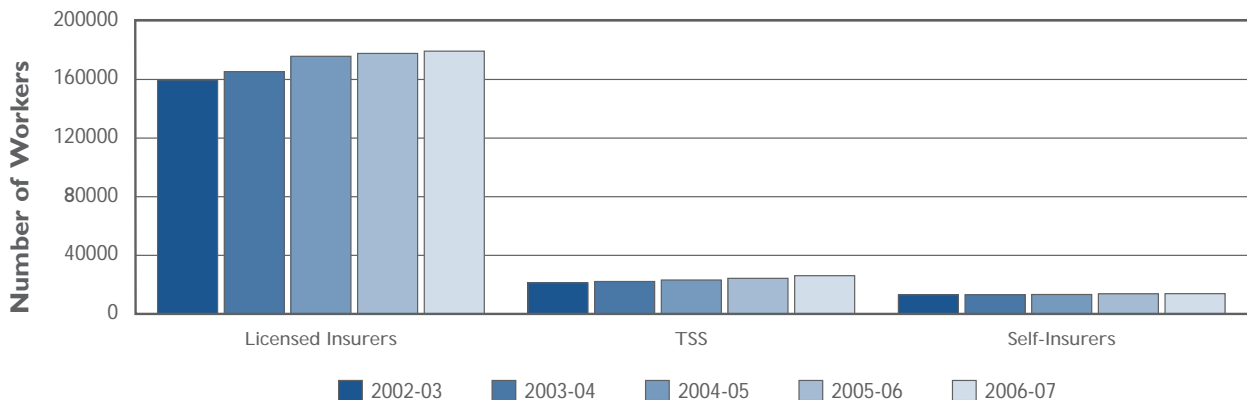
Chart 23: Licensed Insurer Market Share by Earned Premium



Worker Coverage by Insurer Type

The number of workers covered by policies⁸ increased in 2006-07 compared with 2005-06, by 1.6% or approximately 3,400 workers. The proportion of workers covered by policies with each insurer type has remained constant over the past five years, with proportions in 2006-07 of 81.8% for licensed insurers, 11.9% for the Tasmanian State Service, and 6.3% for self-insurers.

Chart 24: Worker Coverage by Insurer Type



⁷ It should be noted that licensed insurers are not necessarily licensed to insure all industry types and thus may have a more restricted share of the market.

⁸ Number of workers declared by employers to be covered by Tasmanian workers compensation insurance. This should not be confused with the number of people employed in Tasmania.

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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 both for injury intervention and workers compensation points of view, the use of accident year data for the purpose of general statistical reporting, particularly better comparability of numbers from year to year to track trends, 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 2006 dollars. However, the relevant tables in Appendix A have been expressed in both historical and constant November 2006 dollars. Historical dollars is the actual dollar amount as recorded at the time of payment. Constant November 2006 dollars is the value in November 2006 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 2002: \$820.80

November 2003: \$835.80

November 2004: \$882.20

November 2005: \$912.10

November 2006: \$967.40

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Glossary

<i>Accident year</i>	Year when the occupational injury occurred or when the symptoms of the occupational illness or disease were first recognised.
<i>Administration costs</i>	Include 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).
<i>Allied medical costs</i>	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.
<i>ANZSIC</i>	Australian and New Zealand Standard Industrial Classification 1993 - A system of industry classification developed by the Australian Bureau of Statistics (ABS).
<i>Average claim cost</i>	Estimated as total incurred cost divided by the total number of claims.
<i>Average premium rate</i>	Earned premium as a percentage of earned wages.
<i>Claim payments</i>	Payments made in respect to a claim for workers compensation and covers all the statutory benefits or entitlements provided for in the <i>Tasmanian Workers Rehabilitation and Compensation Act 1988</i> (the Act). Claim payments do not include payments for claims incurred prior to the 1988 Act.
<i>Common law payment</i>	<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.</p> <p>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>
<i>Death benefit</i>	<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>

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<i>Doctors costs</i>	<p>Costs of services relating to treatment and reports from treating doctors, including anaesthetists, for services provided in either private clinics or public and private hospitals. Include outpatient charges for doctors' services.</p> <p>Costs also include those relating to medical reviews commissioned by the insurer that are:</p> <p>Related to the medical treatment of the worker; and are</p> <p>Clearly attributable to a specific claim.</p>
<i>Earned premium</i>	<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 ($=\\$1,000 \times 0.75$) to earned premium.</p>
<i>Earned wages</i>	<p>This is the amount of wages allocated to a given period from actual wages expected to be earned by workers covered by a policy. For example, a policy record that has an annual wages coverage of \$100,000 but only nine months fall within the period being reported will contribute \$75,000 ($=\\$100,000 \times 0.75$) to earned wages.</p>
<i>Compensable Fatalities</i>	<p>Work related deaths where the deceased workers' dependants or family members have made a claim for compensation. Note that the number of compensable fatalities underestimates the number of work related fatalities because this number does not include deaths occurring to other workers such as contractors and the self-employed.</p>
<i>Hospital cost</i>	<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>
<i>Impairment payment</i>	<p>Payment made to worker based on level of impairment sustained by worker due to injury (details in sections 71, 72 and 73 of the Act).</p>
<i>Incidence rate</i>	<p>The number of claims per thousand workers. Used to eliminate distorting effects of the size of the workforce and allow comparison of relative performance.</p>
<i>Investigation costs</i>	<p>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.</p>
<i>Legal costs</i>	<p>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.</p>
<i>Licensed insurers</i>	<p>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.</p>
<i>Lost time claims</i>	<p>Claims involving a worker's absence from work of one full day (or shift) or more due to a workplace injury.</p>
<i>Maims payment</i>	<p>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.</p>

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July 2006 - June 2007

<i>Medical costs</i>	Sum of costs associated with doctor, hospital, rehabilitation, allied medical services and miscellaneous costs incurred by a worker to undertake medical treatment.
<i>Miscellaneous costs</i>	Costs relating to travelling 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.
<i>Nominal Insurer</i>	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.
<i>Settlement</i>	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 worker and/or insurer.
<i>Outstanding case estimates</i>	Amount of liability that is yet to be paid for each claim and as estimated by insurers.
<i>Payment year or payment period</i>	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 cover only those claims lodged since the introduction of the 1988 Act.
<i>Premium</i>	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.
<i>Redemption</i>	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.
<i>Rehabilitation cost</i>	Cost directly associated with rehabilitation service provides. Includes modifications to the workplace but not the home.
<i>Self-insurers</i>	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.
<i>Tasmanian State Service (TSS)</i>	Includes all workers employed by the State Government with workers compensation insurance arrangements being managed by the Tasmanian Risk Management Fund.
<i>Total incurred cost</i>	Calculated as: All payments made up to end of a period plus insurers' outstanding case estimates as at end of the same period. Note that total incurred cost includes no allowance for administration expenses.
<i>Wages</i>	Amount of remuneration declared by employers for workers compensation premium calculation purposes. The guidelines on the definition of wages is available from WorkCover Tasmania and specifies relevant inclusions and exclusions for determining the amount of wages to be declared for premium calculation.
<i>Weekly benefit</i>	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 2007

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements published in both the annual report and on the website of the WorkCover Tasmania Board (the Board) for the year ended 30 June 2007. The Board's directors are responsible for the integrity of both the annual report and the website.

The audit report refers only to the financial statements and notes named below. It does not provide an opinion on any other information, which may have been hyperlinked to/from the audited financial statements.

If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements in the Board's annual report.

Report on the Financial Statements

I have audited the accompanying financial statements of the Board, which comprise the balance sheet as at 30 June 2007, the income statement, statement of recognised income and expenditure 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 of the Board.

The Responsibility of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and Section 15(1) of the *Workers Rehabilitation and Compensation Act 1988*. 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 directors, 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

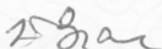
In conducting my audit, I have met applicable independence requirements of Australian professional ethical pronouncements.

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 2007, 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* and Australian Accounting Standards (including Australian Accounting Interpretations).

TASMANIAN AUDIT OFFICE



H M Blake
AUDITOR-GENERAL
HOBART
1 November 2007

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2006-07 \$'000	2005-06 \$'000
Revenue from ordinary activities			
Contributions	1(e)(i)	4,318	3,807
Interest on trust account		92	86
Other revenue	1(e)(iii)	68	64
Total revenue from ordinary activities		4,478	3,957
Expenses from ordinary activities (excluding borrowings)			
Employee entitlements	1(j)	1,347	1,133
Depreciation	1(f)(ii) & 4(b)	3	7
Advertising and promotion		202	500
Communications		36	43
Consultancies		409	261
Information technology		6	19
Travel and transport		78	66
Other operating expenses	1(f)(iii)	1,269	889
Transfer to Tribunal		1,128	1,039
Total expenses from ordinary activities (excluding borrowings)		4,478	3,957
Net operating surplus (deficit) from ordinary activities	2(b)	-	-

Notes 1-9 form an integral part of these accounts.

Note 1: In addition to actuarial consultancy costs normally incurred, the Board also funded consultancies in Injury Management and Long Term Benefit Study projects and a review of the *Workers Rehabilitation and Compensation Act 1988*.

BALANCE SHEET AS AT 30 JUNE 2007

	Note	2006-07 \$'000	2005-06 \$'000
Current Assets			
Treasury Trust Account Balance	2	1,415	1,885
Receivables and prepayments	3	1	-
Total current assets		1,416	1,885
Non-current Assets			
Property, plant and equipment	4(a)	-	3
Total non-current assets		-	3
Total Assets		1,416	1,888
Current Liabilities			
Creditors and accrued expenses	5	1,134	1,644
Employee entitlements	6	156	141
		1,290	1,785
Non-current Liabilities			
Employee entitlements	6	126	103
Total non-current liabilities		126	103
Total Liabilities		1,416	1,888
Net assets (liabilities)	1(1)	-	-

Notes 1-9 form an integral part of these accounts.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2007

	Note	2006-07 \$'000 Inflows (Outflows)	2005-06 \$'000 Inflows (Outflows)
Cash flows from operating activities			
<i>Cash inflows</i>			
Industry contributions		3,808	4,199
Interest		92	86
Other cash receipts		66	65
Total cash inflows		3,966	4,350
<i>Cash outflows</i>			
Employee entitlements		(1,407)	(1,172)
Other cash payments		(3,029)	(2,809)
Total cash outflows		(4,436)	(3,981)
Net cash from (used by) operating activities	7(b)	(470)	369
Cash flows from investing activities			
Net cash from (used by) investing activities		-	-
Net increase (decrease) in cash held		(470)	369
Cash at the beginning of the year		1,885	1,516
Cash at the end of reporting period	2 & 7(a)	1,415	1,885

Notes 1-9 form an integral part of these accounts.

**STATEMENT OF RECOGNISED INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2006-07 \$'000 Inflows (Outflows)	2005-06 \$'000 Inflows (Outflows)
Total recognised income and expense for the period		-	-
Net surplus/(deficit) for the period		-	-

Notes 1-9 form an integral part of these accounts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations of the Board

The role of 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

The Department of Infrastructure, Energy and Resources was established under the *Administrative Arrangements Order (No.2) 1998* and provided administrative support for the Board until 31st March 2006. 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 Justice 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 AEIFRS 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 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.

(i) Impact of new Accounting Standards yet to be applied

The following standards and amendments were available for early adoption but have not been applied in these financial statements:

- AASB 7 Financial instruments: Disclosure (August 2005) replaces the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007, and will require extensive additional disclosures with respect to the financial instruments; and

- AASB 2005-10 Amendments to Australian Accounting Standards, amending AASB 132 Financial Instruments: Disclosure and Presentation, AASB 117 Leases, AASB 139 Financial Instruments: Recognition and Measurement, AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards.
- The initial application of AASB 7 and AASB 2005-10 are not expected to have an impact on the financial results of the Board as the standard and the amendment are concerned only with disclosures.

(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 Justice 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.

2006-07 Contributions Determination

Income for the financial year ending 30 June 2007 includes the final determination, under the terms of the *Workers Rehabilitation and Compensation Act 1988*, of contributions from Licensed Insurers and Self-Insurers for 2005-06.

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.

(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*, revenue from the Workplace Safe Awards dinner, and fee revenue from auditing services provided for injury and safety systems in workplaces. 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:

Class of asset	Useful Life
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 30 June 2007, 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 balance as at 30 June 2007 is represented by:

	2006-07 \$'000	2005-06 \$'000
Treasury Trust Account T435	1,415	1,885
Total	1,415	1,885

3. RECEIVABLES AND PREPAYMENTS

	2006-07 \$'000	2005-06 \$'000
Receivables	1	-
Prepayments	-	-
Total	1	-

4. PROPERTY, PLANT AND EQUIPMENT

(a) Carrying value

	2006-07 \$'000	2005-06 \$'000
Plant and equipment at Cost	2	2
Accumulated Depreciation	(2)	(2)
	-	-
Computer Equipment at Cost	8	8
Accumulated Depreciation	(8)	(5)
	-	3
Total Property, Plant and Equipments	-	3

The movement in the carrying value of property, plant and equipment is due to depreciation charge for the year. There were no additions or disposals during the year.

(b) Depreciation

	2006-07 \$'000	2005-06 \$'000
Plant and Equipment	-	2
Computer Equipment	3	5
Total Depreciation	3	7

5. PAYABLES AND ACCRUED EXPENSES

	2006-07 \$'000	2005-06 \$'000
Creditors and accrued expenses	72	75
Accrual refund for contributions	1,062	1,569
Total	1,134	1,644

6. EMPLOYEE ENTITLEMENTS

	2006-07 \$'000	2005-06 \$'000
Accrued Salaries	12	9
Provision for Annual Leave	99	84
Provision for Long Service Leave	171	151
Total	282	244

Classified as:

Due within 12 months	156	141
Due in more than 12 months	126	103
	282	244

7. CASH FLOWS

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

	2006-07 \$'000	2005-06 \$'000
Cash and cash equivalents at year end per Statement of Cash Flows	1,415	1,885
Balance Sheet Cash	1,415	1,885

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

	2006-07 \$'000	2005-06 \$'000
Net operating surplus / (deficit)	-	-
Depreciation	3	7
(Increase)/decrease in receivables and prepayments	(1)	
Increase/(decrease) in refunds to contributors accrual	(507)	393
Increase/(decrease) in creditors and accrued expenses	(3)	32
Increase/(decrease) in employee entitlements	38	(63)
Net cash flows from operating activities	(470)	369

8. 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 5.74% for the year ended 30 June 2007. 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.

(d) Net Fair Values of Financial Assets and Liabilities

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

9. OPERATING LEASE COMMITMENTS

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

	2006-07 \$'000	2005-06 \$'000
Not later than 1 year	27	18
Later than 1 year and not later than 5 years	7	6
Later than 5 years	-	-
	34	24

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 2007 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 31st day of October 2007



Lisa Hutton
Chair

