



# Annual Report 2009-10

# This report is structured to align with WorkCoverSA's *Strategic plan 2008-11.*

Chapters 1 to 4 present key initiatives and corporate achievements relating to our critical success factors. The fifth chapter is about WorkCover as an organisation. WorkCover's strategic priorities – outlined in our strategic plan summarised on pages 12-13 – are featured in the relevant section, plus there is a convenient summary table on page 14. For more information please see below, *How to read this report.*

WorkCoverSA's financial statements are published in a separate document on our website [www.workcover.com](http://www.workcover.com).

Note: All financial figures quoted in this report reflect the consolidated result of all funds controlled by WorkCoverSA unless otherwise specified.

Data for tables in this report relate to the period 1 July 2009 to 30 June 2010, however, due to the time lag in collecting some claims information, a 'cut off' date of 9 August 2010 has been applied to claims-related figures to enable greater maturity of data.

## How to read this report

Our annual report provides information about what we achieved in 2009-10. On page 12 we provide information about WorkCover's strategic plan. To make information more easily accessible to all readers, we have also included the Quickfind index below.

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Subject	Page no
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<b>Employers Mutual</b> – claims management, satisfaction with	7, 17, 38
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# Our. mission



“WorkCoverSA is funded by employers to manage a balanced and financially sound system that rehabilitates, compensates and returns injured workers to safe workplaces and the community.”

# Our vision

Best possible recovery,  
faster return to work

## Why work is important for health

There is compelling evidence that work plays a vital role in our physical and mental health. For most people, work is good for their health and wellbeing. Staying at work or getting back to work can be a crucial part of an injured worker's rehabilitation. A supportive workplace can help to reduce the financial and emotional impact of an injury on workers and their families. With a positive approach and the right support, injured workers can recover and return to normal life. Helping improve South Australia's return to work rates is everyone's responsibility and we all have a role to play.

Taking care of injured workers and giving them a fair go in the workplace also makes good business sense... it makes dollars and cents to look after your investment in your people and their knowledge of your business.

And finally, returning injured South Australians to work is better for our State and its economy, as well as for the health of the WorkCover Scheme.

## Communication objective

WorkCoverSA is committed to open and transparent communication with our stakeholders and staff about our plans and performance. This annual report explains who we are, what we do and how we do it, including details of our current strategic plan and our achievements compared with what we set out to do.

WorkCover is required to produce an annual report under the *WorkCover Corporation Act 1994* and is accountable, through the Minister for Industrial Relations, to the South Australian Parliament.

Our key stakeholders are:

- injured workers within the Scheme
- employers, who fund the Scheme.

We also recognise those individuals or groups who are affected by or have an interest in our business, including:

- the representative organisations of injured workers, employers and health providers
- our key service providers including Employers Mutual, who manage claims on our behalf, Minter Ellison and other legal providers, who provide expert services for both workers and WorkCover
- various health and rehabilitation providers who service injured workers
- related entities such as the WorkCover Ombudsman, the Workers Compensation Tribunal, Medical Panels SA and SafeWork SA
- the Minister and SA Government, to whom WorkCover is accountable
- and the people of South Australia, who benefit from the purpose and availability of the Scheme as a social 'safety net'.

# Year in brief

- WorkCoverSA's unfunded liability fell to \$982m, after a profit of \$77m
- The average levy rate will decrease from 3.00% to 2.75% in 2010-11
- Scheme funding at 30 June 2010 was 61.5%
- WorkCoverSA achieved an actuarial release of \$130m against our strategic plan target of \$89m
- WorkCoverSA's investment portfolio recorded a return on investment of 12.3%
- There was a positive return on investment of \$140m compared with a loss of \$136m in 2008-09
- There were 19,740 claims incurred from workers employed by registered employers
- There were 6,480 income maintenance claims incurred from workers employed by registered employers
- There were 6,066 active income maintenance claims at 30 June 2010
- Approximately 79% of injured workers either do not lose time off work, or return to work within two weeks after injury.

Note: The figures in relation to claim numbers in this report have been impacted by changes in claim reporting processes. For further details see pages 16-17. In addition, WorkCover does not have access to a full year's self-insured data for 2009-10 and consequently no self-insured data is provided in this report.

# About WorkCoverSA

**WorkCoverSA is funded by employers to manage a balanced and financially sound system that rehabilitates and compensates injured workers, enables them to stay at work where possible, and returns them to safe workplaces and the community.**

WorkCover:

- manages the collection of levies from South Australian employers
- outsources the management of claims to Employers Mutual
- regulates, has oversight of and sets fees for providers
- has oversight of self-insured employers.

WorkCover was established in 1987 and is constituted as a statutory authority under the *WorkCover Corporation Act 1994* with a Board appointed by the Governor on the recommendation of the responsible Minister (now the Minister for Industrial Relations).

WorkCover is responsible for administering the *Workers Rehabilitation and Compensation Act 1986* and the South Australian Workers Rehabilitation and Compensation Scheme (the Scheme).

In January 2006, the *Occupational Health Safety and Welfare (SafeWork SA) Amendment Act 2005* transferred occupational health, safety and welfare administration from WorkCover to SafeWork SA, which also reports to the Minister for Industrial Relations. WorkCover has a memorandum of understanding with SafeWork SA. For details see page 49.

## South Australia's Workers Rehabilitation and Compensation Scheme

The *Workers Rehabilitation and Compensation Act 1986* (the Act) provides for the rehabilitation and compensation of workers who suffer workplace-related injury or illness, as well as compensating a worker's family in the event of a work-related fatality.

The Act establishes a no-fault workers rehabilitation and compensation scheme that aims to rehabilitate and restore injured or ill workers to work, their family and/or the community. Entitlements payable include medical and associated costs related to the injury or illness, plus income maintenance to the injured worker, as well as lump sum compensation for non-economic loss (permanent impairment).

Employers Mutual is WorkCover's claims agent for the State's registered employers. Employers Mutual manages workers rehabilitation and compensation claims on WorkCover's behalf.

## Serving injured workers and employers

WorkCover manages the Scheme as a benefit to:

- all registered employers and their workers – there are approximately 50,000 employers that are now required to register. (Registered employers employ some 437,000 South Australians)
- 66 self-insured employers, plus the South Australian public sector, which manages its own claims and associated liabilities in accordance with the Act
- the South Australian community.

## How we categorise employers

WorkCover categorises employers into two types:

- *Registered employers*  
More than 60% of South Australian workers are employed by registered employers. WorkCover manages, and holds the liability for, all claims made by workers employed by registered employers.
- *Self-insured employers*  
Self-insured employers employ the balance of the South Australian workforce and while they are also registered with WorkCover, they are granted self-insurer status to manage the liabilities associated with their own workers compensation claims. All State Government agencies are automatically self-insured unless otherwise specified by the Regulations. Commonwealth Government employees and licensees do not operate under South Australian legislation.

## Ministerial reviews and directions

On 25 March 2010 the Hon. Paul Holloway MLC was appointed as the Minister for Industrial Relations, replacing the Hon. Paul Caica. Minister Holloway is also Minister for Mineral Resources Development, Minister for Urban Development and Planning, and Minister Assisting the Premier in Public Sector Management. Minister Holloway has been Leader of the Government in the Legislative Council since March 2002.

During 2009-10 there were no Ministerial reviews or directions given to WorkCover.



# Statement from our Chair



WorkCover's financial result for 2009-10 was a profit of \$77.2 million (2009: \$75.1 million

loss), which left the Scheme's unfunded liability at 30 June 2010 at \$982.0 million (2009: \$1,059.2 million) and its funding percentage at 61.5% (2009: 56.7%). The 2009-10 financial year is the first time that WorkCover has recorded an annual profit for 10 years, since the year ended 30 June 2000.

WorkCover continues to remain a strong cash flow positive business operation. Its operating cash flow for 2009-10 was \$136.2m (2009: \$31.6m) and it is important to note that WorkCover has had positive operating cash flows for each of the last seven years.

There are three key factors that affect the unfunded liability calculation in the WorkCover results: the claims management experience; the investment performance; and the change in economic circumstances (essentially changes in long-term interest rates compared with assumed inflation rates). The three key factors affecting our unfunded liability result are set out for each of the last five six-month periods in the table below.

For the fifth actuarial valuation in a row WorkCover has achieved a claims liability saving compared to the projections of the Scheme's independent actuary. Claims management is the core business that WorkCover is responsible for and it is the one factor influencing WorkCover's unfunded liability that is within our control. It is a welcome sign to see continuing improvements in our core business. I am also pleased that we have reduced the number of long-term claims (ie, claims greater than 3 years old) to 1718, which is the lowest number of long-term claims since August 2001.

Global economic factors (specifically investments and long-term interest rates) are the other key factors that influence the unfunded liability and these are completely outside of WorkCover's control. In relation to global investment markets the only minor influence WorkCover can have is through its investment strategy which aims to balance risk minimisation with the investment growth potential.

This year it has been pleasing to see positive returns on investment with \$140.2 million compared with the past two years of negative returns arising from the global financial crisis. WorkCover's investment return for the year was 12.3% (2009: negative 10.0%). Over the 22 full financial years since the inception of WorkCover, the Corporation has achieved an 8.9% per annum average return.

	6 months to 30 Jun 2008	6 months to 31 Dec 2008	6 months to 30 Jun 2009	6 months to 31 Dec 2009	6 months to 30 Jun 2010
Unfunded liability	(\$984m)	(\$1.298bn)	(\$1.059bn)	(\$911m)	(\$982m)
Scheme funding ratio	60.8%	51.7%	56.7%	62.8%	61.5%
Overall profit/(loss)	(\$73m)	(\$313m)	\$238m	\$148m	(\$71m)
<b>Significant contributors to the overall result</b>					
Savings on claims liability <sup>1</sup>	\$46m	\$51m	\$102m	\$37m	\$81m
Impact of economic factors	\$13m	(\$188m)	\$138m	(\$7m)	(\$98m)
Investment income/(losses)	(\$80m)	(\$149m)	\$13m	\$138m	\$2m

<sup>1</sup> The savings on the claims liability for a period is the difference between the projected liability at the start of the period, the actual liability at the end of the period and the payments made in the period using consistent economic assumptions. The figures relate solely to the Compensation Fund and exclude the Statutory Reserve Fund and the Insurance Assistance Fund.

By contrast it has been unfortunate that WorkCover's unfunded liability has increased as a result of changes in economic circumstances (specifically, the long-term interest rate). The long-term interest rate has decreased, which has negatively affected the unfunded liability of the Compensation Fund by approximately \$100 million. It is important to note however, that this does not affect WorkCover's ability to cover its immediate costs because of its strong cash flows.

The year 2009-10 has seen the consolidation and completion of the Government's legislative reforms designed to bring South Australia's Workers Rehabilitation and Compensation Scheme into line with similar schemes across Australia. As at 30 June 2010 the legislative changes have all been implemented but the evidence of their precise financial impact is still emerging and won't be fully known for a number of years.

Throughout the year it has been interesting to see strong evidence emerge of the health benefits of work through the Australasian Faculty of Occupational and Environmental Medicine. This research shows the significant social and personal costs of long-term worklessness, and the clear message that work is good for health and wellbeing strongly reinforces WorkCover's return to work goals.

With those goals in mind, there is a range of challenges affecting the Scheme moving forward including:

- the end to the vast majority of redemptions which will assist in encouraging behaviour change in relation to return to work
- balancing the responsibility for ensuring rehabilitation and care after an injury, with the need for early return to work (where the worker has the capacity to do so)
- the effectiveness of the approach to work capacity assessments which is critical to the turnaround of the Scheme
- the ability for people to support injured workers to stay at work (where possible) and/or return to work with the right support
- the performance of 'front-end' claims which remains key to reducing the number of claimants staying on the Scheme for long periods, which greatly affects the Scheme's financial performance.

Of course WorkCover will continue to support those injured workers who cannot return to work, but increasingly our emphasis will be on educating and supporting employers to help their injured workers stay at or return to work. Experience and solid research shows that this will provide the best outcome for all.

A significant milestone occurred during the year with the commencement of our new IT system. The design and implementation of Cúram, our new IT system, has been a business priority over the last few years.

The Cúram system has been specifically tailored to support WorkCover's core business processes of return to work, claims management, Scheme compliance, employer registration, levy collection and financial management.

Half way during the year the CEO Ms. Julia Davison announced her decision to resign. Julia was with Workcover for just over six years and during that period demonstrated a high level of commitment and dedication to reforming and improving our compensation scheme. On behalf of the Board I take this opportunity to thank her for her services and wish her well in her new endeavours.

After an exhaustive search for a new CEO and the assembling of a strong list of candidates, Rob Thomson was appointed to the position and he commenced in mid-June. Interestingly, Rob is the first workers compensation specialist to ever be appointed as CEO in the 22 years of Workcover's history. The Board expect that his appointment will assist the Board in bedding down and implementing the new legislation and improving outcomes from the Scheme.

Finally, I am pleased to continue working with my Board colleagues and WorkCover management towards the goals outlined in our strategic plan – ultimately 'best possible recovery, faster return to work'.

PHILIP BENTLEY  
Chair  
WorkCoverSA



# Statement from our outgoing CEO



Since I started at the helm of this organisation in March 2004, I am pleased to say that WorkCover

and its business have changed significantly. We have changed from an organisation with a primary focus on occupational health and safety and workers compensation, to one that places its central importance on helping injured workers recover and return to work as soon as possible.

Importantly, this cultural and business shift was instrumental in achieving the major legislative reforms to South Australia's Workers Rehabilitation and Compensation Scheme. Bringing the reforms to fruition during the past two years has been a significant undertaking for WorkCover as an organisation and our claims agent, Employers Mutual. Now, in 2010, we are in a position to see the benefits start to flow from the 27 areas of legislative and non-legislative changes to the Scheme that were initiated in July 2008.

By refocusing our primary goal over the past six years on returning injured workers to safe workplaces we have raised the profile of the importance of returning to work in the wider community. The WorkCoverSA *Recovery & Return to Work Awards* have attracted a high calibre of nominations since the awards were launched in 2007. The stories and experiences of the winners and finalists continue to inspire and motivate – and to remind the broader community what we as an organisation are working for.

Behind the scenes at WorkCover it has been rewarding to see the realisation of our legacy IT systems replacement project – a major undertaking that spanned several years and involved working tirelessly with service providers, Cúram, IBM and Employers Mutual. The new claims management and business software went 'live' in April 2010 and marks a new phase in WorkCover history.

We are continuing to see a reduction in the number of overall claims. Since 2004 when I arrived at WorkCover, total claims numbers have steadily decreased. During the past two years South Australia's return to work rate has also improved to at least align with national statistics. Clearly there is still work to be done to achieve optimal outcomes for the health of workers, employers and the Scheme.

JULIA DAVISON  
Outgoing CEO (June 2010)  
WorkCoverSA

**“By refocusing our primary goal over the past six years on returning injured workers to safe workplaces we have raised the profile of the importance of returning to work in the wider community.”**

# Statement from our incoming CEO



I am very pleased to be here in South Australia as the new Chief Executive of WorkCoverSA.

I started here in mid-June 2010 and have come to South Australia from New South Wales, where I was General Manager of the Workers Compensation Division of WorkCover NSW.

During my time at WorkCover NSW I played a lead role in the financial turnaround of the NSW scheme which moved from a \$3.2b deficit in 2002 to a surplus in 2006 – three to four years ahead of the estimated timeframe.

My goal is to bring about similar efficiencies and improvements to the SA scheme, and to continue to work towards better and faster recovery which includes staying at work or if necessary returning to work for people injured in South Australian workplaces.

A priority in the coming months is considering what system we can offer employers to replace the Bonus/ Penalty Scheme and provide financial motivation to influence behaviours. We are keen to have a system that focuses on employers preventing injuries and encourages them to keep their workers at work, or if time off is required, to support their workers to return to work.

In addition to this, we will also be turning our minds to the future as we develop a new strategic plan to take us forward from July 2011 until 2016. This new strategic plan will guide our business for the next five years and focus on further Scheme improvements.

As the new CEO, I look forward to working together with our key stakeholders – employers and workers – and with the various provider associations to improve the South Australian Workers Rehabilitation and Compensation Scheme.

Our goal is ultimately to make a positive difference to the lives of the 34,000\* workers who are injured each year in our State.

ROB THOMSON  
Chief Executive Officer  
WorkCoverSA

\* This figure is approximate and based on all claims from workers employed by both registered and self-insured organisations.

**“Our goal is ultimately to make a positive difference to the lives of the 34,000\* workers who are injured each year in our State.”**

# Performance against our strategic plan 2008-2011

WorkCover's strategic plan articulates the high level goals of the organisation, the priorities to be undertaken and the measures that will identify whether these goals have been achieved. It is designed to identify and measure success at the strategic level rather than the more detailed operational reporting which sits below it.

In WorkCover's 2008-2011 strategic plan we identified four key areas that would determine our success in the future. We call them our critical success factors:

- 1 Return to work** – ensuring effective rehabilitation, compensation and return to work and the community
- 2 Financial performance** – ensuring a financially sound system
- 3 Scheme integrity** – upholding the integrity of the Scheme
- 4 Stakeholder satisfaction** – improving stakeholder satisfaction

## 1 Return to work

Indicators	Performance June 2010	Target June 2010
CSI 1 <sup>1</sup> - Full return to work (< 1 year)	83% of workers fully returned to work (< 52 weeks)	92% of workers fully returned to work (< 52 weeks)
CSI 2 <sup>2</sup> - Full return to work (1-3 years)	37% of workers fully returned to work	51% of workers fully returned to work

## 2 Financial Performance

Indicators	Performance June 2010	Target June 2010
CSI 3 - Average levy rate	3.00%	3.00%
CSI 4 - Total Scheme	61.5% funded	61% funded
CSI 5 - Actuarial release <sup>3</sup>	\$301 million	\$149 million <sup>4</sup>

## 3 Scheme Integrity

Indicators	Performance June 2010	Target June 2010
CSI 6 - Negative financial Scheme impacts arising from self-insurers	Zero events	Zero events

## 4 Stakeholder Satisfaction

Indicators	Performance June 2010	Target June 2010
CSI 7 <sup>5</sup> - Injured worker satisfaction	5.6 out of 10 <sup>6</sup>	7.3 out of 10 <sup>6</sup>
CSI 8 <sup>5</sup> - Employer satisfaction	6.8 out of 10 <sup>6</sup>	7.3 out of 10 <sup>6</sup>

Our critical success factors are the key elements of our performance that will help us determine if we are achieving our mission to rehabilitate, compensate and return injured workers to safe workplaces and the community.

Underpinning the critical success factors are five strategic priorities, each of which is identified as integral to optimising organisational performance and helping us to be successful:

- Working with our service providers, especially Employers Mutual, to improve injury and case management outcomes
- Fostering a return to work culture
- Implementing legislative reform
- Replacing our IT legacy systems (Project Harry and WIRE)
- Encouraging an achievement culture

The tables provided here document achievements in 2009-10 against WorkCover's strategic plan.

<sup>1</sup> The full return to work (<1 year) shows the proportion of workers who were injured a year ago and are fully back at work at the reporting date.

<sup>2</sup> The full return to work (1-3 years) shows the proportion of income maintenance claimants who were injured between one and three years ago and were back at work at reporting date.

<sup>3</sup> Actuarial release relates to the financial outcome of the claims on hand compared with the outcome forecast in the 30 June 2008 actuarial valuation. It is measured annually by the Scheme actuary. It is a cumulative figure.

<sup>4</sup> The actuarial release target of \$149 m is a cumulative target for a two-year period to 30 June 2010.

<sup>5</sup> Updates on injured worker and employer satisfaction with the Scheme are available following the annual surveys conducted in May each year.

<sup>6</sup> The satisfaction levels are median marks out of 10 and are not percentage measures.

# Performance against WorkCover Charter and Performance Statement 2009-10

Following the legislative changes in 2008, WorkCover has had greater accountability and reporting requirements to the State Government. As part of the new requirements, the Minister for Industrial Relations and the Treasurer must now prepare both a Charter and Performance Statement for WorkCover, under sections 17A and 17B of the *WorkCover Corporation Act 1994*.

The 2009-10 Charter and Performance Statement was developed in mid-2009 and signed by both the Hon Paul Holloway, Acting Treasurer and the former Minister for Industrial Relations, the Hon Paul Caica, in September 2009. Under sections 17A and 17B(2) of the *WorkCover Corporation Act 1994*, the Minister and Treasurer must, after consultation with WorkCover, review the Charter and Performance Statement at the end of each financial year. WorkCover is required to provide the following information (in addition to statutory reporting) to the Minister and Treasurer:

- Quarterly, a statement of comprehensive income, a statement of financial position and a statement of changes in equity
- Quarterly, a statement of the nature and scope of investment activities
- Annually, a statement of achievements and progress towards the outcomes and targets detailed in the Performance Statement and
- Other information as requested from time-to-time by the Minister or the Treasurer.

A new Charter and Performance Statement for 2010-11 will come into effect from 1 July 2010.





# The year in brief – strategic priorities

Performance legend				
Green		No issues, targets achieved/on track		
Amber		Manageable issues and/or targets not yet achieved but likely to be achieved		
Red		Significant issues and/or targets not achieved and not likely to be achieved		
Strategic priorities		Status	Issues	Response
1	Working with our strategic partners to improve injury and case management outcomes - for details see page 22	Amber	Return to work targets are achieved	WorkCover continued to work with Employers Mutual through our joint program of work, the annual business planning processes and the claims management agreement to resource, provide incentives for, and promote improved return to work outcomes.
2	Fostering a return to work culture - for details see page 22	Green	Appropriate programs are developed and implemented to foster a return to work culture	The return to work awareness campaign has progressed to schedule; and sponsorship, the <i>Recovery &amp; Return to Work Awards</i> , the website overhaul and successful return to work good news strategy have all been implemented and continue to progress.
3	Implementing legislative reform - for details see page 33	Amber	All aspects of legislative reform are implemented and achieve the expected Scheme benefits	At 30 June 2010 all areas of legislative reform for which WorkCover is accountable have been implemented. It is too soon to establish when the expected benefits will be realised.
4	Replacing our legacy IT systems - for details see page 42	Green	The new IT systems were implemented successfully	A new system, Cúram – which supports WorkCover's core business processes of return to work, claims management, Scheme compliance, employer registration, levy collection and financial management – was implemented in late April 2010. In addition a new corporate reporting solution, WIRE, was implemented in May 2010.
5	Encouraging an achievement culture - for details see page 42	Amber	Engagement and culture survey results	Based on the results of the September 2009 <i>Engagement and culture survey</i> , a strategic three-year People and Culture Plan has been developed to foster improved levels of engagement and positive cultural change. The engagement survey will again be run in February 2011 to measure progress on improving current levels.



**Chapter 1:**

# **Return to Work**







# Chapter 1 : Return to Work

Returning workers to safe workplaces and, where possible, enabling workers to stay at work, together with the provision of appropriate medical support, remain the most effective outcomes for workers, their employers and the financial position of the Scheme. Improving our State's return to work rate is still the key focus for WorkCover and our claims agent, Employers Mutual.

WorkCover's role in fostering a return to work culture in South Australian workplaces means educating and raising awareness in the community that work is beneficial for health, however if time off is required after an injury, sensible, prompt return to work when appropriate is better for everyone.

WorkCover recognises that returning an injured worker to safe employment requires the sustained, dedicated effort of many people – the injured worker, their employer, health and vocational rehabilitation providers, case managers, family, workplace colleagues and friends. We all have a role to play in helping injured workers stay at work or return to work.

## Return to work survey

In 2009 McGregor Tan Research conducted the annual return to work survey on behalf of WorkCover. This was the first assessment since the baseline survey was conducted in January 2009 and measured the return to work experiences of two different worker cohort groups, less than one year and greater than a year. The WorkCoverSA *Annual Report 2008-09* detailed the findings of this survey.

In August 2010, McGregor Tan Research conducted the 2010 annual return to work survey. This was the second measure against the baseline survey conducted in January 2009.

The 'less than 1 year' cohort measures workers' return to work experiences in the first 12 months after injury/illness.

The 'greater than 1 year' cohort measures workers' return to work experiences more than one year after injury/illness.

Sufficient numbers of workers were interviewed (1,093) across the cohorts to provide a result of 95% confidence rate and less than 4% error rate. These are workers who have had one day or more of compensation paid.

## Results summary

### • Return to work in any capacity

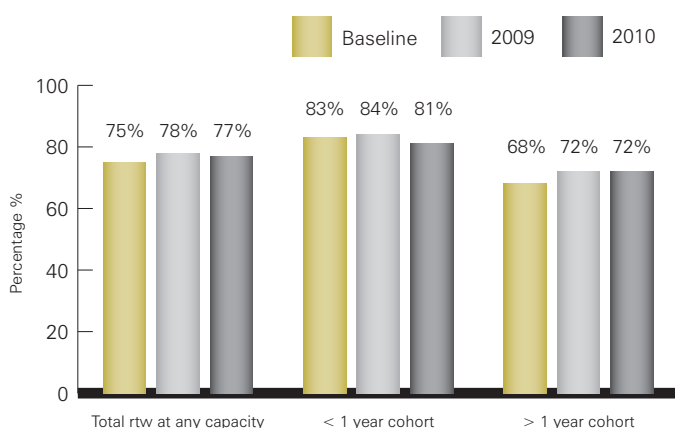
This is a simple measure of workers who returned to work for any period of time, in any capacity, since they were injured.

In the 'less than 1 year' cohort, this year's survey results show that fewer injured workers returned to work in any capacity. In the 'greater than 1 year' cohort, this year's results were the same as last year in the proportion of workers who had returned to work at any time, in some capacity. The results are illustrated below in Graph 1.

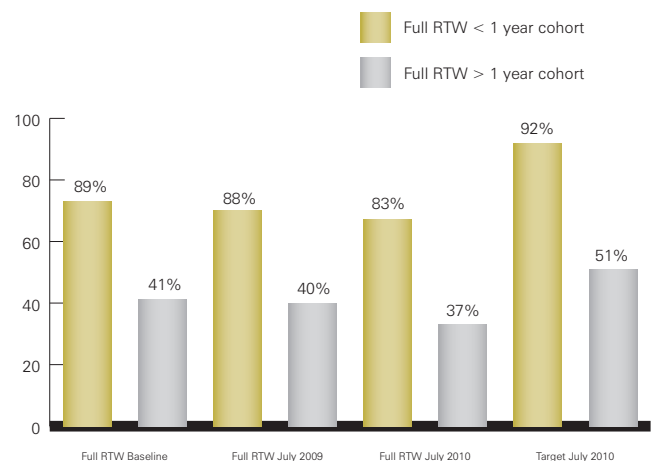
### • Full return to work

This is a measure of the return to work experiences of injured workers who had either returned to work at equal or greater than pre-injury hours, or returned to work at medically authorised capacity at the date of the survey. The results are illustrated below in Graph 2.

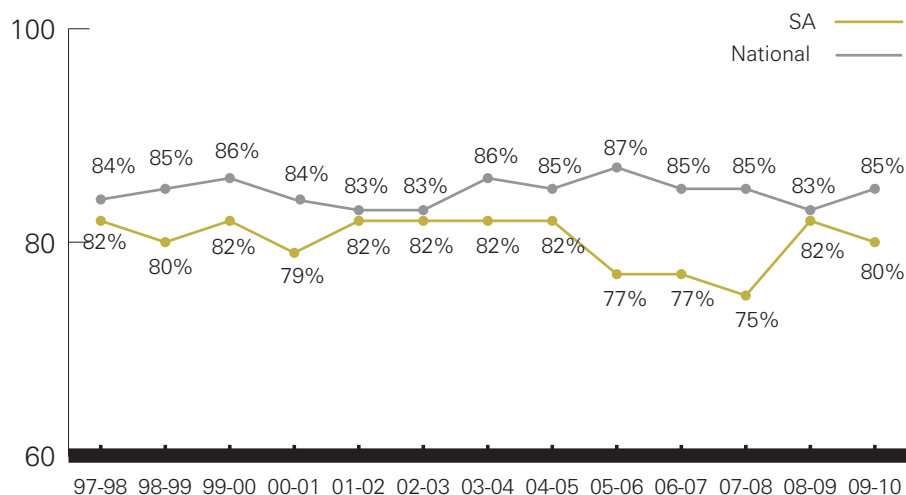
Graph 1: Comparison – RTW in any capacity



Graph 2: Full RTW against 2010 targets



Graph 3: RTW rate



There was a decrease in the number of workers fully returning to work within a year of being injured. For those workers who were injured more than a year ago, there was also a slight decrease in their rate of return to work.

Improving return to work outcomes remains a clear priority for WorkCover. A number of key initiatives were implemented during 2009-10, which are discussed in this chapter.

### Australian and New Zealand return to work monitor 2010

Published annually by the Heads of Workers Compensation Authorities, this survey is conducted by Campbell Research. Some 2,689 injured workers who have had 10 days or more compensation paid are surveyed across all Australian and New Zealand workers compensation jurisdictions (not including self-insured employers). Four hundred and one workers were surveyed from South Australia.

The 2010 RTW rate nationally was reported as stabilising at 85% compared with a decline over the previous four years (2008-09: 83%).

South Australia was identified in the June 2010 report as consolidating the results of the previous year, although still remaining below the national average. The RTW rate for South Australia was 80% (a decrease of 2% compared with 2008-09).

South Australia had the highest proportion of workers currently receiving compensation, at 35%, compared to the national average of 23%. However, injured workers in South Australia reported that they had the highest level of access to a return to work plan (69%) as compared with the national average of 56%. South Australian workers also had a higher than average participation in developing a return to work plan.

### Claims overview

Workers compensation claims for SA's registered employers are managed by Employers Mutual. WorkCover and Employers Mutual collaborate to ensure the alignment and prioritisation of our activities, with a shared focus on maximising the capacity of injured workers to return to work or the community, and restoring the Scheme to a fully-funded status. Our goal is to motivate and encourage workers with capacity to stay at work or return to work to the greatest degree possible, and to help incapacitated workers regain the ability to work or return to the community. Improving our State's return to work performance remains an ongoing focus for the Scheme.

#### Claim numbers – registered employers

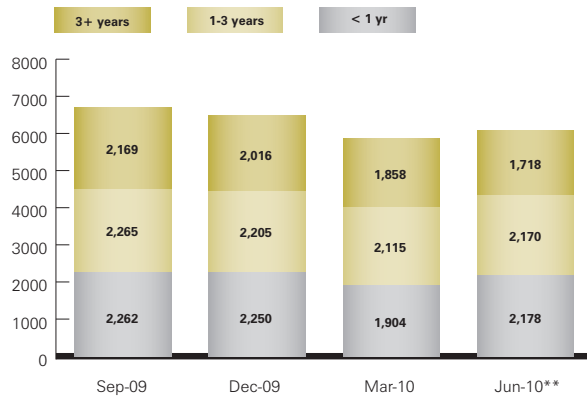
In 2009-10 there were 19,740 claims incurred<sup>1</sup> from workers employed by registered employers (2008-09: 19,710). Of these, 6,480 required the payment of income maintenance (2008-09: 5,080) – see Graph 5 over page (graphs 4 to 6 show trends in claim numbers).

<sup>1</sup> Incurred means the date of injury is during the financial year. This number includes an estimate for claims incurred but not yet reported.



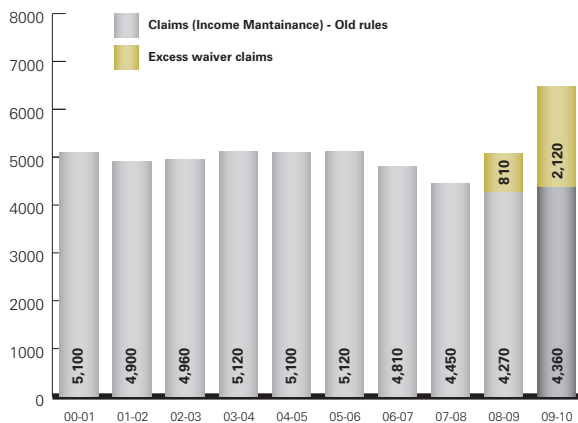
# Chapter 1 : Return to Work

Graph 4: Active income maintenance claims as at 30 June 2010 for registered employers\*



\*\* The June 2010 quarter < 1 year and 1-3 years are estimates provided by WorkCover's actuary. The usual definitions of active claims could not be used due to unusual payment patterns

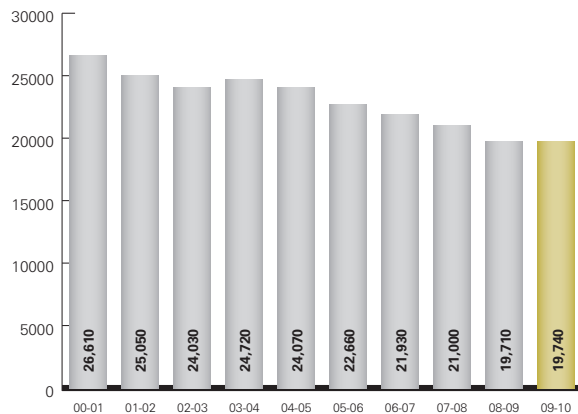
Graph 5: Income maintenance claims incurred by injury year registered employers\*



\*The higher number of income maintenance claims incurred in 2009-10 and active income maintenance claims less than one year old at the end of this year is primarily due to the incentive to employers to lodge claims within two business days (known as a waiver of excess).

Note: WorkCover does not have access to a full year's self-insured data for 2009-10 and consequently no self-insured data is provided in this report.

Graph 6: Total claims incurred by injury year registered employers



## Fatalities and claims

At the time of finalising this report, there were six compensable fatalities in 2009-10 (people who died as a result of their work). There was one additional fatality where the claim had not been determined.

Compensable fatalities SA - by industry & year of injury (registered and self-insured)

Fatalities as at June	05-06	06-07	07-08	08-09	09-10	Total	%
Agriculture, forestry, fishing, hunting	1	2	-	4	1	8	13.3
Community services	3	3	1	-	-	7	11.7
Construction	4	1	2	2	1	10	16.7
Electricity, gas & water	-	-	-	-	-	0	0
Finance, property & business services	1	-	1	-	1	3	5.0
Manufacturing	4	-	-	1	-	5	8.3
Mining	1	-	2	-	1	4	6.7
Non-class economic units (unclassified ind.)	-	-	-	1	-	1	1.7
Public administration & defence	1	-	-	-	-	1	1.7
Recreation, personal, other	1	-	-	-	-	1	1.7
Transport & storage	6	6	2	2	2	18	30.0
Wholesale & retail trade	2	-	-	-	-	2	3.3
Accepted	24	12	8	10	6	60	100

Table footnote: Figures reported will vary from year to year due to 'undetermined or interim' status claims not being included until determination or excluded upon being rejected, or redeterminations being made or the addition of late reported incidents. Note the figures for 2009-10 will be understated due to delays in reporting some incidents to WorkCover. Percentages have been rounded. Only fatalities resulting in a claim for compensation are reported to WorkCover. For statistics relating to all notifiable fatalities in South Australian workplaces contact SafeWork SA.

Redemptions

Redemption payments are those made under section 42 of the Act, where eligible injured workers agree to a lump sum to finalise their workers compensation claim (in lieu of weekly payments and/or medical expenses).

It is the clear intention of the legislation to significantly limit redemptions and to ensure all participants are focused on enabling early intervention and return to work opportunities as the clear goal of the Scheme.

Redemption payments made in 2009-10	
Number of redemptions paid	1289
Total redemption payments	\$123m
Average amount per redemption payment	\$95,000

Improving health and vocational services to injured workers

WorkCover provides a framework for injured workers to receive accessible, timely and appropriate services provided by a range of health and vocational providers. We work together with them to improve the health outcomes of injured workers by:

- developing new or improved service delivery arrangements
- developing best practice guidelines, tools and interventions
- reviewing and setting appropriate fees for the various types of health and rehabilitation services
- developing various education initiatives and contributing to university-based education programs for health under- and post-graduates.

As a first point of contact and in providing ongoing care, these providers have an essential role to play in the recovery and return to work of injured workers. An ongoing challenge for WorkCover is to influence health providers to encourage injured workers to stay at or return to work so that recovery times for people with compensable injuries more closely matches the recovery times for people with non-compensable injuries.<sup>1</sup> WorkCover has continued to work together with health and vocational providers to find solutions to achieve better health and social outcomes for injured workers.

For details of the health providers’ satisfaction survey, see page 37 (Stakeholder satisfaction).

<sup>1</sup> Royal Australasian College of Physicians. Compensation and Health Outcomes: 2001; and Harris I, Mulford J, Solomon M, van Gelder JM, Young J. Association between compensation status and outcome after surgery. A meta-analysis. JAMA. 2005; 293:1644 -1652.

Working with health providers

Some of the initiatives undertaken by WorkCover in 2009-10 that involved working with health and rehabilitation providers are explained in this section.

Baseline review of medical expert fees

Baseline fees using new fee setting methodologies were established in October 2006 for medical expert services (general practitioners, specialists and allied health providers). Since then fees have been indexed every year based on a combination of CPI and labour indexation adjustments. In 2009-10, WorkCover reviewed these current fees to ensure that they continued to be reasonable for the various health provider services delivered. These fees are required to be based on average charges to private patients (under section 32 of the *Workers Rehabilitation Compensation Act 1986*). As part of this process, service item descriptors and associated guidelines contained in the various WorkCover fee schedules were also reviewed.

The baseline fee review identified the need to refine WorkCover’s fee setting processes to ensure a more regular review of fees is undertaken where robust datasets are available.



# Chapter 1 : Return to Work

## Clinical practice guidelines for acute-subacute low back pain

In the South Australian workers compensation environment low back injury is one of the most prevalent injury conditions. Workers with low back injuries generally have poorer recovery outcomes and return to work rates in comparison with other injury conditions. To improve recovery rates for these workers, WorkCover commissioned the development of a clinical practice guideline for acute-subacute low back pain.

The guideline is intended to provide health professionals with updated evidence and guidance on the diagnosis, prognosis, treatment and management of acute-subacute soft tissue low back injuries.

The guideline and support materials were released in April 2010 and are available on WorkCover's website [www.workcover.com](http://www.workcover.com) > Health provider > Guidelines by injury type.

## Clinical practice guideline for carpal tunnel syndrome

A clinician's guide to managing carpal tunnel injuries was released by WorkCover in August 2009. The guidelines provide recommendations for health providers, taking into account best practice and evidence to manage this injury in a compensation environment. The guideline is available from [www.workcover.com](http://www.workcover.com) > Health provider > Guidelines by injury type.

## Better Outcomes Research Project – new trial with treating doctors

WorkCover and Employers Mutual commenced an eight-week trial in June 2010 aimed at identifying workers who have a high probability of developing a long-term disability. Statistically, workers who are still away from work from four to 13 weeks after their injury have a high probability of developing a long-term disability. The research trial involves working with treating doctors to identify capacity for safe and suitable return to work. In this trial, the risk of long-term disability is defined as the probability of a worker not returning to full-time work 12 months after injury. The trial is a doctor peer-to-peer project that identifies high-risk workers certified as partially or fully unfit for work four to 13 weeks post date of injury. It focuses on supporting treating doctors who have limited experience with WorkCover claimants and those who work in clinics with only small WorkCover claimant workloads.

A prognosis tool was developed to identify workers at risk of long-term disability based on a number of key risk factors. WorkCover data was used to determine the key risk factors for long-term disability, including:

- high-risk injury groups
- number of scripts for specific analgesics and mental health drugs
- hospital admissions
- number of WorkCover medical certificates
- number of physiotherapy visits.

The trial will also test how effective this prognosis tool is in predicting the probability of long-term disability. On identification of a high-risk worker, medical practitioner advisors recruited by WorkCover liaise directly with the treating doctor to discuss the worker's risk probability, the current *WorkCover Medical Certificate* and ways to prevent long-term disability.

An evaluation of the trial has commenced and is expected to be completed by the end of 2010.

## Health provider education in workers rehabilitation matters

During the year WorkCover continued to support the education of health providers in South Australia. This included the ongoing teaching of the clinical assessment and management of common work-related injuries to undergraduate medical students at both Adelaide and Flinders universities, and the delivery of the physiotherapy program *Management of WorkCover patients* with the University of South Australia.

Ongoing training opportunities were provided to general practitioner registrars enrolled with the Sturt Fleurieu general practice training group and clinical training sessions were delivered for Divisions of General Practice where requested. Our collaboration with the Royal Australian College of General Practitioners in developing training material for general practitioner management of pain continued.

The *Assessment of musculoskeletal injuries* teaching manual and accompanying DVD developed in 2008-09 has proven to be popular with health providers. Numerous requests for copies have been made including from The Faculty of Occupational and Environmental Medicine, which is interested in supplying this material to members of its training program. WorkCover is pleased to have been involved in changes to the Flinders University Graduate Diploma in Musculoskeletal Medicine. From 2011 this course will be multidisciplinary in nature and be structured around clinical exposure and experiential learning. This course has also been structured to address the needs of those with compensable injuries.

### **Vocational rehabilitation services**

WorkCover's Vocational Rehabilitation Unit continued to support the delivery of recovery and return to work services during 2009-10. There was a new vocational rehabilitation provider contract in place from July 2010 and WorkCover will support a stronger regulatory role in future, including off-site provider audits and educational outreach. In 2010-11, we will be completing a comprehensive review of the operating framework and make recommendations aimed at strengthening return to work outcomes.

WorkCover's previous vocational rehabilitation service provider agreements expired on 30 June 2010. New contracts commencing from 1 July 2010 were aligned with the Nationally Consistent Approval Framework for Workplace Rehabilitation Providers, supported by the Heads of Workers Compensation Authorities (HWCA). The new framework is designed to improve service standards, while harmonising administrative differences between the various Australian jurisdictions.

The assessment and reporting of suitable employment was a major focus throughout 2009-10. Considerable information was provided to the industry during the year with numerous changes adopted to support the focus on suitable employment, including the implementation of new service descriptors and codes. Eleven individual and industry sessions were also held, aimed at improving efforts to identify suitable employment with both pre-injury and new employers.

The long-term benefit of this work is expected to be improved return to work outcomes, evidenced by an overall reduction in workers continuing to the work capacity review stage of a claim.

A further initiative supporting return to work was the revamp of the process and documentation for the production of return to work plans and programs. In collaboration with the vocational rehabilitation industry and Employers Mutual, the process was simplified. The documentation was completely modified with input from a variety of stakeholders, with the aim of increasing the focus on returning injured workers to workplaces. A post-implementation review will be undertaken and further improvements will continue to be made in the second half of 2010.

From July 2010, the services provided by these professions will be known as workplace rehabilitation services.

**We work together with medical, rehabilitation and allied health providers to improve the health outcomes of injured workers.**





# Chapter 1 : Return to Work

## **STRATEGIC PRIORITY 1: Working with our strategic partners to improve injury and case management outcomes**

We continued to work with Employers Mutual to improve the quality of case management. WorkCover has an annual program of work that focuses on continually improving the quality of claims management services delivered through our agent. The following initiatives were implemented this year:

- Introducing an early notification process for seriously injured workers
- Overseeing and accrediting the training of more than 2,000 workplace rehabilitation and return to work coordinators nominated by employers
- Implementing new processes to facilitate early identification of return to work barriers at the employer level
- Reviewing and enhancing the RISE program of employer incentives to support the employment of injured workers with a new employer
- Reviewing and approving Employers Mutual's learning and development program for case manager professional development
- Conducting educational outreach sessions with vocational rehabilitation providers (now known as workplace rehabilitation services) on requirements of suitable employment and job matching
- Developing an improved rehabilitation and return to work plan for use by the vocational rehabilitation industry

## **STRATEGIC PRIORITY 2: Fostering a return to work culture**

### **Return to Work Fund**

The Return to Work Fund has six objectives:

- to foster innovation that finds solutions to the known barriers to return to work and enhances the effect of factors that support return to work
- to expand the retraining options for injured workers
- to develop greater workforce participation options
- to improve the skills of persons operating in the Scheme
- to undertake workplace initiatives that result in sustainable programs to help those sectors with known difficulty in achieving successful and timely return to work outcomes
- to raise awareness and undertake communication initiatives that promote the rehabilitation and return to work message.

Seven projects approved from round one of the fund are testing alternative approaches for improving return to work outcomes. Some early results are encouraging. The learning gained will be further considered as to how the Scheme can benefit from the findings.

The Return to Work Fund breakfast session held on 16 September 2009 was attended by 70 delegates and generated some ideas for future projects for round two funding. Key themes identified were family support, locality, injured worker support and attitudes towards returning to work. These themes were used to encourage the targeting of projects for round two of the fund, which closed on 30 June 2010. Forty-three expressions of interest were received for round two and, once evaluated, projects that are approved will start during 2010-2011.

### **Return to Work Inspectorate and Support Unit**

The Return to Work Inspectorate and Support Unit was established in 2008 to oversee employers' responsibilities under the Act, including the requirement for all employers with 30 or more workers to appoint a rehabilitation and return to work coordinator.

The unit is responsible for compliance and enforcement of employers' obligations to return injured workers to their workplaces as soon as workers are medically cleared for suitable duties. The unit also aims to raise employer awareness of these return to work obligations, support rehabilitation and return to work coordinators, and promote effective workplace rehabilitation of injured workers leading to early and sustained return to work.

Efforts in 2009-2010 focused on:

- raising awareness amongst employers about their return to work obligations
- providing professional development for rehabilitation and return to work coordinators by conducting network sessions that are designed to increase capability and understanding of return to work issues
- providing advice and assistance to rehabilitation and return to work coordinators
- conducting an employer compliance program.

During the year the Return to Work Inspectorate and Support Unit:

- conducted 22 network sessions that were attended by 970 rehabilitation and return to work coordinators
- conducted 360 compliance and education visits to employers
- received 193 referrals relating to an employer's obligation to provide suitable employment to its injured workers (2008: 175).

During 2009-10, six supplementary levies were imposed on employers who had failed to meet their obligations. There were 21 active supplementary levies that recovered \$612,500 from employers during the financial year.

By 30 June 2010, 2,643 rehabilitation and return to work coordinators were appointed in designated workplaces, and 2,286 had either enrolled in or completed the required training program.

## **Research into factors that influence our Scheme**

WorkCover's strategic research agenda continued to contribute to the growing evidence base on work-related injuries, helping in decision making and the development of initiatives to improve South Australia's return to work rates. Underpinning this strategy is the need to actively foster research networks and relationships with our service providers, other agencies and the external research community.

A number of research projects assessing return to work options deal directly with Scheme participants and provide valuable opportunities to reinforce positive outcomes such as return to function and work. Examples during 2009-10 were: Three manufacturing sectors of variable risk classifications (low, medium and high risk) have participated in studies assessing the role of the workplace in fostering a return to work culture. The views of employees were sought from the electronics industry (low-risk sector); wine and brandy (medium-risk sector); and the meat and livestock processing sectors (high risk for injury and illness). The findings show trust and communication between management and the workforce is not rated as highly as the commitment to report injury. This finding reinforces that supportive workplace practices are key to a return to work culture. One of the main barriers to return to work from the workplace perspective was found to be the provision of suitable duties.

The *Back Pain Study* measured the impact of psychosocial factors on recovery and return to work for workers with a back injury. The dominant occupations in this cohort are personal carers and other types of carers, drivers of varying types of vehicles, storemen and cleaners. The views of the treating general practitioner and physiotherapist supplement that of the workers. Participants (six months, one year and two years ago) were revisited, irrespective of their return to work status to measure their pain levels, functional disability, psychosocial status, compensation outcomes, recurrence, and experience with the injury management process. The results indicate that the use of relevant psychometric instruments helps identify workers at risk of delayed recovery and return to work due to one or more psychosocial risk factors such as depression or anxiety.

The findings from the Swinburne project *Redesigning the workplace for the ageing society* drawn from real organisations formed the basis of interactive workshops for rehabilitation and return to work coordinators. This is an example of bringing research to the end-user and helps reinforce the value of evidence informing policy and practice.

WorkCover continues to be an industry partner in the health and wellbeing project *Australia's baby boomer generation, obesity and work – patterns, causes and implications*. This multi-partner project will provide opportunities to collaborate with the health and ageing sectors, both highly relevant to our pool of current and future injured workers.



# Chapter 1 : Return to Work

## Above and beyond: The power of positive recovery and return to work

Two sessions featuring real life inspirational stories of return to work after an injury were held in December 2009 and February 2010, attended by a total of 150 guests including employers, rehabilitation and return to work coordinators, health and rehabilitation providers and WorkCover and Employers Mutual staff. A third session was held in March 2010 as part of the 2010 *Recovery & Return to Work Awards* launch. Julian Burton facilitated all three sessions and 15 award finalists from 2008 and 2009 shared their stories with the audience. WorkCover will hold further sessions in 2010 and 2011, with the 2010 award finalists continuing to raise awareness of the importance of recovery and return to work after injury.



The annual WorkCover *Recovery & Return to Work Awards* recognise and celebrate the outstanding efforts of South Australians injured at work, and those helping injured workers, to recover and get back to work. The awards are part of a concerted effort to raise awareness about the importance of getting people back to work in South Australia.

Nominations for the 2009 *Recovery & Return to Work Awards* opened in April and closed in July 2009. The awards ceremony was held on 14 September 2009. The awards were sponsored by Employers Mutual, Minter Ellison Lawyers, Business SA and Self-Insurers of SA (SISA).

WorkCover received 268 nominations, 101 formal applications and 23 finalists were selected by the judging panel. Each award recipient received a prize to the value of \$3,000, a trophy and a certificate. The 2009 winners were as follows:

Worker achievement award:  
Matthew Ervin and Grace Neate

Case management excellence award:  
Melissa Berridge (Employers Mutual)

Employer excellence award (small to medium): Community Help for the Isolated with Personal Support (CHIPS)

Employer excellence award (large):  
AgriExchange

Employer excellence award (self-insured): Nyrstar Port Pirie Pty Ltd

Health and rehabilitation achievement award (ind): Smaroula La Paglia, consultant to the South Australian Police

Health and rehabilitation achievement award (org): Insite Injury Management Group

The 2010 *Recovery & Return to Work Awards* were launched in March 2010, with a new category for rehabilitation and return to work coordinators.

a brighter future  
in return to work

## WorkCover annual return to work and injury management conference

On 15 September 2009, WorkCover's fourth annual conference was held. The theme was *A brighter future in return to work: Better for workers - Better for business - Better for the State*. This conference aimed to create a positive outlook for workers rehabilitation and compensation in South Australia, by continuously learning from and embracing successful return to work initiatives and innovations in injury management. There were 643 registrations and 590 delegates attended the conference on the day.

Planning for the 2010 annual conference started during the year and at the time of reporting the program of events and keynote speakers were being finalised. Keynote speakers will include Professor Sir Mansel Aylward, Chair, Public Health Wales, UK and John Marshall, Australian Paralympian/Police Officer, NSW.

## Return to work awareness campaign

In July 2009, the Board approved funding to move to the next phase of WorkCover's social marketing campaign, which went to air between 29 November 2009 and May 2010. A return to work awareness campaign has underpinned WorkCover's focus on improved rehabilitation and return to work outcomes for injured workers since 2005. The 2009 campaign focused on 'real life' stories of three injured South Australians:

FRANK MEDVE - who was run over by a 20-tonne earth moving machine and had his arm torn off and his legs crushed. The man who ran him over went into shock and Frank had to call his own ambulance (from underneath the earthmover). He had more than 20 operations over a two-year period and suffered significant psychological effects and depression. With the ongoing support of his employer and his family and friends he returned to work. Frank's wife, Deb Medve also features in the campaign, telling the important story of the impact of an injury on the family and the role they played in supporting Frank.

GRACE NEATE - who was 17 years old and working after school at a florist when she slipped and was severely cut by glass from a vase. She lacerated her wrist, cutting through two nerves, 12 tendons and the major (median) artery in her arm. At the time, her focus was on returning to school (rather than work) to finish Year 12. She had excellent support from her case manager, rehabilitation provider and family and is now at university and working three part-time jobs.

CARL FUTCHER - who fell down a lift shaft at work fracturing his cheek, eye socket and skull. It was initially thought that Carl would not live or that he might have brain damage. He suffered terrible shock at the beginning of the injury but quickly set about focusing on returning to work and managed to do so within six weeks. He received excellent support from his employer Kimberley Clark as well as his family and friends, and is now an advocate for safety and injury management in the workplace.

The campaign's media strategy focused on television as the key medium with support from radio, worksite advertising at higher-risk sites and medical clinics with a large number of workers compensation patients. Targeted publications aimed at high-risk industries such as aged care and relevant health publications focused on general practitioners and physiotherapists.

The campaign launch coincided with the introduction of new communications materials for injured workers and employers, including two injured worker booklets (*Injured at work: We're here to help you get back to work* and *The road to recovery: Returning to work and life*), three employer booklets (*Registering with WorkCoverSA*, *Welcome to WorkCoverSA* and *Helping injured workers return to work*) and an updated website to align the look and the content with the campaign.

To monitor the effectiveness of the campaign, WorkCover appointed independent market research company Beatwave Pty Ltd to do a baseline survey (November 2009) to test attitudes and behaviours before the campaign was aired and to do follow up tracking surveys (conducted in May 2010).

Generally speaking, perceptions of the role and performance of WorkCover either held ground or improved during the survey period, particularly concerning the issue of returning injured workers back to work.

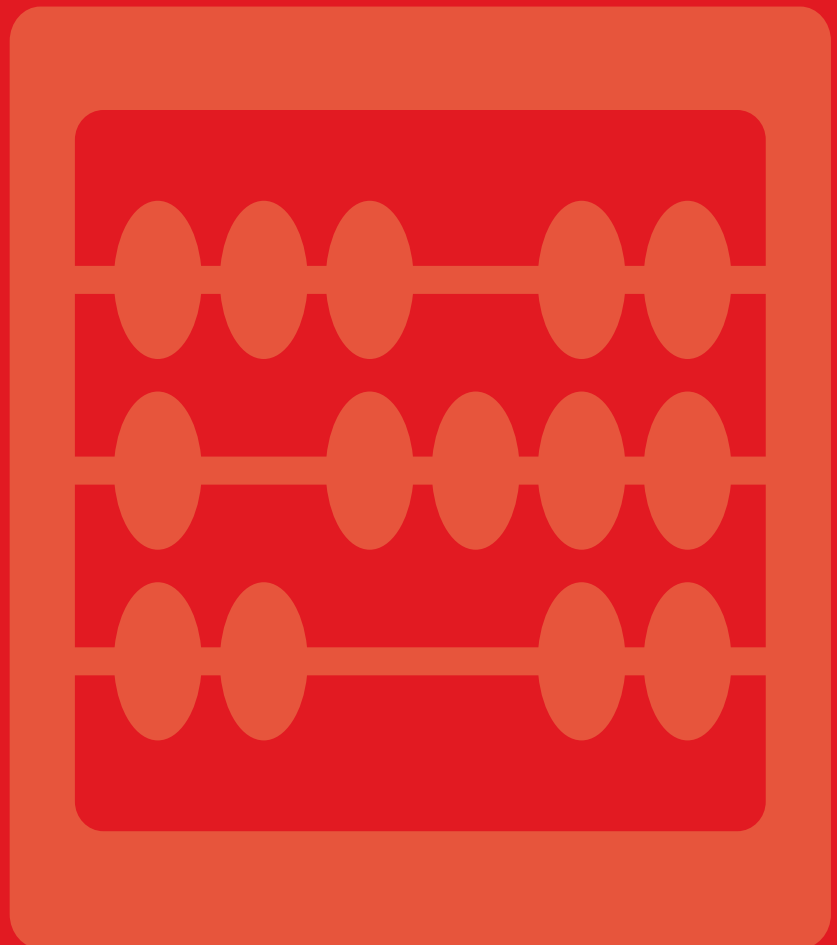
The recall of communications from, or about, WorkCover significantly increased during the survey period, mainly due to television advertising, which was perceived to be communicating the message of 'getting back to work/returning to work' and providing the viewers with previously unknown, positive information. WorkCover's main role was perceived to be "To help injured workers return to work".





**Chapter 2:**

# **Financial Performance**





## Chapter 2 : Financial Performance

### Results

WorkCover's financial performance for the year reflected an improvement in its funding position and a return to positive investment results. The final result was, however, significantly affected by the impact of investment markets on longer-term interest rates. Whilst short-term rates have increased, longer-term rates decreased materially at the end of the financial year. As WorkCover's claims liability is calculated on a discounted cash flow basis, any decrease in these longer-term rates will result in an increase in the value of the claims liability.

The result for the year was a profit of \$77.2 million (2009: \$75.1 million loss) which left the Scheme's unfunded liability at 30 June 2010 at \$982.0 million (2009: \$1,059.2 million) and its funding percentage at 61.5% (2008: 56.7%). This is the first time that WorkCover has recorded a profit for a complete financial year since the year ended 30 June 2000.

#### Simplified income statement

	2010 \$m	2009 \$m
Levy from registered employers	610	631
Cost of claims	(576)	(467)
Other claim expenses	(52)	(57)
Underwriting result	(18)	107
Net investment profits/(losses)	138	(138)
Other income:	21	20
Operating expenses	(64)	(64)
Profit/(loss)	77	(75)

#### Simplified balance sheet

	2010 \$m	2009 \$m
Investments	1,389	1,182
Other assets	182	208
Total assets	1,571	1,390
Outstanding claims	2,498	2,385
Other liabilities	55	64
Total liabilities	2,553	2,449
Unfunded liability	(982)	(1,059)
Funding ratio	61.5%	56.7%

**WorkCover's financial performance for the year reflected an improvement in its funding position and a return to positive investment results.**





## Chapter 2 : Financial Performance

### Impact of legislative change

The recent changes to the *Workers Rehabilitation and Compensation Act 1986* were designed to encourage a focus on injured workers returning to work as well as to reduce the costs of the Scheme. As at 30 June 2010 those legislative changes have largely been implemented but the evidence of their precise financial impact still remains uncertain and will remain so for a number of years. Accordingly, as required by the Applicable International Accounting Standards, the financial results for the year do not reflect all the anticipated financial benefits that should accrue from these legislative changes. Further details of the impact of these changes can be found in the report from Finity Consulting Pty Limited included at [www.workcover.com](http://www.workcover.com) > WorkCover > Annual report.

### Profit from insurance operations (PFIO)

These results reflect some circumstances and events that are within WorkCover's control or influence, such as the management of claims, and some that are not, such as returns from global investment markets, changes in interest rates and inflation assumptions.

These impacts can be significant eg, a fall of one percentage point in interest rates will increase WorkCover's reported liabilities by more than \$140 million. In order to better reflect the results that are within WorkCover's control or influence WorkCover has calculated its profit from insurance operations (PFIO) over the last five years. The PFIO is calculated by removing the impact of:

- investment returns that vary from long-term returns
- the impact of changes in economic assumptions (ie, interest rate and changes in inflation assumptions from WorkCover's annual results).

In 2008 and 2009 the unfavourable investment market conditions had a significant negative impact on WorkCover's results. In 2010 the reduction in longer-term interest rates had a negative impact on WorkCover liabilities that was partially offset by above average returns on investments.

This shows that after removing the impact of events outside its control or influence WorkCover's underlying financial performance has been positive for the last three years.

### Performance highlights

The key components of WorkCover's financial performance were:

- decreased levy revenues from registered employers of \$610 million (\$21 million lower than for the previous financial year)
- \$109 million increase in the cost of claims (ie, the combined impact of movements in the claims liability and the amounts paid on claims). This is almost totally due to the adverse impact of approximately \$110 million arising from changes in long-term interest rates assumptions.
- actuarial releases of \$130 million against a target of \$89 million giving a release over two years of \$301 million against a target of \$149 million
- an estimated lifetime costs of claims for the latest financial year of 2.92% of estimated remuneration
- positive investment returns of \$140 million compared with the \$136 million loss experienced in the previous financial year
- Scheme and other expenses of \$64 million, which were almost unchanged from the previous financial year.

### Levy revenues

To a large extent WorkCover's levy revenues are determined by the level of employment within South Australia. The decrease in levy revenue was largely due to decreases in the remuneration base from which levies are collected, combined with changes to the definition of remuneration to exclude the cost of trainees and apprentices.

Profit from insurance operations	Financial year				
	05-06 \$m	06-07 \$m	07-08 \$m	08-09 \$m	09-10 \$m
Actual result, profit/(loss)	(41.9)	(149.4)	(140.5)	(75.1)	77.2
Investment markets	(82.5)	(82.1)	183.3	227.4	(59.3)
Economic assumptions	(14.1)	(1.4)	(12.5)	50.3	109.7
PFIO	(138.5)	(232.9)	30.3	202.6	127.6

## Lifetime cost of claims

A key long-term financial indicator for the Scheme is the long-term cost of claims expressed as a percentage of the remuneration base of the Scheme (see graph right). This is the main factor in determining the average levy rate, which must cover this cost and an additional amount to recover the Scheme's unfunded liability. Until recent years, the Scheme has not set its average levy rate at a high enough level to cover the cost of claims.

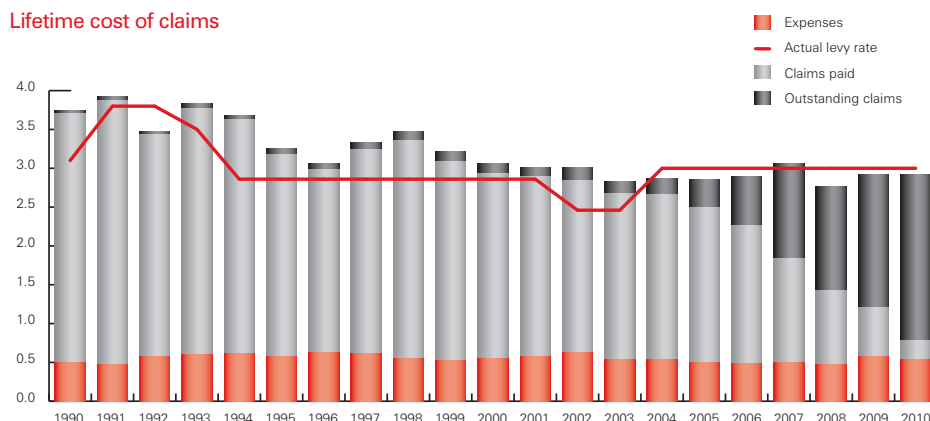
The current estimate for the cost of claims from the 2009-10 financial year is 2.92% of remuneration (ie, 0.08% below the average levy rate). This estimate is slightly above that of 2008-09 due to the impact of changes in discount rates noted above. As the evidence of the precise financial impact of the recent legislative changes becomes clearer it is anticipated that these costs will decrease further.

## Investments

Prudent investment of the funds collected from employers to meet the current and future costs of the South Australian workers compensation claims liabilities was a key focus for WorkCover during 2009-10.

Risk management remained central to administration of the WorkCover investment program during 2009-10 as it has for more than 20 years. The investment strategy continues to be reviewed regularly with explicit consideration of the risk characteristics associated with the claims liabilities payable from the investment portfolio, in addition to the usual investment market risk considerations.

Lifetime cost of claims



During the year the Board approved continuation of the moderate risk, balanced portfolio approach that has characterised WorkCover's investment program since inception. While this approach means investment results will fluctuate in line with the world's investment markets, resulting in quite high or even negative returns over shorter periods, the medium to longer-term outcomes are expected to continue to be competitive and contribute positively to WorkCover's overall financial position.

Our investment return over 2009-10 was 12.3%, comfortably above inflation and the actuarial discount rate. Over the 22 full financial years since the inception of WorkCover our investment return of 8.9% per annum is 5.8% per annum above inflation and above the actuarial discount rates.

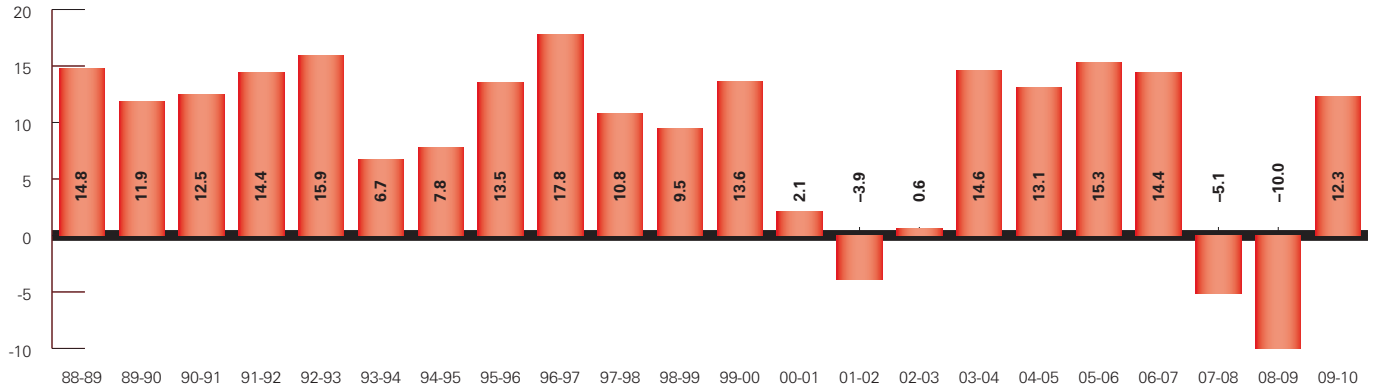
WorkCover has achieved sound risk-adjusted returns from the consistent application for more than 20 years of an investment approach focused on risk management and the Scheme's specific circumstances. This experience gives the Board and management confidence future investment outcomes will continue to meet our expectations.

Target asset allocation	Target 30 June 2010	Exposure 30 June 2010
Cash	2.0%	4.0%
Fixed Interest	13.0%	13.0%
Inflation-linked securities	20.0%	19.0%
Australian equities	19.0%	18.0%
Overseas equities (50% hedged)	21.5%	21.0%
Property	7.5%	7.0%
Real return growth assets	17.0%	18.0%

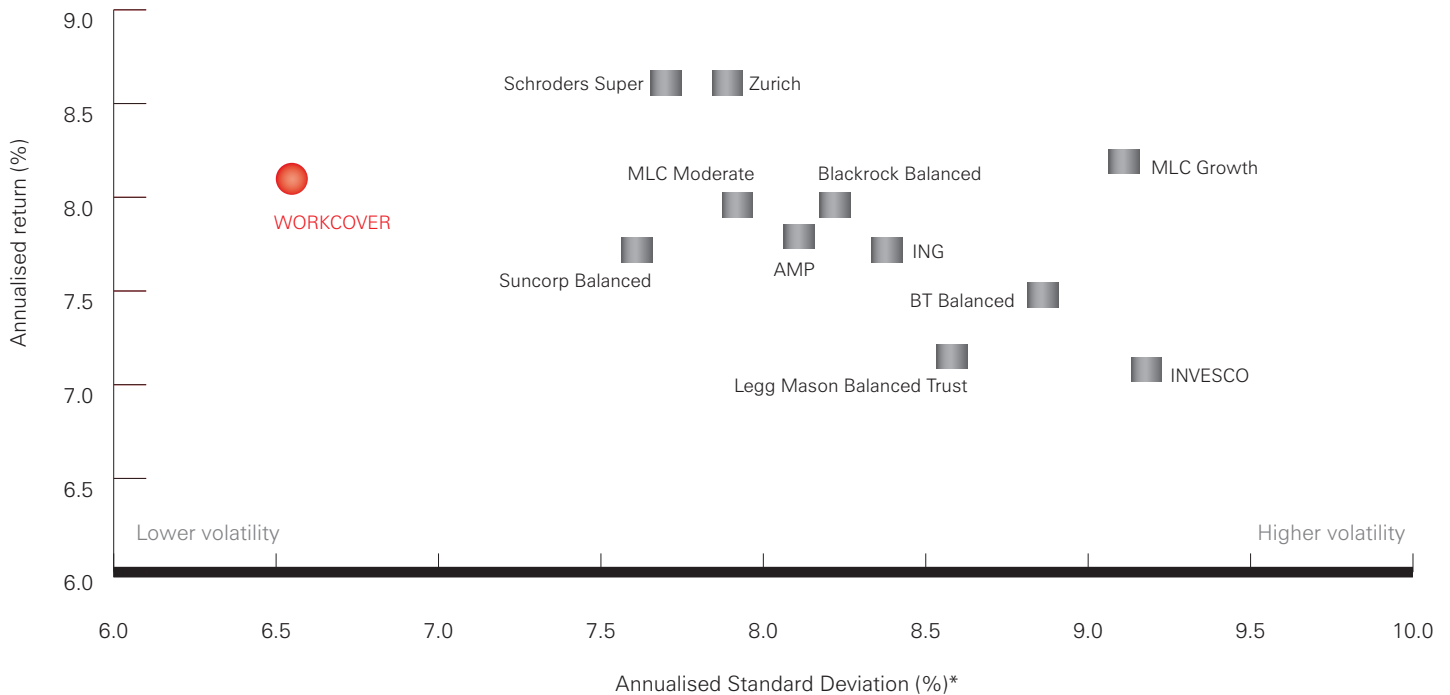


## Chapter 2 : Financial Performance

Investment return since inception of the Scheme  
Over a one-year period



Risk-return comparison – large balanced pooled funds (net returns)  
22 years to 30 June 2010



\* Annualised standard deviations are based on quarterly returns

Source: Russell Investments, WorkCoverSA. Returns for WorkCoverSA are after fees and have been adjusted down to approximate the tax paid by managers in the Russell Investments database. WorkCoverSA's actual return was 8.9% per annum over this period.



## Chapter 3:

# Scheme Integrity





## Chapter 3 : Scheme Integrity

WorkCover's role as Scheme regulator necessitates the balancing of access to entitlements with prudent financial control, and while these aspects can often be viewed as competitive, staying at work or a timely and safe return to work are widely recognised as the best outcomes.

WorkCover's approach to upholding the integrity of the Scheme is multi-faceted and essentially involves:

- ensuring employers receive value-for-money services for the levies they pay
- ensuring workers are informed and have access to their full entitlements under the legislation and the policies of the Scheme, while clearly understanding their obligations to participate in the return to work process
- ensuring that the self-insured segment of the Scheme is robust and appropriately monitored
- a sound, ethical approach to balancing the often-competing requirements of the Scheme.

During 2009-10, WorkCover implemented the final phase of legislated changes to the levy payments system. The goal is to create a more effective and efficient levy collection system, aligning with other workers compensation schemes across Australia.

WorkCover communicated these changes to employers in June 2009 and put measures in place to assist them with the transition to the new system.

The key changes were:

- changes to the requirement to register
- levy payment in advance rather than in arrears
- incentives to employ apprentices and trainees.

Also during 2009-10, the WorkCover Board advised that the Bonus/Penalty Scheme would be phased out, finishing on 30 June 2010. During the year WorkCover started the process of consulting with employers on a new incentives framework aimed at potentially replacing the Bonus/Penalty Scheme.

### Ensuring compliance with the Scheme

WorkCover has a compliance and enforcement program that supports an integrated approach to managing Scheme risk. The compliance program focuses on:

- employer legislative compliance
- internal fraud and corruption
- external fraud and corruption.

#### Employer compliance programs

WorkCover's employer compliance policy is designed to take a balanced and fair approach by actively pursuing non-compliance anywhere in the Scheme. Our comprehensive audit program (using targeted samples) verifies an employer's reported remuneration, as well as reviewing the nature of the employer's business to ensure they have the correct classification with the corresponding levy rate.

#### Unregistered employers

Our data exchange program with RevenueSA provides WorkCover with data where anomalies in employer details and/or levels of remuneration are identified. The records were also reviewed to identify unregistered employers. (Employers are not required to register if their remuneration is under \$10,900 per annum.) Seven new employer registrations were received as a result of this program. The program will now be implemented on a scheduled basis, with the next project planned for 2011-12.

Other unregistered employer projects implemented in 2009-10 resulted in 24 new employer registrations.

#### Worker and employer fraud

WorkCover has a fraud and corruption control plan, which covers both internal and external fraud. WorkCover defines fraud as "obtaining, or attempting to obtain, by deception or dishonest means money or any other benefit from WorkCover".

WorkCover receives referrals from a range of stakeholders, including Employers Mutual, which may identify issues during the management of a claim.

During 2009-10, 134 matters were referred to WorkCover (2008-09: 104). All referrals were assessed and 49 investigations were initiated during the financial year (2008-09: 63). Investigations were undertaken into non-compliance and suspected fraud.

### STRATEGIC PRIORITY 3: Implementing legislative reform

WorkCover's 2008-09 annual report detailed the background and extent of legislative changes to the Scheme and the WorkCover system, which culminated in June 2008 when the South Australian Parliament passed significant legislative amendments affecting both the *Workers Rehabilitation and Compensation Act 1986* and the *WorkCover Corporation Act 1994*.

The primary goal of the new legislation was to align our Scheme with others in Australia and to assist in increasing South Australia's return to work rates, thereby minimising the negative impacts of injured workers remaining on the Scheme. This, in turn, will help WorkCover achieve the target of full funding for the Scheme.

The final phase of the Government's legislative reform was implemented by WorkCover from July 2009, with the following reforms:

- levy payments in advance rather than in arrears
- minimum levy – changes to the requirements to register
- further changes to restrict the use of redemptions in the Scheme.

In addition, amendments to the provisional liability guidelines were implemented on 1 July 2009 to ensure weekly payments to injured workers commenced as quickly as possible and that determinations could be made on all claims. To support these changes, the *Claim Form* and *Injury Case Management Manual* were revised. During the 2009-10 financial year, WorkCover and Employers Mutual continued the process of 'bedding down' and implementing the April 2009 round of legislative changes – payments for permanent impairment for serious injuries, work capacity assessments and decision-making relating to medical issues.

There were some positive signs during 2009-10, such as:

- the number of new income maintenance claims determined within the target timeframes, allowing for payments and treatment of workers to start earlier
- 94% of disputed claims were deemed by the WorkCover Ombudsman to have been 'reasonably open'.

WorkCover continues to monitor the operational impacts of the legislative changes to the Scheme.

Information about all reforms introduced during 2008-09 is available in the *2008-09 WorkCoverSA Annual report*, available from [www.workcover.com](http://www.workcover.com).

**WorkCover's role as Scheme regulator necessitates the balancing of access to entitlements with prudent financial control.**





## Chapter 3 : Scheme Integrity

### Working with self-insured employers

WorkCover's Self-insured Return to Work Services Unit has a primary focus on regulating self-insured employers. WorkCover evaluates self-insured employers to ensure that they maintain conformance with WorkCover's performance standards and continuous improvement throughout the period of self-insurance registration.

WorkCover performs close financial and governance monitoring of South Australia's self-insured employers. During 2009-10, particular attention was paid to global entities whose financial performance may have been challenged due to the Global Financial Crisis.

The self-insurance levy rate for 2010-11 was set by the Board in March 2010 at 4.75%.

Overall, there were no negative financial impacts arising from cessation of self-insured employers.

Work continued in 2009-10 with a number of self insurers in relation to the one-in-all-in rule, which requires all related entities to register as a group. Registrations can be transferred, split, amalgamated or extended in line with the regular occurrence of restructuring, buying and selling companies in the corporate world.

Injury management and OHSW evaluations of self-insured employers against WorkCover's performance standards continued during the year. Of the 44 self-insured (private self-insured employers and Crown agencies) evaluated (for the purpose of renewal and notional renewal) during 2009-10, 23 complied with the performance standards. Three achieved a three-year renewal and 20 achieved a two-year renewal. The other 21 self-insured employers did not meet the minimum level. WorkCover granted suitable conditional renewal periods of up to two years and will continue to work closely with these employers to improve compliance standards.

#### New applications and cessation of self-insured employers

Cooper Standard Automotive (Australia) Pty Ltd ceased to be self-insured, effective from 20 September 2009.

WorkCover continued to work with a number of large registered employers who want to become self-insured. During 2009-10, however, no new self-insurance registrations were granted.

#### Self-insurers Insolvency Contribution Aggregate (SIICA)

Self-insurers make contributions under section 68(2)(d) of the Act to cover the actual and prospective liabilities arising from the insolvency of employers. The aggregate of these amounts is known as the Self-Insurers Insolvency Contribution Aggregate (SIICA). The balance at 30 June 2010 was \$28.73m (2009: \$25.18m).

### Levy disputes

WorkCover manages a dispute resolution process for employers under section 72 of the Act. This section says that an employer who is dissatisfied with a decision about a levy or certain related decisions can lodge a review application.

During 2009-10 there was a reduction in levy disputes due predominantly to fines not being imposed on employers for late payment of levy. This was due to the change to employer payment methods from levy in arrears to levy in advance. During the year there were 292 new review applications (2009: 633). Of the 328 files closed during the financial year, 141 (43.0%) were withdrawn or conceded in favour of the employer after re-consideration; 162 (49.4%) were resolved by conciliation; 16 (4.8%) fell outside the panel's jurisdiction; and nine (2.7%) were determined by the panel. The panel conducted 70 directions hearings and nine full hearings.

### Managing legal issues

Legal firm Minter Ellison continued as the principal provider of advice and representation services to WorkCover during 2009-10 in relation to claims issues. WorkCover's Technical Services Unit provides legal advice internally to WorkCover's other business units and oversees WorkCover's relationship with legal providers.

WorkCover monitors dispute activity and behaviour in accordance with its established dispute resolution plan and oversees the management of 'significant cases', which involve disputes that may potentially effect the management and viability of the Scheme. Currently, most 'significant cases' relate to disputes about work capacity assessments.

For details of dispute numbers and types, see page 39 in the chapter Stakeholder satisfaction.

### **Access to information (s107B and Freedom of Information Act 1991)**

Access to information held by WorkCover can be obtained under section 107B of the *Workers Rehabilitation and Compensation Act 1986* and the *Freedom of Information Act 1991* (FOI Act).

Section 107B enables all injured workers (including their representatives) in South Australia to access information relevant to their claims. This gives workers of registered employers and Government self-insured employers the choice of accessing their claim files through section 107B and/or the FOI Act, while workers of self-insured private employers can only access their records under section 107B.

Under the FOI Act, any member of the public can request information held by WorkCover. However, in 2009-10, 70% of the applications received were from injured workers or their representatives, under section 107B. In 2009-10, 1023 new applications (2009: 967) were received for access to information held by WorkCover and/or Employers Mutual. Of these 714 were lodged under section 107B (2009: 724), and 309 applications under the FOI Act (2009: 243). This represents an overall increase of 5%.

If an applicant is dissatisfied with a determination under section 107B and the FOI Act they can apply for a review of that determination. This year WorkCover received three applications for internal (ie, WorkCover) review under section 107B and two applications for internal review under the FOI Act. In addition, one matter proceeded to external (ie, outside of WorkCover) review with the State Ombudsman and one complaint was lodged with the WorkCover Ombudsman. The number of reviews was less than 1% of total applications received in the year.

More information about Freedom of Information (statutory requirements) can be found on our website [www.workcover.com](http://www.workcover.com).



Chapter 4:

# Stakeholder Satisfaction





## Chapter 4 : Stakeholder Satisfaction

WorkCover provides stakeholders with the opportunity to give feedback and offer their views about our policies and services.

WorkCover has a formal commitment to listening to, working with and engaging stakeholders in our strategic plan. Without the support of our stakeholders, WorkCover would not be able to achieve the vision of 'best possible recovery, faster return to work'.

### Stakeholder satisfaction

Each April WorkCover engages an independent market research firm to conduct a stakeholder satisfaction survey with employers and injured workers. This helps us to gauge attitudes and opinions about key performance issues related to Employers Mutual, the Scheme and WorkCover. Health providers are also surveyed.

Stakeholder satisfaction is a key contractual measure for Employers Mutual and is measured annually. The results are then compared with a baseline survey conducted in May 2006.

#### Workers and employers

Injured workers and employers are surveyed and respondents are asked how satisfied they are on a scale of 1 to 10 (where 10 is extremely satisfied and one is extremely dissatisfied) with the various services provided by Employers Mutual and WorkCover. The baseline scores for Employers Mutual are 6.11 out of 10 (mid-point overall satisfaction rating for injured workers) and 6.87 out of 10 (mid-point overall satisfaction rating for employers).

Areas for improvement identified from the 2010 survey include:

- better communication between parties
- case management improvements focused on relationship management, understanding of the workplace, empathy and better procedures
- ongoing improvements in managing complaints.

#### Actions from 2009

After the survey results were released, WorkCover implemented an action plan aimed at improving satisfaction levels. Five strategies were developed addressing customer service, stakeholder contact, service standards, information provision and health provider communication.

A Critical Incident Register was developed to facilitate recording and monitoring of critical incidents (including threats of self-harm and harm to others). Fortnightly meetings with Employers Mutual are also held to discuss complaints received and opportunities for system and process improvement. WorkCover also has a contact management system that captures stakeholder issues and questions.

During the year internal analysis revealed that significant improvement was required to achieve key targets. Root cause analysis of complaints has become a focal point, which involves assessment of common themes and once they arise, undertaking a detailed analysis and putting into place action plans to address complaints. WorkCover has had past success with this approach in reducing systemic and ongoing complaints for travel reimbursement, late income maintenance payments and concerns from seriously injured workers.

To address employers' concerns as reflected in the satisfaction surveys, various business sites were visited during 2009-10, as well as staff attending networking sessions with employer groups to discuss issues.

2010 survey results		
Employers	2009	2010
WorkCover	7.0	7.0
Employers Mutal	6.82	6.80
Workers	2009	2010
WorkCover	6.40	5.90
Employers Mutal	6.10	5.60



## Chapter 4: Stakeholder Satisfaction

### Health providers

Participants of the health provider survey were from a range of disciplines, including:

- general practitioners (27%)
- physiotherapy (21%)
- medical specialist (13%)
- vocational rehabilitation (12%)
- psychology (9%).

Half (50%, unchanged from 2009) of those providers who had contact with Employers Mutual indicated that they were satisfied with the service they received.

More than half (56%) of respondents indicated that they have had contact with a rehabilitation and return to work coordinator, and among those who had contact, 90% stated that the rehabilitation and return to work coordinator had been of assistance.

There was a relatively high level of satisfaction from health providers. The overall satisfaction ratings were:

- Employers Mutual – average rating of 3.3 out of 5, down from 3.4 in 2009 (50% satisfied, 31% neutral, 19% dissatisfied)
- Vocational rehabilitation providers – average rating of 3.5 out of 5, unchanged from 2009 (54% satisfied, 35% neutral, 11% dissatisfied)
- WorkCoverSA – average rating of 3.5 out of 5, unchanged from 2009 (56% satisfied, 32% neutral, 13% dissatisfied).

### Helping stakeholders get the most from the WorkCover Scheme

WorkCover conducts a wide range of stakeholder engagement activities each year.

Our primary stakeholder communication, *Newslink* magazine was published three times during 2009-10 for employers, rehabilitation and return to work coordinators, case managers and health and rehabilitation providers.

WorkCover also produces a wide range of communications products for employers, injured workers and health and rehabilitation providers.

### Stakeholder relations framework and service charter

WorkCover has a stakeholder relations framework that provides stakeholders with a variety of channels to engage with WorkCover. The framework is in line with WorkCover's stakeholder participation guidelines, which are based on the International Association for Public Participation (IAP2) spectrum.

The Injured Worker Stakeholder Group continued to meet separately as well as being part of the combined stakeholder group to focus on day-to-day issues management. There were three meetings each for these groups during 2009-10. The Injured Worker Stakeholder Group meetings are attended by Employers Mutual and the WorkCover Ombudsman to update the group on claims matters, as well as SafeWork SA and guest speakers such as a representative of Medical Panels SA.

In 2009-10, stakeholders continued to receive monthly email updates and were consulted on the levy adjustment scheme, employer incentives, draft regulations, and other key projects and policies in line with the stakeholder participation guidelines. WorkCover also continued to attend external stakeholder meetings in an effort to maintain two-way communication and information sharing.

WorkCover's service charter sets out in detail our commitment to delivering high standards of service.

### Access and equity (A&E)

Consultancy, resources and information sessions continued to be organised by WorkCover staff during 2009-10. These sessions are aimed at case managers, WorkCover staff, rehabilitation providers and employers to ensure that services and products are provided in an equitable way to people with disabilities, Aboriginal and Torres Strait Islanders, people of culturally and linguistically diverse backgrounds, and women. Organisations representing these four sectors continued to meet as part of the combined stakeholder approach and were consulted on key relevant policies and services in line with the stakeholder participation guidelines.

The four Access and Equity stakeholder groups also met in December 2009 and March 2010 to discuss projects to be undertaken in 2010 as part of the service level agreement with SafeWork SA.

In response to requests from the rehabilitation and return to work coordinators (coordinators) of the Riverland region, WorkCover organised a network session on 22 April 2010, attended by coordinators, supervisors and employers. The topics included working with interpreters, cultural competency and diversity, and creating a return to work culture. The sessions provided the participants with resources to assist them perform their role, taking into account the ethnic diversity of the Riverland region. Since the session, WorkCover and Employers Mutual have developed an action plan to address the main issues raised.

WorkCover's Interpreting and Translating Policy was reviewed and updated during 2009-10, and translations of relevant information for employers and injured workers were arranged upon request or in relation to changes to the legislation. For example, individual letters to injured workers of non-English speaking backgrounds were translated to advise them about work capacity reviews and restrictions of redemptions. In collaboration with the Migrant Resource Centre, Multicultural Communities Council and SafeWork SA, WorkCover also presented three information sessions about OHSW and workers compensation to newly arrived migrants. Two of the sessions were held during SafeWork Month 2009.

#### Service Centre

The Service Centre is WorkCover's primary point of telephone and personal contact with our employer stakeholders.

In 2009-10, approximately 49,783 employers (2009: 50,360) used our online reconciliation service, where any levy or refund due is automatically calculated. Employers also have the option to pay online.

The Service Centre handled 106,356 calls, comprising 57,613 calls about levies (including 27,489 about reconciliation). The average caller wait time was 26 seconds (2009: 25 seconds) and the call-abandon rate\* was 1.39% (2009: 1.27%)

\* The term 'call-abandon rate' refers to those callers who disconnect before speaking to a staff member.

#### Claims disputes

The Act enables injured workers, employers and providers to dispute a wide range of claim-related decisions made by WorkCover's claims agent, Employers Mutual, and self-insured employers.

WorkCover monitors dispute trends in the Workers Compensation Tribunal relating to registered employers (ie, not self-insured employers).

In 2009-10 there were 2,299 disputes (an average of 192 disputes per month). This is a 30% decrease on dispute numbers from 2008-09 of 3,297.

The four major dispute types were:

- 656 disputes about compensability (inclusive of physical and psychiatric injuries [sections 30 and 30A])
- 437 disputes about discontinuance, suspensions and breach of mutuality (section 36) and various other sections
- 237 disputes about calculation of average weekly earnings and periods of incapacity (section 4 and section 35[1])
- 331 disputes about lump sums (section 43).

**WorkCover conducts a wide range of stakeholder engagement activities each year.**





## Chapter 4: Stakeholder Satisfaction

### Complaints managed by WorkCover

WorkCover's Service Improvement Unit (SIU) manages the resolution, tracking, interactions and outcomes regarding complaints relating to claims management.

The SIU has a framework in place aimed at ensuring our processes and procedures deliver fair, equitable and transparent services. This is detailed in the WorkCover Service Charter. Complaints can be initiated through our website, over the phone or by mail.

Our contact management system enables complaints data to be captured in a central repository, where there is complete visibility and transparency of stakeholder concerns and the methods used to resolve them.

During 2009-10, there were 977 complaints lodged with WorkCover and Employers Mutual (2008-09: 925). After investigation of the complaints by WorkCover, 390 were substantiated (2008-09: 348), 212 were partially substantiated, 333 were unsubstantiated, 13 were withdrawn and 29 were not determined.

The number of complaints increased this year, partially as a result of changes to the complaints process that enabled more complaints-related phone calls to be identified and managed within the complaints process.

Complaint information captured indicates that communication and relationship management are areas that need additional attention. Initiatives implemented in 2009-10 should provide a strong foundation for improvement in those areas.

Despite the increase in referrals to the WorkCover Ombudsman, the number of decisions deemed 'not reasonably open' have remained minimal.

### WorkCover Ombudsman

The WorkCover Ombudsman is authorised to receive, investigate and resolve complaints arising from the administration of the Act. The WorkCover Ombudsman reports to the Minister for Industrial Relations and is charged with testing the 'reasonableness' of decisions to stop weekly payments. The Ombudsman also:

- reviews the operation of the Act and recommends improvements
- investigates and seeks to resolve complaints from workers, employers and other interested parties about administrative actions under the Act
- investigates issues associated with the rehabilitation and return to work of injured workers
- assists WorkCover and employers to establish their own processes for handling complaints.

For full details of matters relating to WorkCover, visit [www.wcombudsmansa.com.au](http://www.wcombudsmansa.com.au) to read the WorkCover Ombudsman annual report or email [owo@sa.gov.au](mailto:owo@sa.gov.au).

### Advocacy and representation services for injured workers and employers

Workers compensation advocacy and representation services are provided to injured workers (by SA Unions) and employers (by Business SA). WorkCover has provided funding for this purpose via contracts with these organisations for a three-year term, with 12-monthly reviews. In 2009, contracts were extended, pending the outcomes of an examination of the future arrangements for advocacy and representation services.



## Chapter 5:

# Our Organisation





## Chapter 5 : Our Organisation

### **STRATEGIC PRIORITY 4: Replacing our legacy IT systems**

In 2006, WorkCover identified the need to replace its ageing IT systems which had certain technical and design limitations that had begun to impact day-to-day operations. The replacement was a necessary investment in the WorkCover Scheme to meet the organisation's long-term information management needs, enhance business responsiveness and improve customer service well into the future.

Project Harry, an applications replacement project, has been a business priority for several years with significant work completed during 2008-09 and 2009-10. This project implemented the new IT system, Cúram, specifically tailored to support WorkCover's core business processes of return to work, claims management, Scheme compliance, employer registration, levy collection and financial management. Throughout this extensive project, WorkCover worked closely with Employers Mutual to ensure successful implementation of the new system across both organisations.

Cúram was released in April 2010 and during the final quarter of the financial year, the software and associated systems were continually reviewed during the initial 'bedding down' period. During this phase, regular software releases were implemented to address high-priority issues. Since the introduction of Cúram, weekly income maintenance payments have been made on time.

WIRE (WorkCover Information Reporting Environment) is WorkCover's new corporate reporting solution for all claims and levies information captured in Cúram, and was successfully launched on 10 May 2010. Training courses on WIRE's new products and services were held for WorkCover and Employers Mutual staff.

### **STRATEGIC PRIORITY 5: Encouraging an achievement culture**

WorkCover remains committed to improving internal capability and having an engaged workforce.

In response to our September 2009 *Engagement and culture survey*, we have developed a three-year People and Culture Plan 2010-2012, which focuses on four strategic priorities:

- 1 THE RIGHT PEOPLE:  
attracting and retaining the right staff
- 2 OUR PEOPLE MATTER:  
supporting, developing and recognising our staff
- 3 STRONG LEADERS:  
building leadership and management capability now and for the future
- 4 THE RIGHT SYSTEMS:  
getting it right internally.

Key projects commenced in the first half of 2010 include the review of the organisational competency system, development of the WorkCover Excellence Awards for staff, implementation of online OHSW training, and development of local level engagement plans.

## Information and communications technology (ICT)

Working with the business, ICT contributes to the achievement of all critical success factors by providing ICT solutions and services that are innovative, high quality and delivered in a cost-effective manner. The ICT group delivers an effective ICT Governance process, and cost-effective ICT services and solutions to meet the business needs of WorkCover, Employers Mutual and service providers.

In addition to replacing our legacy systems, the following other key outcomes were achieved in 2009-10:

- Systems for SafeWorkSA were rewritten.
- Amendments were made to operational systems to accommodate legislative changes.
- Regular security and operating system enhancements were installed.
- Technology refreshes and upgrades were completed to ensure reliability and vendor support.

## Strategic planning and governance

Our three-year strategic plan (see page 12), guides our business. The plan articulates goals for WorkCover as an organisation, the priorities to be undertaken to pursue those goals and the measures that will identify whether the goals have been achieved.

A sound corporate governance approach also underpins our organisation and is regularly refined and updated. The corporate governance framework is reviewed by the Board Audit and Risk Committee on an annual basis to ensure that it provides strong foundations for the management and oversight of WorkCover's activities. This was last done in May 2010.

As part of the legislative amendments to the *WorkCover Corporation Act 1994*, proclaimed on 1 July 2008, WorkCover's external audit requirements changed. The Auditor General is now responsible for auditing WorkCover. To read the Auditor General's report, visit [www.audit.sa.gov.au](http://www.audit.sa.gov.au).

## Risk management

The identification and management of risk is critical to WorkCover, in order to ensure the organisation's strategic goals and priorities are successfully delivered. WorkCover has a risk management system that incorporates the corporate perspective (which is top-down) and the operational imperatives (which is bottom-up). Our approach includes the following major risk components:

- Return to work / Scheme performance
- Financial performance
- Stakeholder and environmental factors
- Scheme integrity
- Organisational performance

## Internal audit

PricewaterhouseCoopers (PwC) is engaged by WorkCover to provide internal audit services. PwC has a direct reporting line to WorkCover's Board Audit and Risk Committee and attends its meetings. The internal audit plan is reviewed annually to ensure it reflects current issues impacting WorkCover and continues to be prioritised towards the areas of higher risk for WorkCover.

**A sound corporate governance approach also underpins our organisation and is regularly being refined and updated.**



## Chapter 5 : Our Organisation

### Internal fraud

WorkCover has a fraud and corruption control plan that covers both internal and external fraud and corruption control. WorkCover defines internal fraud as "...obtaining or attempting to obtain, by deception or dishonest means money or any other benefit from WorkCover" and uses the definition of corruption from AS 8001-2008 Fraud and Corruption Control, which is "dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity."

The fraud and corruption control plan summarises the strategies for dealing with internal and external fraud, draws together policies and procedures to prevent and identify fraud, and outlines the responsibilities of management and employees in controlling fraud. The Compliance Unit monitors behaviour that may be in breach of the implemented plan.

In 2009-10, there were no instances of internal fraud detected. There were a small number of instances of inappropriate viewing of data identified and each case was independently reviewed and staff members counselled.

### Employee relations

Sound employee relations enables WorkCover to continue to structure and refine itself in line with business and stakeholder requirements.

This year, we continued to have solid working relationships with staff representatives and unions (Public Service Association and Finance Sector Union). The WorkCover Consultative Group, including management, staff and union representatives, continued to meet monthly to provide opportunities for consultation and to collaboratively address industrial and employee relations staffing matters.

As a result of the collaborative approach and positive relationships with staff representatives, WorkCover recorded no industrial action during the 2009-10 financial year.

### Leadership and management training expenditure

A range of professional development programs were supported through the studies assistance program, ranging from Diploma, Advanced Diploma, Graduate Diploma, Post Graduate Certificate, Bachelor and Masters programs. Staff also completed accredited courses in Senior First Aid, Occupational First Aid and Rehabilitation and Return to Work, to support our drive towards 'zero harm'.

WorkCover also offers a range of work/life balance initiatives including paid parental leave, flexible working hours, job share, working from home and part-time arrangements.

WorkCover continued to offer an Employee Assistance Program with Access Ocar, which provides a confidential and independent counselling service for staff with personal or work-related issues.

Training for managers and staff in policies and procedures relating to bullying, harassment and equal opportunity continue to support efforts promoting diversity, equal opportunity, access and equity and disability awareness.

Training and development	Total cost	% of total remuneration
Total training and development expenditure	\$371,692	1.4%
Total leadership and management development expenditure	\$153,177	0.6%

### Performance management

WorkCover's performance and career development system ensures all employees are focused on helping our organisation achieve its critical success factors. The formal review takes place twice annually.

Performance and career development	
WorkCover employees eligible for a review June 2010	255
Total number of WorkCover employees who had a review	239
Percentage of WorkCover employees who had a review	94.0%

Note: Employees on various types of leave (eg, maternity) did not receive performance reviews

### Employee numbers, gender and status

Total number of employees		
Persons		288
FTEs		271.4
Gender	% Persons	%FTEs
Male	40.3	42.1
Female	59.7	57.9
Number of persons during 2009-10 financial year		
separated from WorkCover		44
recruited to WorkCover		47
Number of persons at 30 June 2010		
on leave without pay		2

### Status of employees in current position

FTE's	Ongoing	Short-term contract	Long-term contract	Other (Casual)	Total
Male	99.2	11	4	0	114.2
Female	144.2	10	3	0	157.2
Total	243.4	21	7	0	271.4
Persons	Ongoing	Short-term contract	Long-term contract	Other (Casual)	Total
Male	101	11	4	0	116
Female	159	10	3	0	172
Total	260	21	7	0	288

Short-term for a period up to and including one year

Long-term for a period which extends beyond one year up to five years

### Number of employees by salary bracket

Number of employees by salary bracket			
Salary bracket	Male	Female	Total
\$0 - \$49,199	5	51	56
\$49,200 - \$62,499	13	39	52
\$62,500 - \$80,099	35	49	84
\$80,100 - \$100,999	41	15	56
\$101,000+	22	18	40
Total	116	172	288

### Average days leave taken per full-time equivalent employee

Leave type	2006-07	2007-08	2008-09	2009-10
Sick leave	6.60	6.46	7.41	6.64
Family carer's leave	0.19	0.85	0.52	0.63
Miscellaneous special leave	-	-	-	-

### Workforce diversity: Aboriginal and/or Torres Strait Islander employees

Total	% of WorkCover	Target*
1	0.4%	2%

\* Target from South Australia's Strategic Plan (SASP)





## Chapter 5 : Our Organisation

Number of executives by status in current position, gender and classification at 30 June 2010

Classification	Ongoing		Contract tenured		Contract untenured		Total		
	Male	Female	Male	Female	Male	Female	Male	Female	Total
CEO	0	0	0	0	1	0	1	0	1
Executives*	0	0	0	0	3	3	3	3	6
Total	0	0	0	0	4	3	4	3	7

\*Staff receiving a base salary of \$101,471 or more, OR a total remuneration package equivalent to \$127,554 or more and who have executive responsibilities

Workforce diversity:

Cultural and linguistic diversity

	Male	Female	Total	% of WorkCover	% SA community*
Number of employees born overseas	27	75	72	26	20.3
Number of employees who speak language(s) other than English at home (bilingual services)	1	4	5	1.7	16.6

\* Benchmarks from ABS Publication Basic Community Profile (SA) Cat No. 2001.0, 2006 census

Workforce diversity:

Number of employees by age bracket by gender

Age	Female	Male	Total	% of Total	2010 Workforce benchmark*
15-19	0	0	0	0	6.1
20-24	3	1	4	1.4	10.6
25-29	12	8	20	6.9	10.5
30-34	27	8	35	12.2	9.4
35-39	34	17	51	17.7	11.2
40-44	27	17	44	15.3	11.1
45-49	24	19	43	15	12.0
50-54	19	18	37	12.8	11.0
55-59	14	18	32	11.1	9.2
60-64	11	9	20	6.9	6.0
65+	1	1	2	0.7	2.9
Total	172	116	288	100	100

\*Source: Australian Bureau of Statistics Australian Demographic Statistics, 6291.0.55.001 Labour Force Status (ST LM8) by sex, age, state, marital status – employed – total from Feb78 Supertable, South Australia at May 2010.

Number of employees with disabilities

(According to Commonwealth DDA definition)

WorkCover conducts a disability survey annually for all staff to determine the number of people with disabilities currently employed. There were 21 employees with disabilities identified from the 2009-10 survey (7.3% of WorkCover). The types of employee disabilities are (note that some employees have multiple disabilities):

Disability	Employees
Physical	9
Intellectual	1
Sensory	9
Psychological / Psychiatric	2
Other	2

## Number of employees using voluntary flexible working arrangements by gender

	Male	Female	Total
Purchased leave	2	2	4
Flexitime*	94	151	245
Compressed weeks	0	0	0
Part-time/job share**	5	40	45
Working from home**	10	11	21

\* 40 senior staff do not have flexi-time arrangements

\*\* Some staff are on part-time/job share arrangements and working from home

## Disability action plan and equal opportunity

WorkCover continued to promote all externally advertised job vacancies through the Indigenous Information Network of South Australia Inc. (TURKINDI) and Disability Works Australia.

WorkCover also promoted equal employment opportunity by including a statement on all externally advertised position vacancies - "WorkCover is an equal opportunity employer - valuing difference - embracing diversity. Aboriginal and Torres Strait Islanders, people with a disability, and people of culturally linguistically diverse backgrounds are encouraged to apply".

During 2009-10, we submitted our annual Whole of Government Disability Action Plan progress report 2008-09 in September 2009 to the Department for Families and Communities.

The implementation of the DAP is monitored through our internal OHSW Committee to enable staff members to liaise with their business units and ensure implementation is on track. Examples of the implementation include:

- adding a clause into our service provider agreement to ensure our providers' premises are accessible to people with disabilities
- making a number of our communications products available in alternative formats
- incorporating information on how to request an interpreter or product in alternative formats in all publications.

We also continued to consult with the disability sector through our combined stakeholder group that meets quarterly. Two training sessions on disability awareness and the *Disability Discrimination Act 1992* were delivered to rehabilitation providers, WorkCoverSA and Employers Mutual during the year.

## Safe work in our organisation

WorkCover remains committed to the principle of zero harm. During 2009-10 our lost-time injury frequency rate (LTIFR) was zero at year end with no new lost-time injury recorded in 16 months. This represented a significant milestone achievement based on positive contributions by many staff to our OHSW programs.



## Chapter 5 : Our Organisation

### OHSW management systems

Following achievement of Level 1A of the relevant self-insured OHSW standards during 2008-09, a subsequent independent audit during 2009-10 confirmed this achievement utilising the revised self-insured evaluation guidelines. We strive for continuous improvement in our OHSW system and to provide a safe working environment for our staff, visitors and service providers.

We continued to incorporate safety into our business systems:

- Our business planning cycle builds in safe work targets.
- OHSW is a standard agenda item at our team meetings including regular management review.
- OHSW accountabilities are incorporated into our performance and career development system.
- Staff consultation remains a cornerstone of our approach to safety.
- Early reporting, investigation and consultation is promoted to resolve OHSW issues.
- Internal auditing and independent external auditing are utilised to highlight opportunities for ongoing improvement.

### Wellbeing

In 2009-10, WorkCover continued to provide an annual wellbeing program targeted at improving staff health as well as team building. The scope of the program is broad and includes such activities as health screening, flu vaccinations, vision and hearing testing, meditation, yoga as well as targeted education information sessions (coping with stress and building wealth). In addition to ongoing participation in the Global Corporate Challenge, we have encouraged staff to participate in a trial 'be active' at work program, an important initiative by the Office for Recreation and Sport and the South Australian Department of Health.

### OHSW notices and corrective action taken

Number of notifiable occurrences pursuant to OHSW Regulations Division 6.6	1
Number of notifiable injuries pursuant to OHSW Regulations Division 6.6	0
Number of notices served pursuant to OHSW Act s35, s39 and s40 (default, improvement and prohibition notices)	0

Note: The notifiable occurrence related to an electrical shock received by a contractor whilst repairing a water cooler unit. No significant injury was incurred and no further improvement action was taken by SafeWork SA in regard to WorkCover.

Meeting safety performance targets	Base	Performance - 12 months to end of June 2010			Final target
	2005-06 numbers	Actual	Notional quarterly target	Variation	Numbers
1. Workplace fatalities	0	0	0	0	0
2. New workplace injury claims	7	0	0	0	0
3. New workplace injury claims frequency rate	10.1	0	0	0	0
4. Lost-time injury frequency rate <sup>1</sup>	4.12	0	0	0	0
5. New psychological injury claims	n/a	0	0	0	0

<sup>1</sup> Lost-time injury frequency rate for new lost-time injury/disease for each million hours worked. Claims from WorkCover staff are independently managed by Employers Mutual and Echelon Australia and hence return to work and claims statistics are not recorded by WorkCover.

## Inter-governmental partnerships and alignment with Government objectives

WorkCover's activities support the SA Strategic Plan (SASP) objective of 'Improving Wellbeing' (see [www.saplan.net.au](http://www.saplan.net.au)). WorkCover is also contributing to the 'Attaining sustainability' target of reducing energy consumption and costs each year. The WorkCover building is leased until 2012 and our target is to reduce energy consumption within that period.

As the administrator and regulator of the State's Workers Rehabilitation and Compensation Scheme, WorkCover has a major interest in continued improvement in occupational health, safety and welfare (OHSW) performance in South Australian workplaces.

While SafeWork SA is responsible for the achievement of the OHSW target set in the SASP – target T2.11 Greater safety at work which seeks to 'Achieve the nationally agreed target of 40% reduction in injury by 2012', WorkCover and SafeWork SA both recognise that reducing the number and severity of workplace injuries and diseases is critical to improving the outcomes for workers and the Scheme, including reducing WorkCover's unfunded liability. Fewer workplace injuries and diseases means fewer workers are injured.

## National activities

We take part in numerous state and national committees and groups, including representation on the Heads of Workers Compensation Authorities (HWCA) and the national body, Safe Work Australia's Workers Compensation Strategic Issues Group. Together with other workers compensation bodies, WorkCover is involved in providing input into the annual publications, *Comparative performance monitoring report (CPM)* and the *Comparison of workers compensation arrangements in Australia and New Zealand*.

WorkCover participated in a national forum in March 2010 arranged by Safe Work Australia to consider the issues associated with the national harmonisation of workers compensation. The outcomes were used to inform Safe Work Australia's strategic and operational plans for 2010-2013.

## Administrative matters

### Summary of contractual arrangements over \$4 million

During 2009-10, WorkCover had a claims management agreement with Employers Mutual Limited as the agent for claims involving all registered employers.

In addition, WorkCover had a contract with Minter Ellison Lawyers as the principal provider of legal services in relation to worker claims matters.

WorkCover also has an agreement with IBM for the design and implementation of a computer system to replace its end-of-life claims management and levy collection systems.

### Overseas travel

There was no overseas travel during 2009-10.

**“WorkCover is an equal opportunity employer - valuing difference - embracing diversity.”**



## Chapter 5 : Our Organisation

### Energy and efficiency

WorkCover's activities support the SASP objective of 'Attaining Sustainability', where energy consumption has a target to be reduced by 25% within 10 years from 2001-02.

In 2009-10 we continued to identify efficiencies to reduce energy costs for the organisation. We did this by continuing with timer controls on all floors for lighting and heated water, continuing with lighting lamps to maximise environment and power-saving benefits, and by using energy-reflecting window draping.

We also continued with:

- our recycling program for clean paper items, newspapers, cardboard, aluminium cans and printer cartridges
- the scanning of records/inward mail resulting in up-to-date customer information on file
- replacing end-of-life photocopiers and printers with units with better features for power and the environment
- using double-sided printing as a standard
- minimal use of colour photocopying.

In addition, our building management system was re-programmed to meet business needs and achieve a reduction in energy requirements. The building has a NABERS (National Australian Built Environment Rating System) rating of 4.5 stars. Windows are fitted with retrofitted double glazing to all upper floors. (NABERS is a government environmental performance rating tool.)

WorkCover uses environmentally friendly vegetable inks and Australian-made recycled papers in printed material produced for stakeholders. Environmentally friendly paper is purchased for all internal printing requirements.

### Performance against energy use targets

	Energy use (GJ)	GHG emissions	Business measure
Base year 2001-02	8,900.9034	3,175.5481	834.4571
Year being reported 2009-10	8,585.5944	2,902.6439	897.4173
Portfolio target (for year being reported)	MJ/square metres of floor area per annum		739.4245
Portfolio target (for 2010-2011)	MJ/square metres of floor area per annum		728.3332

Note: Target years are based on original floor space occupied

### Account payment performance year ended 30 June 2010

Particulars	Number of accounts paid	Percentage of accounts paid	Value of accounts paid \$	Percentage of accounts paid
Accounts payable – administration				
Paid on the due date or within 30 days of due date	5,768	99.74	71,814,730	99.96
Paid more than 30 days from due date	15	0.26	26,758	0.04

Note: These amounts exclude amounts paid by Employers Mutual Pty Ltd

External consultancies undertaken by WorkCover 2009-10

Below \$10,000	Project	Total \$
11 consultants		49,567
<b>\$10,000 to \$50,000</b>		
University of Adelaide	Research project	
SA Centre for Economic Studies	Research project	
PSI Asia Pacific	Probity reviews	
Jane Fielder	Return to Work Fund project	
Dwight Dowda Pty Ltd	Legislative reform implementation	
Consultancy & Stuff Pty Ltd	Health and safety consulting	
University of South Australia	Research project	
SRD Consulting	Work capacity reviews	
Ernst & Young	Financial advice	
Department of Energy, Transport and Infrastructure	Office accomodation advice	
Flinders Partners Pty Ltd	Research project	
Radek Stratil	Medical advice	
TOTAL		207,603
<b>Above \$50,000</b>		
Flinders University of SA	Research project	
MC Rhook	Fee determination advice	
Deloitte Touche Tohmatsu	IT consulting	
IXC Australia Ltd	Research project	
Business SA	Return to Work Fund project	
KPMG	Tax advice	
DWS	IT Consulting	
Technology One Ltd	IT Consulting	
Business Services Industry Skills Board	Return to Work Fund project	
Adelaide Research and Innovation	Return to Work Fund project	
SA Unions	Return to Work Fund project	
Dept. of Further Ed, Employment, Science & Technology	Return to Work Fund project	
Finity Consulting Pty Ltd	Actuarial advice	
TOTAL		2,859,602
		3,116,772





## Chapter 5 : Our Organisation

### WorkCover Board

#### Board governance practices

The WorkCover Board is responsible for providing strategic oversight of WorkCover's performance, setting policy direction for key strategic issues, undertaking strategic thinking, and reporting to the Minister and Government.

The Board meets regularly and has one strategic session each year. Board committees also meet on a regular basis and are answerable to the Board. For the period 1 July 2009 to 30 June 2010, WorkCover had the following Board committees:

- Board Workplace Injury Committee
- Board Regulations Review Committee
- Board Human Resources Committee
- Board Audit and Risk Committee

WorkCover's performance is reviewed by the Board on a regular basis. This includes:

- monthly finance and investment reports
- quarterly reports of achievements and progress towards the outcomes and targets detailed in the current strategic plan
- quarterly review of the performance of WorkCover's key service providers (Employers Mutual and Minter Ellison).

The Board also uses these mechanisms to exercise its accountability in relation to:

- compliance with applicable legislation and regulation
- fulfilment of fiduciary and legal requirements
- protection and optimisation of WorkCover's assets
- effective management of risk.

To assist in decision making, our Board members have access to independent professional advice at WorkCover's expense. Any Board member can obtain professional advice after seeking the approval of the Board.

#### Board members

The *WorkCover Corporation Act 1994* states that the Board has nine members, two of whom are appointed in consultation with employer interests, two of whom are appointed in consultation with employee interests, one must have experience in rehabilitation, and one must have experience in occupational health, safety and welfare. The *WorkCover Corporation Act 1994* also states that there must be at least three women and three men.

The Board in 2009-10 consisted of four women and five men. The Board was appointed by the Minister for Industrial Relations on 7 August 2007 (with the exception of Mr Peter Malinauskas who was appointed on 7 August 2008, Ms Jane Yuile who was appointed on 18 September 2008, and Ms Terri Scheer, who was appointed on 1 January 2009.)

Board members during 2009-10 were:

Mr Philip Bentley (Chair)  
Ms Sandra De Poi  
Mr Peter Malinauskas  
Mr Tom Phillips  
Ms Barbara Rajkowska  
Ms Terri Scheer  
Mr Peter Vaughan  
Mr Jim Watson  
Ms Jane Yuile

On 29 July 2010, Ms Joanne Denley and Ms Noelene Buddle were appointed to the WorkCover Board for three-year terms, replacing outgoing Board members Tom Phillips and Barbara Rajkowska, effective from 7 August 2010.

Other Board members Peter Vaughan, Sandra De Poi, and Jim Watson were all reappointed for three-year terms, effective from 7 August 2010. The current Chair of the Board, Philip Bentley, was also reappointed Chair of the Board for a further two years from the expiry of his current term in August 2011.

#### Remuneration for the Board

In accordance with South Australian Government policy, the Commissioner for Public Employment recommends Cabinet approval for the remuneration of our Board members. Further details can be found in the *WorkCoverSA Financial Statements 2009-10*, available in a separate document from [www.workcover.com](http://www.workcover.com).

## Board meeting attendances

Board	
Eight Board meetings were held including one strategic session	
Philip Bentley (Chair)	8
Terri Scheer	8
Sandra De Poi	8
Peter Malinauskas	8
Tom Phillips	7
Barbara Rajkowska	8
Peter Vaughan	7
Jim Watson	8
Jane Yuile	7

Board Audit and Risk Committee	
Five meetings were held	
Barbara Rajkowska	4
Jim Watson	4
Terri Scheer	4
Jane Yuile (Chair)	5

Board Regulations Review Committee	
Three meetings were held	
Barbara Rajkowska (Chair)	3
Sandra De Poi	3
Philip Bentley	2
Terri Scheer	2
Jim Watson	2

The Board agreed to discontinue the Board Regulations Review Committee on 20 May 2010.

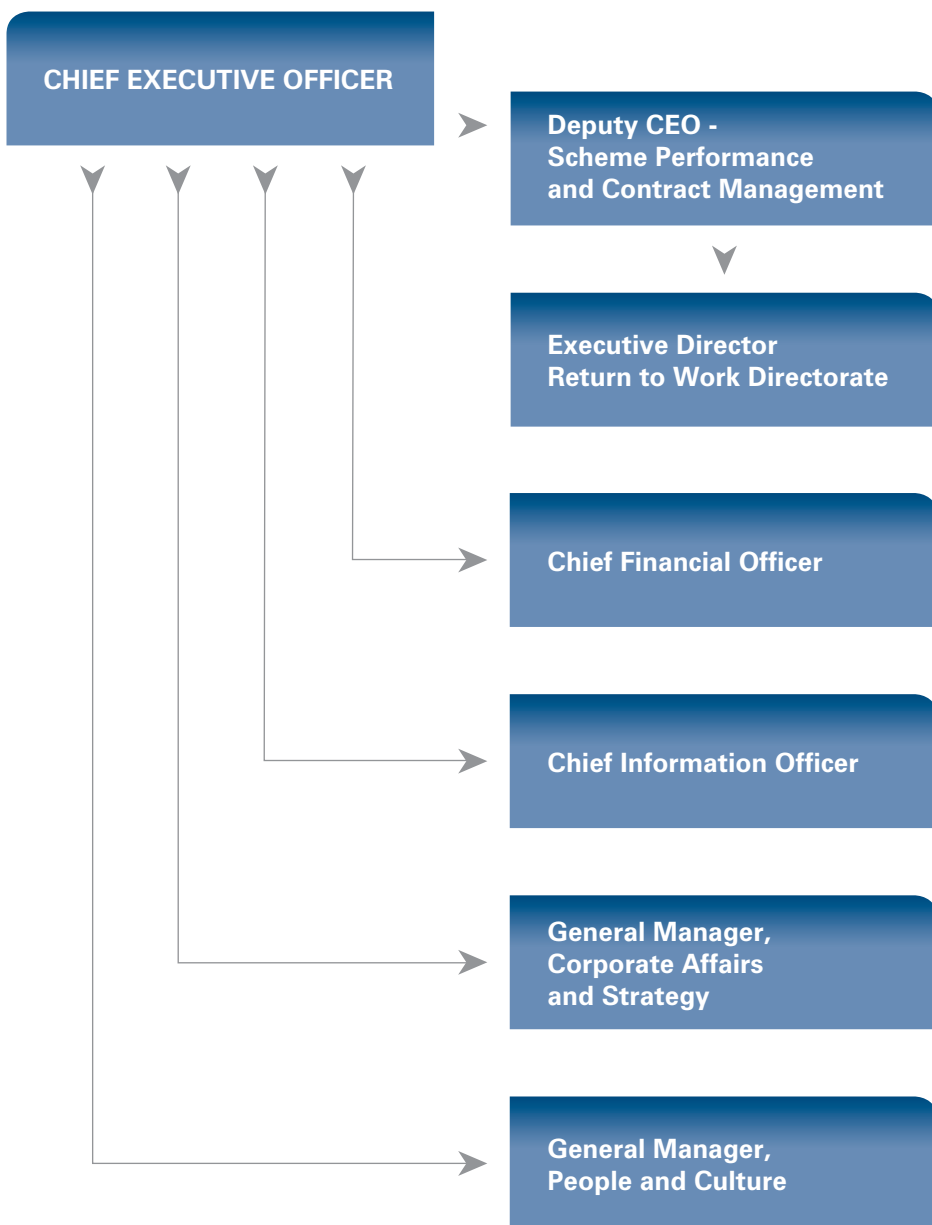
Board Workplace Injury Committee	
Four meetings were held	
Philip Bentley (Chair)	4
Sandra De Poi	3
Peter Vaughan	3
Jim Watson	3
Jane Yuile	3

Board Human Resources Committee	
Three meetings were held	
Tom Phillips (Chair)	3
Peter Vaughan	3
Peter Malinauskas	3
Philip Bentley	3



## Chapter 5 : Our Organisation

### Our Executive Management Team



### Rob Thomson

Incoming Chief Executive Officer

Commencing at WorkCoverSA on 15 June 2010, Rob has extensive leadership experience in the insurance industry and workers compensation schemes. His most recent role as General Manager Workers Compensation Division for WorkCover New South Wales saw him take a lead role in the financial turnaround of their scheme. Some of Rob's other key career highlights include the following achievements:

- Invited by Deakin University, Faculty of Business & Law to become a member of the Advisory Board – Personal Injury Management in 2009
- Played a lead role in the financial turnaround of the NSW Scheme which moved from a \$3.2b deficit in 2002 to a surplus in 2006, three to four years ahead of the timeframe estimated in the McKinsey report
- Inaugural Board member of the Personal Injury Education Foundation (PIEF) focused on post graduate education for case managers
- Led the reform of the NSW premium system in 2005 and 2009 culminating with the successful introduction of the Retro Paid Loss premium arrangements that commenced in 2009.

Note: Effective Monday 28 June, the Partnership and Performance Group's title was Scheme Performance and Contract Management.

## **Julia Davison**

Outgoing Chief Executive Officer

Responsible for the overall management of the State's workers rehabilitation and compensation system, Julia has extensive experience as a senior executive in the health sector. Prior to taking up the role of CEO at WorkCoverSA, she was CEO of Flinders Medical Centre. Julia has a Bachelor of Science degree and a Masters in Public Administration. Julia resigned from WorkCoverSA, effective 11 June 2010.

## **Jeff Matthews**

Deputy Chief Executive Officer, Scheme Performance and Contract Management

Jeff Matthews started at WorkCoverSA in February 2009 and has a career history which includes management of significant outsourced contracts in the health care sector, time in the audit office in New Zealand and various roles at the Accident Compensation Commission (ACC) in New Zealand. Jeff has a Bachelor of Business Studies, Post Graduate Diplomas in Accountancy and Health Information Systems, and is a member of the New Zealand Institute of Chartered Accountants.

## **Wayne Potter**

Executive Director,  
Return to Work Directorate

Wayne is responsible for oversight of our return to work focus. Previously, Wayne was General Manager of WorkCover's Workplace Injury Group, Divisional Manager Self- Insurance Services with Jardine Lloyd Thompson Australia and National Safety Manager, Workers Compensation and Public Liability with Franklins Limited. He has Bachelor degrees in Psychology and Social Work and a Graduate Diploma in Occupational Health and Safety.

## **Ian Rhodes**

Chief Financial Officer

Responsible for strategic and day-to-day management of revenue, finance and investment functions, strengthening actuarial modelling and performance monitoring and reporting capacity. Ian has a Bachelor of Science and is a chartered accountant.

## **Yvonne Deally**

Chief Information Officer

Responsible for strategic architecture and day-to-day operation of our critical ICT function, including ensuring that our technology strategy unites with business goals and strategy. Yvonne was Manager, IT Services at Santos, an IT manager within the Faulding Mayne Group and a senior IT consultant with Ernst & Young. She has a Masters of Business Administration and diplomas in Advanced Computer Programming and Systems Analysis.

## **Gael Fraser**

General Manager,  
Corporate Affairs and Strategy

Gael joined WorkCoverSA in December 2009 and is responsible for WorkCover's Policy and Government Relations; Corporate Communications, Governance, Risk and Compliance; and Independent Services business units. Gael was previously the Director, Training and Skills Commission and has held senior executive roles in government and managed her own consultancy business specialising in policy and strategic planning. Gael holds a Bachelor of Arts, a Diploma in Librarianship and a Master of Urban and Regional Planning.

## **Bridgid Connors**

General Manager, People and Culture

Bridgid joined WorkCoverSA in January 2010 and is responsible for enhancing WorkCover's organisational and managerial capabilities, developing people and fostering a positive and enabling work environment. Bridgid has held senior human resource roles in South Australia including with the Department for Water and Department of Premier and Cabinet. Bridgid holds a Bachelor of Computing and is currently studying the Executive Masters in Public Administration.

## Private self-insured employers as at 30 June 2010

Adelaide Brighton Limited	David Jones Limited	Pernod Ricard Pacific Pty Ltd
Advertiser Newspapers Pty Limited	Detmold Packaging Pty Ltd	Philmac Pty Ltd
Aged Care & Housing Group Inc	Drake Supermarkets Pty Ltd	Randstad Pty Ltd
AGL Torrens Island Pty Ltd	ECH Inc	Resthaven Incorporated
Arnott's Biscuits Limited, SA Division	Eldercare Incorporated	Royal Automobile Association of SA Inc
Arrowcrest Group Pty Ltd	ElectraNet Pty Ltd	Samuel Smith & Son Pty Ltd
ASC Pty Ltd	Electrolux Home Products Pty Ltd	Santos Limited
Auspine Limited	Flinders Operating Services Pty Ltd	Skilled Group Ltd
Australia & New Zealand Banking Group	Fosters Group Limited	SMR Automotive Australia Pty Ltd
BHP Billiton Limited	GM Holden Ltd	Southern Cross Care (SA & NT) Inc
Bluescope Steel Limited	Healthscope Limited	Stamford Hotels & Resorts Pty Ltd
Boral Ltd	Hills Industries Limited	The Flinders University of South Australia
Bridgestone Australia Ltd	Holcim (Australia) Holdings Pty Ltd	The Smith's Snackfood Company Ltd
Bridgestone TG Australia Pty Ltd	Inghams Enterprises Pty Ltd	The University of Adelaide
Carl Zeiss Vision Australia Holdings Ltd	Intercast & Forge Pty Ltd	Transfield Services (Aust) Pty Ltd
Carter Holt Harvey Australia Pty Ltd	Kimberly Clark Australia Pty Ltd	United Water International Pty Ltd
Catholic Church Endowment Society Inc	Lion Nathan National Foods Pty Ltd	University of South Australia
Clipsal Australia Pty Ltd	Local Government Association of SA	Utilities Management Pty Ltd
Coca-Cola Amatil (Aust) Pty Ltd	Monroe Australia Pty Ltd	Viterra Ltd
Coles Group Limited	Nyrstar Port Pirie Pty Ltd	Walker Australia Pty Ltd
Competitive Foods Australia Pty Ltd	OneSteel Limited	Westpac Banking Corporation
Constellation Australia Limited	Origin Energy Ltd	Woolworths (SA) Proprietary Limited

## Glossary of Terms

### Access and Equity (A&E)

**Access** – Services and programs are made available to everyone who is entitled to them and should be free of any form of discrimination on the basis of birth, language, culture, race, gender, religion or disability.

**Equity** – Services and programs are to be designed and delivered on the basis of fair treatment of persons who are eligible to receive them.

### Claims agent – Employers Mutual

An external organisation that is contracted by WorkCover to manage claims for work-related injuries, illnesses or deaths.

### Case manager

A case manager is employed by the claims agent (Employers Mutual) or a self-insured employer to work directly with injured workers and their employers to manage workers rehabilitation and compensation matters.

### Employee/worker

The Act defines a worker as a person working within an employment relationship.

### Fraud

Any payment or benefit by deception or dishonest means. Fraud is not characterised as minor/infrequent exaggerations of capacity.

### Freedom of Information Act (FOI)

This Act of Parliament gives members of the public the right to access records held by State Government agencies (including WorkCover).

### Levy

A fee paid by employers to cover the cost of the Workers Rehabilitation and Compensation Scheme, based on an employer's main business activity and charged as a percentage of remuneration (eg, wages and other payments).

### Lump sum payments

Payments made to claimants for permanent physical disability (section 43 of the Act).

### Occupational Health, Safety and Welfare Act 1986

An Act that provides for the health, safety and welfare of people in or visiting workplaces.

### OHS consultant

Occupational health & safety consultant.

### OHS, OHSW, OHS&W

Occupational health & safety (& welfare).

### Redemption payments

Lump sum payouts in lieu of weekly payments and/or medical expenses (section 42 of the Act).

### Registered employers

Employers whose workers compensation claims are managed and costs covered by WorkCover through the Workers Rehabilitation and Compensation Scheme.

### Return to work

The main aim of SA's workers rehabilitation and compensation system is to return injured workers to safe suitable work.

### Section 107B

This section of the Act gives all claimants access to their claims files and relevant claims information.

### Section 72

A section of the Act that allows a system of review for employers who dispute a levy-related decision made by WorkCover.

### Self-insured employers

Previously known as exempt employers, self-insureds manage their own claims and are solely responsible for their workers compensation claim costs and liabilities. For more information, see the *Code of conduct for self-insured employers* on our website: [www.workcover.com](http://www.workcover.com)

### The Scheme

South Australia's Workers Rehabilitation and Compensation Scheme.

### The System

The State's regulatory bodies or commercial organisations that, together, administer or enforce the *Occupational Health, Safety and Welfare Act 1986* and the *Workers Rehabilitation and Compensation Act 1986*.

### The WorkCover Corporation Act 1994

The Act under which WorkCoverSA is constituted.

### The Workers Rehabilitation and Compensation Act 1986 (the Act)

This Act of Parliament provides for the rehabilitation and compensation of workers who suffer workplace injuries, illnesses or death.

### Worker/employee

See employee.



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\*Note: A page number in bold indicates illustrations appear on the page.  
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