



Annual Report

2021–2022

Acknowledgement of country

WorkCover Queensland acknowledges and pays respect to Queensland's Elders past, present and emerging.

We thank the Traditional Custodians of Country throughout Australia for their ongoing custodianship of land, waters and community.

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About this report

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



WorkCover is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact us on 1300 362 128 and we will arrange an interpreter to effectively communicate the report to you.

To view previous reports, please visit our website: <https://www.worksafe.qld.gov.au/resources/publications/annual-reports>

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Attribution

Content from this annual report should be attributed as: WorkCover Queensland 2021–2022 Annual Report.

Letter of compliance

24 August 2022

The Honourable Grace Grace MP
Minister for Education, Minister for Industrial Relations and Minister for Racing
1 William Street
BRISBANE QLD 4000

Dear Minister

I am pleased to submit for presentation to the Parliament the WorkCover Queensland 2021–2022 Annual Report and Financial Statements.

I certify that this Annual Report complies with:

- the requirements under the Workers' Compensation and Rehabilitation Act 2003
- the prescribed requirements of the Financial Accountability Act 2009 and the Financial and Performance Management Standard 2019, and
- the detailed requirements set out in the Annual report requirements for Queensland Government agencies.

I am pleased to acknowledge both the contribution of our Board as well as the care and dedication of our people in providing excellent workers' compensation cover in Queensland.

A checklist outlining the annual reporting requirements is provided at page 99 of this annual report.

Yours sincerely



Flavia Gobbo
WorkCover Queensland Chair

About WorkCover Queensland

WorkCover Queensland has been providing workers' compensation insurance in Queensland for more than 25 years to more than 170,000 businesses.

Supporting Queensland workers and businesses is at the heart of everything we do. From customer service and managing claims, to accessing rehabilitation, and making sure employers have insurance in place to protect their workers.

The most important thing for us is keeping Queenslanders working and we understand everyone's needs are different. We work with each individual to make sure they get the best outcome for their situation.

We are committed to balancing employer and worker needs. We aim to keep premiums low for employers, while also supporting injured workers with their recovery and return to work.

Working together

WorkCover partners with various government agencies and key stakeholders to give Queensland businesses and the broader community efficient access to specialist advice on workers' compensation matters, rehabilitation, and return to work.

**Minister for Education,
Minister for Industrial Relations and
Minister for Racing**

Develops workers' compensation and workplace health and safety legislation

Workplace Health and Safety Queensland (WHSQ)

Enforces workplace health and safety laws and educates stakeholders about their legal obligations

Workers' Compensation Regulatory Services (WCRS)

Office of Industrial Relations

Regulates the Queensland workers' compensation scheme, including self-insurers, and is a facilitator of legal and medical resolutions, and an educator and promotor of the scheme on behalf of all stakeholders

The Electrical Safety Office

Develops and enforces legislative and compliance standards to improve electrical safety

WorkCover Queensland

Provides and manages workers' compensation insurance for Queensland employers and workers

Customer service commitment

WorkCover Queensland is committed to putting the customer first and providing quality experiences. We partner with our customers and stakeholders to deliver innovative and sustainable outcomes, creating value for Queensland businesses and workers.

Our values of excellence, integrity, responsiveness and respect are incorporated into everything we do. Our people also aim to live by our customer strategy principles—easy, fair and transparent, empowered, consistent and valued— with every customer interaction.

Service

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

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

Recovery from injury

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

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

Engagement

WorkCover cares about its customers and stakeholders and engages with them in a positive way for mutual benefit through:

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

Information and feedback

WorkCover values customer and stakeholder feedback to help continually improve services. We are also committed to protecting the privacy of our customers. We take all reasonable precautions to protect the information given to us by:

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

Corporate plan

Who we are

WorkCover Queensland is the main provider of workers' compensation insurance in Queensland. We are a government owned statutory body established under the *Workers' Compensation and Rehabilitation Act 2003*.

Our vision

To be the best workers' compensation insurer and make a positive difference to people's lives.

Our purpose

We partner with and support our customers to keep Queenslanders working, through:

- Trusted partnerships which underpin our focus on return to work outcomes
- Tailored quality experiences for workers and employers
- Creating value for business through innovative and sustainable outcomes
- Influencing and investing in injury risk reduction.

Our values

Excellence: to deliver outcomes that are highly valued by our customers

Integrity: to always do the right thing

Responsiveness: to provide an experience that meets the individual needs of our customers

Respect: to be considerate of the rights and dignity of everyone.

Our customers

Our customers are employers and injured workers, supported by various stakeholder groups.

Challenges

- Balance return to work rates, costs and support for injured workers and employers to maintain a financially sustainable fund
- Continue development of our digital, information and technology architecture and supporting capabilities
- Respond to emerging trends in claims including mental injuries, silicosis and other respiratory conditions, and the future of work
- Maintain an engaged, skilled, diverse and capable workforce
- Evolve the claims management model and capability of our people to support the changing workforce and nature of injuries
- Engage and influence customers and stakeholders to achieve mutually beneficial outcomes including a focus on minimising the risk of workplace injuries and improving the management of injuries and return to work
- Design and deliver products, services and experiences that are valued by our customers, now and in the future
- Retain and grow our employer customer base.

Prepared by the WorkCover Queensland Board of Directors for the Minister for Education, Minister for Industrial Relations and Minister for Racing. Agreed by the Minister for Education, Minister for Industrial Relations and Minister for Racing on 18 May 2021.

Our goals and performance indicators

Claims management: We work smart and innovate

- Deepen partnerships to create better outcomes
- Optimise the value and efficiency of what we do
- Execute the right projects and activities at the right time
- Explore and test opportunities for innovation and ‘disruption’.

Performance indicators

- Final Return to Work %
- Average claims costs (statutory and common law).

Customer: Our customers are at the heart of everything we do

- Understand our customers deeply and deliver valued experiences
- Provide tailored, innovative solutions for our customers.

Performance indicator

- Customer experience (CX) measure for workers and employers.

People: Our people are remarkable

- Create an environment that inspires our people to make a difference
- Ensure our people are connected to our purpose, which drives positive outcomes
- Enable a continuous learning culture that uplifts the capability of our people.

Performance indicator

- Employee engagement index.

Corporate: We are financially secure

- Perform at an optimal balance between premium, claims costs and investment return
- Invest in injury management and risk reduction
- Maximise the value of our spend for better return to work outcomes and operational efficiencies
- Maintain our financial stability.

Performance indicators

- Funding ratio
- Average premium rate.

Statement of Corporate Intent

2021—2022

Introduction

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

This Statement of Corporate Intent should be read in conjunction with the 2021-2025 WorkCover Queensland Corporate Plan.

Goals

- Our customers are at the heart of everything we do
- Our people are remarkable
- We work smart and innovate
- We are financially secure.

Main undertakings

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

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

- Compensation
- Access to damages
- Employers' liability for compensation
- Employers' obligation to be covered against liability for compensation and damages

- Management of compensation claims by WorkCover
- Injury management, focusing on rehabilitation of workers particularly for return to work.

It is intended that WorkCover will:

- maintain a balance between:
 - providing fair and appropriate benefits for injured workers or dependents, and
 - ensuring reasonable cost levels for employers
- ensure that injured workers or dependents are treated fairly
- provide for the protection of employers' interests in relation to claims for damages for workers' injuries
- provide for employers and injured workers to participate in effective return to work (RTW) programs
- provide for flexible insurance arrangements suited to the particular needs of industry.

Nature and scope of activities during 2021–2022

GOAL		STRATEGIES
Claims management	We work smart and innovate	<ul style="list-style-type: none"> – Further embed our tailored care and support claims management model. Monitor and measure impact on claim durations – Research, test and implement interventions to respond to key/emerging risks to improve claim outcomes – Implement initiatives to optimise treating services and outcomes to realise improvements in quality, price, outcomes and timely access to services – Enhance our specialist claims management models to address: <ul style="list-style-type: none"> – Emerging trends and risks – Mental injuries including Post Traumatic Stress Disorder (PTSD) – Silicosis and other latent onset conditions – Catastrophic injuries – Further evolve our common law panel management strategy – Implement key data analytics initiatives to support our people, customers and providers.
Customer	Our customers are at the heart of everything we do	<ul style="list-style-type: none"> – Engage with customers, stakeholders and our people to understand our customers' needs and deliver an excellent end-to-end customer experience – Continue to implement our regional engagement program – Further explore and offer tailored solutions for employers and workers – Enhance our customer research and insight program – Research, design and implement improvements to our customer segmentation, customers' end-to-end experience for claims (statutory and common law), premium and relationship management – Partner with the Office of Industrial Relations, Workplace Health and Safety and other key stakeholders to educate and influence customers on improved safety, injury risk reduction and return to work.

GOAL		STRATEGIES
People	Our people are remarkable	<ul style="list-style-type: none"> – Develop our people through our learning and capability framework – Support our commitment to diversity through inclusive and flexible work practices and community engagement – Prioritise our employee engagement, workplace safety and wellbeing initiatives.
Corporate	We are financially secure	<ul style="list-style-type: none"> – Appropriately price and collect premium, considering emerging trends in claims, workforce and employment arrangements including legislation changes – Retain and grow our customer base – Focus on education and compliance activities so that Queensland businesses have the right level of insurance coverage – Manage and monitor the investment strategy – Further develop our digital, information and technology architecture and supporting capabilities – Monitor outcomes of recent legislative amendments.

Financial and non-financial performance indicators

Performance indicators are focused at the corporate level. As part of WorkCover's performance management system, managers and their people have indicators specifically directed to their business units.

INDICATOR	2021-2022 TARGET	2021-2022 ACHIEVED
Claims management		
Final Return to Work rate	93.1%	<91.5%*
Average cost of Statutory Claim	\$11,600	\$11,713
Average cost of Common Law Claim	\$199,000	\$191,167
Customer		
Customer experience measure (workers and employers)	7.6 / 10	7.2 / 10
People		
Employee engagement index	8.0 / 10	6.7 / 10
Financial		
Funding ratio	>120%	142.5%
Average premium rate	\$1.20	\$1.20

* During the 2021-2022 financial year errors were identified in recording the Final RTW outcome that creates the risk of this metric being materially misstated. The error rate was established through internal reviews and independently verified through internal audit. Based on the analysis, there is a 95% probability that the true Final RTW rate is between 84.4% and 91.5% with a margin of error of 3.5%.

Capital structure and payments to the consolidated fund

In accordance with the Act, WorkCover is taken to be fully funded if it is able to meet its liabilities for compensation and damages payable from its funds and accounts, and maintain capital adequacy as required under the *Workers' Compensation and Rehabilitation Regulation 2014* (the Regulation). The Regulation states that in order to maintain capital adequacy, WorkCover's total assets must at least be equal to total liabilities (which correlates to a funding ratio of 100%).

The Act allows for payments to be made to the consolidated fund. The WorkCover Board will make a

recommendation to the Minister with respect to such a payment (if any) following certification of the 2021-2022 financial statements.

Each year the Workers' Compensation Regulator levy and the Workplace Health and Safety Queensland grant are payments made in accordance with the Minister's instruction as approved by the Governor-in-Council by gazette notice for the prevention, recognition and alleviation of injury to workers, making employers and workers aware of their rights and obligations, and scheme-wide rehabilitation and return to work programs for workers.

Borrowings made, proposed to be made

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

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

Investment risk

WorkCover has a robust investment management program, maintaining a balanced investment profile with a long-term outlook commensurate with being a long-term insurance operation. WorkCover engages the Queensland Investment Corporation (QIC) as investment manager, and Mercer assisting with independent investment portfolio oversight and governance.

A strong Investment Management Agreement governs WorkCover's arrangement with QIC. In addition, the WorkCover Board monitors investments at each meeting and receives regular presentations from QIC. The Board reviews the investment strategy annually, and an independent review framework exists to continuously monitor the investments management program through focused quarterly reviews, including a holistic external strategy review every two years.

Derivative instruments are used as part of the investment strategy to hedge foreign exchange risks, rebalance asset classes and to help achieve particular exposures by taking advantage of, and protect against, market conditions.

Business risk

WorkCover has a risk management program in place. Risk registers are maintained and monitored by each business group. Strategies to manage risk are incorporated into each group's business planning process. WorkCover's Board approves the risk management framework and sets the risk appetite. The WorkCover Risk and Audit Committee is

responsible for overseeing the risk management program, including reviewing and monitoring WorkCover's top strategic risks on a quarterly basis.

Borrowing risk

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

Policies and procedures relating to acquisition and disposal of significant assets

In acquiring or disposing of significant assets, WorkCover complies with the Financial and Performance Management Standard 2019 and Queensland Treasury guideline—Non-Current Asset Policies for the Queensland Public Sector.

Significant assets may be acquired via purchase, finance lease agreement, donations, or transfer from other government entities. A business case must be submitted to the CEO and/or Deputy CEO seeking approval. The CEO will present any major initiatives to the Board for approval. Approval limits are as stated in the WorkCover delegation manual.

When disposing of significant assets, approval must be sought from the appropriate delegated authority. Approval limits are as stated in the WorkCover delegation manual.

Accounting policies applying to preparation of accounts

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

WorkCover's Financial Management Practice Manual (FMPM).

Community service obligations

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

Employment and industrial relations plan

WorkCover prepares an employment and industrial relations plan annually in accordance with the Act.

Information to be reported to the Minister

Quarterly reporting

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

Annual reporting

A full annual report will be provided to the Minister in accordance with the Act and in compliance with the Financial and Performance Management Standard 2019, which requires WorkCover to give the annual report to the Minister to allow the report to be tabled in the Legislative Assembly within three months after the conclusion of each financial year.

Our Board of Directors

Flavia Gobbo BA/LLB, GAICD **Chair**

Flavia is a Solicitor of the High Court of Australia and the Supreme Court of Queensland and has extensive experience as a senior corporate lawyer with one of Australia's top publicly listed companies. She is the Chair of Victoria's Emergency Services Telecommunications Authority, a Director of WorkSafe Victoria, and Deputy Chair of SecondBite, a not-for-profit national food rescue organisation. Flavia was Chair of QCOMP, the former Queensland workers' compensation regulatory authority.

Michael Clifford BA **Deputy Chair**

Michael is the General Secretary of the Queensland Council of Unions. He has represented the interests of working people for over 25 years in a variety of roles including as National Industrial Officer of the Finance Sector Union, Queensland Secretary of the Finance Sector Union, Coordinator at United Voice (now United Workers Union) and Assistant General Secretary of the Queensland Council of Unions. Michael is the former Deputy Chair of Sunsuper, and now serves as a Director for the Australian Retirement Trust. He is a former Director of Intrust Super. Michael was the inaugural Chairperson of the Australian Labor Party's Queensland Policy Coordination Council.

Judy Bertram B Sc, Dip Ed, GAICD **Director**

Judy has extensive experience at senior levels in government leading the strategy, policy and operational management of workplace health and safety and in strategic policy and planning roles in the vocational education and training system and child safety. Judy has been employed by the Queensland Resources Council since 2012 and is currently the Deputy Chief Executive and Director, Community and Safety. She is also a Trustee Board Director of MineSuper and served for 9 years as a Director on the Board of Deaf Services Queensland.

John Crittall BEcon (Hons), MAdmin (IR) **Director**

John has extensive experience providing strategic guidance in the key areas of industrial relations, workplace health and safety and legislative compliance. He is currently the Chair of the Building Employees Redundancy Trust, Director of Mates in Construction, Chair of Construction Income Protection Limited and Chair of Electro Group. John was formerly a Director at Master Builders, a role he held for over 10 years.

Kerriann Dear BSc, BSocWk (Hons) **Director**

Kerriann has worked in the field of industrial and mental health social work since 1999. She has overseen the development and operations at a number of industrial advisory programs for vulnerable people including Working Women Queensland, Young Workers Advisory Service and Domestic Violence Work Aware. Kerriann is a Branch Councillor with the Social and Community Services Division of The Services Union and works as a workplace consultant and educator in the public and not-for-profit sectors.

Ian Leavers APM

Director

Ian is the General President and CEO of the Queensland Police Union, a position he has held since 2009, as well as the President of the Police Federation of Australia. He has been involved with the Queensland Police Union as a union official since 1997. Since 2013, he has been a Director of QBank. Ian was formerly a member of the Domestic and Family Violence Implementation Council, former director on the Queensland Workplace Health and Safety Board, and is now a Domestic and Family Violence Prevention Champion for the Queensland Government. Ian was awarded the Australian Police Medal (APM) in the 2020 Queen's Birthday Honours List for his outstanding police leadership, advocacy and improvement of wages and conditions for all police, and being at the forefront of the creation of modern policing policy at both a state and national level, particularly with legislative reform.

Sarah Morris BEcon, GradDipApp Finance and Investment, GradDipApp Corporate Gov, CA, FGIA, GAICD

Director

Sarah Morris is Executive Manager – Strategy and Finance at TUH Health Fund. Sarah has held senior and executive positions with several organisations across defence services, finance, insurance, resources and professional services industries. She is a former state and national councillor of the Governance Institute of Australia and is the current WorkCover Risk and Audit Committee Chair.

Stacey Schinnerl BBus

Director

Stacey is the Secretary of The Australian Workers' Union of Employees, Queensland and the Branch Secretary of The Australian Workers' Union (Queensland Branch). In both industrial advocacy and elected union positions, Stacey has represented the interests of Queensland workers for nearly 18 years. Stacey has previously served on the Executive of the Australian Council of Trade Unions and is a current Director on the Board of Chifley Services Pty Ltd. She holds a Bachelor of Business degree majoring in Human Resource Management and Employment Relations.

Executive Leadership Team

Bruce Watson MOL, Dip Fin Services, FAICD, FASFA

Chief Executive Officer

Commencing as WorkCover Queensland CEO on 1 January 2017, Bruce was previously CEO of Mine Wealth and Wellbeing Super Fund for 11 years and was awarded “Executive of the Year” in 2010 by the Fund Executive Association for his contributions to business and industry. Bruce is a highly experienced and proven CEO, recognised by industry for delivering sustainable financial performance and customer service excellence in the financial services sector. Bruce is committed to achieving WorkCover's vision of being Australia's leading workers' compensation insurer by driving the delivery of technologically advanced claims management platforms and outstanding customer experience.

David Heley BAdmin, FCPA, DFP, AGIA, GAICD
Deputy Chief Executive Officer

David has more than 20 years' experience in the finance and insurance sector. As Deputy CEO and CFO, David's focus is on ensuring a strong financial position now and into the future. His group provides corporate and financial strategies to secure WorkCover as Australia's best workers' compensation insurer. David is responsible for all of the company's financial functions, including accounting, audit, treasury, corporate finance, governance, risk, data and analytics functions that support the business.

Janine Reid BLaws, MBA, GIA (Cert), GAICD
Chief Legal Officer

Janine has worked in personal injuries for over 20 years. Her knowledge and experience in personal injuries support her ability to manage our common law strategy and legal panel. She is also responsible for providing legal advice and strategy to the business, the WorkCover Board and engaging with external stakeholders. Janine is also the company secretary.

Emma Wright BBusHRM, MOrgDevHRM
Chief People Officer

Emma is a trusted, authentic leader who displays personal commitment and inspires others, leading with a vision that values people. With over 13 years' experience in corporate services and human resources within the utilities and insurance industries, she builds and leads high performing and diverse teams with a strong focus on culture and employee experience. As Chief People Officer, Emma leads the People Group, a team that is driven to transform WorkCover into a contemporary organisation that's highly adaptive for the future of work.

Barbara Martin BBehSc, MRehabCounsel
Chief New Claims Officer

Barb is an accomplished Executive Leader and industry expert with over 20 years' experience in claims management. As Chief New Claims Officer, Barb's focus is on improving the registration, determination and onboarding of customers as they start their claims journey with us. She is dedicated to supporting innovative ideas and streamlining processes to allow her teams to deliver high quality and efficient services. Barb is passionate about supporting people to develop and achieve their best in a performance and customer focused culture.

**Christina Carras BComm, ACA, SIA (Aff), AGIA,
GAICD
Chief Claims Management Officer**

Christina leads the Claims Management Group to ensure the end-to-end claims management process meets WorkCover's corporate goals and balances the interests of both Queensland employers and injured workers. Christina oversees the claims, premium and relationship management of our industry-aligned customer service model. She plays an integral role in delivery of innovative changes that benefit both our employers and injured workers, while at the same time engaging with our people to deliver the best outcomes.

**Claudia Lajeunesse MA (Honours),
MOrgLdrship, FinTech SBS
Chief Digital Information Officer**

Claudia has extensive experience leading digital teams in Australia and Europe, with a strong focus on transforming organisations and creating exceptional digital experiences for customers. Claudia leads the Digital and Technology Group at WorkCover Queensland, aiming to create a seamless collaboration that drives a culture of connection through tools that support and produce great work. She will also oversee the development and delivery of our Digital Transformation Portfolio through a multi-year program of work, targeting core renewal and digital identity.

**Marc Dennett MBA, GradDipMgt, GradCertBus
Chief Partnerships and Relationships Officer**

Marc has more than 20 years' experience in injury management and prevention. He has previously held senior roles at WorkCover Queensland, the Office of Industrial Relations and was previously the Queensland member of the Heads of WorkSafe Authorities. Marc leads the Partnerships and Relationships Group, focusing on building trusted networks, engaging our stakeholders and industry associations to help support and deliver strategic and sustainable outcomes for our customers.

Highlights

Our organisation

\$1.20

average premium rate per \$100 of wages, maintained for the eighth consecutive year

\$5.47B

funds under management

324,671

customer calls to our contact centre

82%

people survey response rate

7.2 / 10

combined customer experience measure

6.7/10

sustainable employee engagement

Our employers

174,599

employers insured

\$96.51M

premium savings for employers (including apprentice and 5% early payment discounts)

111,934

customers renewed their policy online

309

customers helped onsite by our compliance advisors

528

employers helped through Injury Prevention and Management Program

7.2 / 10

average customer experience rating by employers

Our workers

\$1.27B

statutory benefits and entitlements paid to workers

<91.5%*

injured workers returned to work

63,371

injured workers assisted

2,990

new common law claims

7.2 / 10

average customer experience rating by workers

** During the 2021-2022 financial year errors were identified in recording the Final RTW outcome that creates the risk of this metric being materially misstated. The error rate was independently verified by PwC internal audit. Based on the analysis, there is a 95% probability that the true Final RTW rate is between 84.4% and 91.5% with a margin of error of 3.5%. This is discussed further in the [Claims costs and claims management section](#).*

Statistics

STATUTORY CLAIMS AND PAYMENTS BY INJURY NATURE								
INJURY NATURE	NUMBER OF ACCEPTED CLAIMS				FINANCIAL YEAR COSTS			
	2022		2021		2022		2021	
	No.	%	No.	%	\$M	%	\$M	%
Burns	1,215	1.9%	1,306	2.0%	9.3	0.7%	11.4	1.0%
Fractures	5,702	9.0%	5,426	8.3%	171.6	13.5%	158.6	13.7%
Intracranial injuries and injuries to nerves and spinal cord	645	1.0%	594	0.9%	27.3	2.2%	22.1	1.9%
Mental disorders	1,974	3.1%	1,724	2.6%	134.5	10.6%	104.7	9.1%
Musculoskeletal injuries and diseases	34,234	54.0%	36,160	55.3%	555.5	43.8%	552.5	47.7%
Nervous system and sense organ diseases	1,180	1.9%	1,345	2.1%	25.7	2.0%	25.1	2.2%
Other injuries and diseases	5,152	8.2%	5,572	8.5%	141.9	11.2%	133.9	11.6%
Respiratory system diseases	253	0.4%	336	0.5%	97.6	7.7%	51.6	4.5%
Skin and subcutaneous tissue diseases	251	0.4%	250	0.4%	2.1	0.2%	2.7	0.2%
Wounds, lacerations, amputations and internal organ damage	12,765	20.1%	12,695	19.4%	102.8	8.1%	93.8	8.1%
TOTAL	63,371	100.0%	65,408	100.0%	1,268.3	100.0%	1,156.4	100.0%

STATUTORY CLAIMS AND PAYMENTS BY INJURY LOCATION								
INJURY LOCATION	NUMBER OF ACCEPTED CLAIMS				FINANCIAL YEAR COSTS			
	2022		2021		2022		2021	
	No.	%	No.	%	\$M	%	\$M	%
Back	10,184	16.1%	11,117	17.0%	175.7	13.8%	178.7	15.4%
Foot and toes	2,068	3.3%	2,122	3.2%	27.9	2.2%	27.6	2.4%
Hand and fingers	10,914	17.2%	10,653	16.3%	92.2	7.3%	88.7	7.7%
Head and face	5,119	8.1%	5,361	8.2%	65.5	5.2%	54.1	4.7%
Lower limbs	11,957	18.9%	11,938	18.3%	187.7	14.7%	177.7	15.4%
Multiple locations	1,716	2.7%	1,758	2.7%	35.4	2.8%	36.6	3.2%
Neck	1,964	3.1%	2,181	3.3%	40.2	3.2%	39.2	3.4%
Systemic	2,308	3.6%	2,066	3.2%	140.9	11.1%	112.8	9.8%
Trunk	2,998	4.7%	3,088	4.7%	198.8	15.7%	134.2	11.6%
Unspecified location	961	1.5%	1,075	1.6%	22.6	1.8%	26.5	2.3%
Upper limbs	13,182	20.8%	14,049	21.5%	281.4	22.2%	280.3	24.1%
TOTAL	63,371	100.0%	65,408	100.0%	1,268.3	100.0%	1,156.4	100.0%

Note: Systemic includes mental injuries

STATUTORY CLAIMS AND PAYMENTS BY INDUSTRY CLASSIFICATION								
INJURY INDUSTRY	NUMBER OF ACCEPTED CLAIMS				FINANCIAL YEAR COSTS			
	2022		2021		2022		2021	
	No.	%	No.	%	\$M	%	\$M	%
Accommodation and Food Services	3,696	5.8%	3,747	5.7%	48.5	3.8%	43.0	3.7%
Administrative and Support Services	2,041	3.2%	1,960	3.0%	41.0	3.2%	38.0	3.3%
Agriculture, Forestry and Fishing	2,357	3.7%	2,548	3.9%	43.9	3.5%	41.8	3.6%
Arts and Recreation Services	925	1.5%	872	1.3%	14.5	1.1%	12.4	1.1%
Construction	7,775	12.2%	7,521	11.5%	185.5	14.6%	172.5	15.0%
Education and Training	5,233	8.3%	5,581	8.5%	78.8	6.2%	68.6	5.9%
Electricity, Gas, Water and Waste Services	808	1.3%	829	1.3%	16.0	1.3%	15.6	1.3%
Financial and Insurance Services	202	0.3%	275	0.4%	5.4	0.4%	6.9	0.6%
Health Care and Social Assistance	11,220	17.7%	12,119	18.6%	212.8	16.9%	185.3	16.1%
Information Media and Telecommunications	255	0.4%	253	0.4%	4.7	0.4%	3.7	0.3%
Manufacturing	9,547	15.1%	9,611	14.7%	161.7	12.7%	147.2	12.8%
Mining	983	1.6%	1,141	1.7%	46.6	3.7%	49.6	4.3%
Other	494	0.8%	401	0.6%	21.3	1.7%	19.0	1.6%
Other Services	2,053	3.2%	2,064	3.2%	35.7	2.8%	36.3	3.1%
Professional, Scientific and Technical Services	1,132	1.8%	1,175	1.8%	22.8	1.8%	18.9	1.6%
Public Administration and Safety	4,567	7.2%	4,504	6.9%	117.2	9.2%	95.6	8.3%
Rental, Hiring and Real Estate Services	695	1.1%	661	1.0%	14.6	1.2%	11.6	1.0%
Retail Trade	3,476	5.5%	3,922	6.0%	56.3	4.4%	55.8	4.8%
Transport, Postal and Warehousing	3,057	4.8%	3,229	4.9%	88.8	7.0%	84.9	7.3%
Wholesale Trade	2,855	4.5%	2,995	4.6%	52.2	4.1%	49.7	4.3%
TOTAL	63,371	100.0%	65,408	100.0%	1,268.3	100.0%	1,156.4	100.0%

Note: Other includes Household worker, Workplace Personal Injury Insurance, Voluntary etc.

COMMON LAW CLAIMS AND PAYMENTS BY INJURY NATURE								
INJURY NATURE	NUMBER OF NEW COMMON LAW CLAIMS				FINANCIAL YEAR COSTS			
	2022		2021		2022		2021	
	No.	%	No.	%	\$M	%	\$M	%
Burns	28	0.9%	37	1.3%	4.5	1.0%	4.2	0.9%
Fractures	270	9.0%	260	9.0%	44.7	9.7%	53.9	11.1%
Intracranial injuries and injuries to nerves and spinal cord	22	0.7%	24	0.8%	4.1	0.9%	2.5	0.5%
Mental disorders	371	12.4%	298	10.3%	60.7	13.2%	57.4	11.7%
Musculoskeletal injuries and diseases	1,730	57.9%	1,759	60.5%	243.1	52.6%	269.6	55.3%
Nervous system and sense organ diseases	43	1.4%	39	1.3%	8.4	1.8%	7.1	1.5%
Other injuries and diseases	173	5.8%	179	6.2%	28.8	6.2%	29.5	6.1%
Respiratory system diseases	101	3.4%	52	1.8%	23.8	5.2%	21.3	4.4%
Skin and subcutaneous tissue diseases	7	0.3%	6	0.2%	1.8	0.4%	2.8	0.6%
Wounds, lacerations, amputations and internal organ damage	245	8.2%	249	8.6%	41.3	9.0%	38.3	7.9%
TOTAL	2,990	100.0%	2,903	100.0%	461.2	100.0%	486.6	100.0%

COMMON LAW CLAIMS AND PAYMENTS BY INJURY LOCATION								
INJURY LOCATION	NUMBER OF NEW COMMON LAW CLAIMS				FINANCIAL YEAR COSTS			
	2022		2021		2022		2021	
	No.	%	No.	%	\$M	%	\$M	%
Back	764	25.6%	800	27.7%	132.5	28.8%	131.1	26.9%
Foot and toes	72	2.4%	61	2.1%	14.5	3.1%	11.1	2.3%
Hand and fingers	221	7.4%	215	7.4%	31.1	6.7%	29.8	6.1%
Head and face	102	3.4%	110	3.8%	19.1	4.1%	18.7	3.8%
Lower limbs	363	12.1%	341	11.7%	45.3	9.8%	60.0	12.3%
Multiple locations	55	1.8%	62	2.1%	10.6	2.3%	12.5	2.6%
Neck	91	3.0%	94	3.2%	14.8	3.2%	21.8	4.5%
Systemic	380	12.7%	308	10.6%	62.9	13.7%	59.9	12.3%
Trunk	208	7.0%	159	5.5%	40.1	8.7%	36.9	7.6%
Unspecified location	21	0.7%	27	0.9%	1.0	0.2%	4.7	1.0%
Upper limbs	713	23.9%	726	25.0%	89.3	19.4%	100.1	20.6%
TOTAL	2,990	100.0%	2,903	100.0%	461.2	100.0%	486.6	100.0%

COMMON LAW CLAIMS AND PAYMENTS BY INDUSTRY CLASSIFICATION								
INJURY INDUSTRY	NUMBER OF NEW COMMON LAW CLAIMS				FINANCIAL YEAR COSTS			
	2022		2021		2022		2021	
	No.	%	No.	%	\$M	%	\$M	%
Accommodation and Food Services	141	4.7%	158	5.4%	19.7	4.3%	17.6	3.6%
Administrative and Support Services	98	3.3%	88	3.0%	10.0	2.2%	11.7	2.4%
Agriculture, Forestry and Fishing	85	2.8%	79	2.7%	13.7	3.0%	12.6	2.6%
Arts and Recreation Services	30	1.0%	32	1.1%	4.6	1.0%	5.7	1.2%
Construction	435	14.5%	434	15.1%	79.2	17.2%	86.8	17.7%
Education and Training	100	3.3%	102	3.5%	15.7	3.4%	17.8	3.7%
Electricity, Gas, Water and Waste Services	27	0.9%	32	1.1%	5.3	1.1%	5.6	1.2%
Financial and Insurance Services	12	0.4%	6	0.2%	1.2	0.3%	0.9	0.2%
Health Care and Social Assistance	441	14.7%	367	12.6%	55.0	11.9%	52.7	10.8%
Information Media and Telecommunications	8	0.3%	7	0.2%	1.4	0.3%	1.0	0.2%
Manufacturing	503	16.9%	482	16.7%	81.0	17.5%	83.1	17.1%
Mining	133	4.4%	125	4.3%	27.4	5.9%	31.0	6.4%
Other	141	4.7%	108	3.7%	13.3	2.9%	16.4	3.4%
Other Services	78	2.6%	103	3.5%	12.9	2.8%	13.6	2.8%
Professional, Scientific and Technical Services	35	1.2%	34	1.2%	3.1	0.7%	4.4	0.9%
Public Administration and Safety	189	6.3%	161	5.5%	36.4	7.9%	28.6	5.9%
Rental, Hiring and Real Estate Services	35	1.2%	36	1.2%	4.1	0.9%	5.0	1.0%
Retail Trade	157	5.3%	185	6.4%	19.6	4.2%	27.4	5.6%
Transport, Postal and Warehousing	196	6.6%	214	7.4%	36.4	7.9%	35.9	7.4%
Wholesale Trade	146	4.9%	150	5.2%	21.2	4.6%	28.8	5.9%
TOTAL	2,990	100.0%	2,903	100.0%	461.2	100.0%	486.6	100.0%

STATUTORY AND COMMON LAW PAYMENTS				
PAYMENT TYPE	2022		2021	
	\$M	% on gross	\$M	% on gross
STATUTORY CLAIMS				
Weekly compensation	558.5	32.2%	520.2	31.7%
Medical/Rehabilitation	293.7	17.0%	299.6	18.2%
Lump sum				
Permanent impairment	138.6	8.0%	122.5	7.4%
Fatal lump sum	20.6	1.2%	15.1	0.9%
Latent onset lump sum	142.9	8.3%	93.0	5.7%
Hospital	100.9	5.8%	93.6	5.7%
Other	13.1	0.8%	12.4	0.8%
GROSS STATUTORY PAYMENTS	1,268.3	73.3%	1,156.4	70.4%
COMMON LAW CLAIMS				
Settlements	397.5	23.0%	426.3	25.9%
Legal and investigations				
Defendant	60.0	3.5%	55.8	3.4%
Plaintiff	3.7	0.2%	4.5	0.3%
GROSS COMMON LAW PAYMENTS	461.2	26.7%	486.6	29.6%
TOTAL GROSS PAYMENTS	1,729.5	100.0%	1,643.0	100.0%

Chair and CEO Report

Our continued focus to provide sustainable support for customers

Over the past year, we have continued to experience the challenges of a difficult economic climate. Like many others in the insurance industry, we have experienced rising claims costs and poor investment returns.

WorkCover's focus has always been on balancing return to work outcomes, costs, and employer premiums to maintain a financially sustainable fund. Fundamentally, that means supporting injured workers and employers to achieve a safe return to work as soon as possible after injury.

We provide more assistance for workers than ever by:

- working with medical professionals to ensure timely access to allied health and medical professionals for treatment, despite the impact of COVID-19 on service availability
- implementing streamlined processes and presumptive post-traumatic stress disorder (PTSD) legislation for faster access to much needed treatment, and
- expanding our services to access telehealth, psychotherapy and counselling services and Return to Work Services providers with specialist psychological expertise.

We have continued delivering services our customers need, as evidenced by recent customer experience scores:

- 7.2/10 for both employers and injured workers
- 8.9/10 for employers with common law claims, and
- 4.3/5 for claims process and digital service.

Our financial investment and performance

WorkCover's final comprehensive result for 2021—2022 was a \$318 million loss primarily due to significantly poorer investment returns and rising claims costs.

Our disciplined approach to financial management has allowed us to build our financial reserves over many years. This has helped us to minimise the impact of these economic challenges and unexpected events, like the COVID-19 pandemic, that cause adverse investment returns.

While our funding ratio is trending downwards, our position is still strong—we continue to be fully funded and have maintained an average premium rate that has been one of Australia's lowest for the past eight years.

Rising statutory claims costs is a trend being experienced across all workers' compensation jurisdictions in Australia. Longer statutory claim durations and more mental injury claims are placing pressure on our financial position, despite our operating costs remaining below those of other jurisdictions. Addressing this growth in costs remains a priority for us heading into 2022-2023.

Premium rate

WorkCover Queensland offers one of the lowest average premium rates for workers' compensation insurance in Australia. Our financial reserves have allowed us to subsidise premium rates by \$1.2B over the past six years but there is a limit to how long we can continue to use our investment returns to shield our customers from rising premium rates.

As the main provider of workers' compensation insurance in Queensland, WorkCover is responsible for maintaining a stable and strong fund. Whilst we understand the impact of increasing premium rates on our customers, to take no action on premium rates for the coming year would not only be

financially irresponsible but would also place pressure on the quality of services we can deliver.

For the 2022–2023 financial year, WorkCover’s average net premium rate will move to \$1.23 per \$100 of wages, after discounts. This is the first premium rate increase since 2012–2013.

To help minimise the impact of a premium increase, we are continuing to offer discounts for early payment and employers who employ apprentices, and flexible, interest-free payment plans.

We are proud to have been able to offer consistency in our premium rate for employers for many years. Despite this increase, WorkCover still offers one of the lowest average premium rates in Australia without compromising the quality of services we deliver to help our workers safely return to work.

WorkCover will continue to work with employers to help control their premiums by reducing their claims costs through safe work practices and supporting their workers through early and safe rehabilitation and return to work. Premium rates are reviewed annually —if claims costs continue to escalate, proportionate increases in the future may be necessary.

Partnering with our stakeholders

We recognise the importance of strong relationships and collaborative partnerships with key stakeholders. We know there are benefits for our customers and our business if we work together. To support this, a new Partnerships and Relationships Group was established as part of our organisational restructure in January 2022 to focus on developing and strengthening these relationships with our key stakeholders including industry groups, unions and legal, medical and allied health providers and associations.

We will continue our work with stakeholders and employers to pilot injury risk reduction initiatives to help reduce the risk of injury and associated costs for our customers. The outcomes from the pilots this year have been encouraging with positive feedback from stakeholders and employers.

More information on these joint initiatives is available under the Working together section of this annual report.

Outlook for the next financial year

The uncertain environment we have operated in over the last few years has taught us the importance of flexibility and preparedness in providing sustainable support for our customers. Our focus for 2022–2023 will be on that, to ensure we:

- support our people to continuously develop their capabilities to meet the future demands of work
- optimise statutory and common law claims management to improve claim outcomes, through early intervention and managing liability and risk
- strengthen relationships with stakeholders to influence outcomes
- ensure financial sustainability through appropriate premium and investment strategies, and
- continue to improve our cyber maturity to protect our people, information, and assets as well as improving our existing digital, data and supporting capabilities.

We are proud of the experiences we deliver for our customers and we will continue to look for ways to improve how we work together to maximise value and growth for our people, our customers and our business.

Thank you, acknowledgements, and condolences

We would like to pay tribute to Bill Ludwig OAM, a WorkCover Queensland former Board member, National President and Queensland State Secretary of the Australian Workers’ Union (AWU), who passed away in April 2022.

Bill was a strong support to the late Ian Brusasco AO, the WorkCover Chair at the time, and together Bill, Ian and the Board oversaw a turnaround of the scheme to achieve better financial viability and customer focus. He was well recognised and respected for his great influence in this mission.

We would like to thank and acknowledge the work of our Board members, executive management team and all our people throughout the year.

We would also like to thank the Minister for Education, Minister for Industrial Relations and Minister for Racing, the Honourable Grace Grace MP, and the Queensland Government for their ongoing support.



Flavia Gobbo

Chair
WorkCover Queensland



Bruce Watson

Chief Executive Officer
WorkCover Queensland

Claims costs and claims management

Statutory claims trends

Rising statutory claims costs is a trend being experienced across all workers' compensation jurisdictions in Australia. Longer statutory claim durations and more mental injury claims are placing pressure on our financial position and impacting the outcomes for our customers after a workplace injury. Addressing this has been a priority in 2021–2022.

Despite a 3.1% decrease in accepted statutory claim numbers from the previous year, statutory claims costs totalled \$1,268.3M for the 2021–2022 year, a 9.7% increase from last year. The average statutory claim duration (measured by the number of paid days) increased from 53.7 days in 2020–2021 to 57 days in 2021–2022.

There are several factors contributing to this growth in statutory claims costs including growth in the rate of mental injury claims.

Mental injuries

In 2021–2022, 1,974 primary mental injury claims were accepted. This is a 14.5% increase from 2020–2021 and continues the rising trend in the number of mental injury claims (nearly 100% growth since 2017–2018). We anticipate the upward trend will continue into the next financial year.

The increase in primary mental injury claims coincides with legislative changes and initiatives enhancing the support for workers with mental injuries including:

- the introduction of early intervention treatment for workers prior to a decision about their mental injury claim in October 2019
- the introduction of the administrative policy to proactively determine trauma-related mental injury claims for first responders in August 2020, and
- the introduction of presumptive legislation for particular workers with PTSD in May 2021.

These claims are by their nature more complex to determine and manage, and consistently result in

substantially longer claim durations and poorer return to work outcomes than claims for physical injuries.

In Queensland, mental injury claims:

- currently represent 10.6% of total statutory payments (\$134 million for 2021–2022)
- have an average annual claim cost of \$20,392 (\$17,016 in 2020–2021). This cost is almost double the average annual claim cost of physical injuries (\$11,075 for 2021–2022)
- take three times longer to decide (around 32.9 working days) than physical injuries (9.9 working days), and
- have higher periods of time lost (128.2 average annual paid days) than for physical claims (52.5 average annual paid days).

WorkCover is also experiencing a significant growth in secondary mental injuries claims (mental injury claims that arise with or following a physical injury) that is impacting the duration and cost of statutory claims and the conversion rate to common law. Approximately 2,600 statutory claims had an accepted secondary mental injury. This is an upward trend that is consistent across other jurisdictions.

This is partly attributable to earlier identification of these conditions during a statutory claim, improved data recording and a better acceptance in the community of mental health issues.

Return to work outcomes

Our claims management approach is focused on early intervention and understanding and addressing the biopsychosocial risks that may impact a worker's recovery and return to work after their injury. In most cases, workers can safely return to their pre-injury job but sometimes we need to help workers find a new role at the same employer or find a new role with a new employer. This is more challenging if the worker is also experiencing secondary mental health concerns during their recovery.

In 2021–2022 the average number of days to the first return to work after injury and the number of workers

who had returned to work at 12 weeks after their injury remained stable despite an increase in claims mix complexity and challenging external factors including delays in treatment and surgery availability and access to suitable duties. We have maintained our focus on early intervention for those workers at risk of poor outcomes as evidence confirms that being out of work for long periods of time following injury decreases the likelihood of workers ever returning to work.

Queensland recorded positive results in comparison to other jurisdictions in [Safe Work Australia's 2021 National Return to Work Survey](#) with 84% of workers independently surveyed reporting they had returned to work since injury and were currently in paid employment, compared to the National average of 81%.

WorkCover also measures the final return to work outcome at the end of a statutory claim. We did not achieve our corporate target of 93.1%. Our result for 2021-2022 was less than 91.5%.

During 2021-2022, through our quality assurance monitoring and independent internal auditing, we identified instances where we did not correctly record the final return to work outcome when we closed the claim. That creates the risk of this metric being materially misstated. The error rate was established through internal reviews and independently verified through internal audit. Based on the analysis, there is a 95% probability that the true final return to work rate is between 84.4% and 91.5% with a margin of error of 3.5%. We have a number of improvements underway to improve the accuracy of the final return to work result in the future. This includes additional training for our people, reviewing our policies and procedures and ongoing quality assurance and audits. Where we have identified errors in coding we have corrected these errors to improve accuracy of the reported result.

Our Employment Connect program, part of WorkCover's accredited rehabilitation and return to work program, provides support to those workers who have been unable to return to work because of their injury at the time their statutory claim finalises. In 2021-2022, this program assisted 216 workers, with 41% of participants achieving a successful return to work outcome at the completion of the program.

During 2021-2022, through our quality assurance monitoring and independent internal auditing, we identified instances where we did not correctly consider some workers for referral to the program under the 2019 amendments to section 220 of the Act. WorkCover self-reported this compliance issue to the Workers' Compensation Regulatory Service and we are currently actioning a number of improvement opportunities to address this issue. These include improvements to our systems and processes and further training and technical support for our people. Where we have identified workers that should have been referred to the program, we have immediately rectified that issue and offered ongoing return to work support. This issue and the return to work recording issue continue to be closely monitored by our Executive and Board with ongoing reporting to the Workers' Compensation Regulatory Service.

Statutory claims management strategies

WorkCover has implemented the following strategies to improve outcomes for our customers and address issues surrounding rising claims costs:

- **Earlier claims decisions** – our focus has been on reducing the number of days to decide claims so that we can support workers and employers as soon as possible after an injury. In January 2022 we centralised our claims determination teams into our New Claims Group and we have experienced an improvement in the number of claims we are deciding within five days
- **Early risk identification and data insights** – continued refinement of our triage approach and data analytics, to better identify and manage high risk claims. We continued to embed our tailored care and support approach to claims management in 2021-2022. Our Customer Advisors have access to evidence-based tools that provide greater insights into the risk factors present on a claim and how these factors correlate with recovery and return to work outcomes
- **Better education and support for employers** – the insights provided by our risk assessment tools show that a worker's ability to cope with their injury and a lack of employer support are the two risk factors that have the strongest correlation with poor outcomes. In response to these findings, we created a suite of resources for

employers promoting the benefits of supporting injured workers back to work and continue to focus on interventions to address these two key risk factors

- **More access to medical and allied health care** – COVID-19 caused delays for workers to obtain and safely attend medical appointments. Medical and allied health providers are now experiencing high demand for their services and we continually work closely with them to increase appointment availability for injured workers
- **Coaching and capability uplift for our people** – investing in better learning support platforms and dedicated technical support roles to ensure we continue to develop our people's capability to manage claims and achieve better outcomes
- **Organisational structure redesign to increase our focus** – in January 2022 WorkCover established the Claims Management Group, which is focused on delivering improved statutory claims outcomes through a more targeted focus on claims management
- **Technology upgrades** – better use of technology to remove administrative work and streamline experiences for our people and our customers
- **A focus on better support for mental injury** – our mental injury treatment guidelines support our people and health providers in managing these claims. The guidelines were developed with input from providers and professional associations and are continuously reviewed and maintained to ensure the information remains current and relevant. The experiences of WorkCover Customer Advisors and providers using this resource have been positive, as it provides transparent guidance and consistency in response to treatment requests, and
- **Referrals to RTW providers** – we have worked closely with our existing provider panel to build capacity and improve outcomes through our new return to work services mentoring program and regular performance discussions supported by our tailored scorecard.

Common law trends

The number of new common law claims was in line with expectations. This has been gradually increasing in recent years and we are closely monitoring this trend as longer duration statutory claims and

secondary mental injury claims have higher rates of conversion to common law.

In 2021-2022, 58% of common law claims involved either a primary or secondary mental injury. This is putting upward pressure on the average damages, legal costs and durations of common law claims and the outstanding claims provision. Despite this change in the claims mix, we were able to resolve our damages claims within our target, with the average cost of a common law claim at \$191,167 (target of \$199,000). This outcome was achieved through strong oversight and quality control of our external legal partners. We also leveraged data insights to optimise our claim allocations to our lawyers, with claims being allocated to our lawyers with proven expertise and outcomes on different claim types. We also worked with our legal partners to develop claims protocols and quality assurance processes to manage emerging risks in our common law claims portfolio.

Silicosis and Occupational Diseases

We continue to work closely with the Office of Industrial Relations (OIR) and Resources Safety and Health Queensland (RSHQ) to support workers with mine dust lung diseases.

As at 30 June 2022, WorkCover had completed the health screening of 1,053 stonemasons exposed to crystalline silica dust from engineered stone.

253 workers have been diagnosed with a work-related condition. We are helping them with their recovery and rehabilitation and providing compensation for their loss of wages.

Some of these workers were diagnosed through other health screening options and they have lodged claims with WorkCover. Of these workers:

- 36 have a diagnosis of progressive massive fibrosis (PMF)
- 13 have a respiratory condition that is not silicosis, and
- 204 have silicosis (non PMF).

During 2021-2022, a small number of new silicosis claims relating to manufactured stone were received. Silicosis diagnosis, treatment and claims costs have added \$51.8M to scheme costs in 2021-2022.

Working together with our customers and stakeholders to improve outcomes

Education and engagement activities

As COVID-19 restrictions eased over the year, we welcomed opportunities to meet with our customers and stakeholders at both in-person and online events for educational and engagement purposes. In 2021–2022, WorkCover supported a number of stakeholder events including:

- Participated in the AiGroup mental health and aged care events in June 2021 and October 2021
- Presented a session about mental injuries for Clubs Queensland in November 2021
- Presented a series of introductory sessions about WorkCover and mental health claims to general practitioners, first year registrars and medical students at:
 - Albany Hills Radius Medical Centre in September 2021
 - General Practitioners Training Queensland in September 2021, and February and March 2022
 - Griffith University, as part of our ongoing partnership with the institution between 2021–2022
- Presented a session about WorkCover for small business owners at a Logan Chamber of Commerce breakfast in February 2022
- Presented sessions discussing mental health and common law at the Association of Self Insured Employers of Queensland's (ASIEQ) Conference in March 2022
- Travelled to Townsville to present at the North Queensland Work Well Conference in May 2022
- Presented at the Multicultural Small Business Expo hosted by the Department of Employment, Small Business and Training, as part of the Queensland Government's Small Business Month in May 2022
- Hosted and facilitated a series of hazardous manual handling virtual and in-person sessions in collaboration with the Office of Industrial

Relations and Workplace Health and Safety Queensland in May and June 2022

- Travelled to Cairns to participate in a small business exhibition with the Chamber of Commerce and Industry Cairns in June 2022
- Hosted a customer event for Gold Coast-based businesses in June 2022 with industry experts presenting on the importance of mentally healthy workplaces and best practice in supporting workers with mental injuries
- Our Board members participated in an employer visit on the Gold Coast in June 2022
- Hosted a stakeholder networking event in June 2022
- Participated in the annual ASIEQ Self-Insurer Licences Holder event in June 2022

Webinars

- Hosted our [common law webinar series](#), co-presented with our panel lawyers, now in its third year
- Presented introductory sessions about Working with WorkCover Queensland for the Australian Rehabilitation Providers Association (ARPA) and the Australian Physiotherapy Association (APA) in February 2022, and
- Hosted our first Premium Masterclass webinar for customers, providing them with a high-level introduction to premium calculation, ahead of our annual policy renewal season in June 2022.

Expansion of WorkCover's Injury Risk Reduction Initiatives (IRRI) program

With the support of occupational injury experts and our allied health return to work panel, we worked closely with our key stakeholder groups (including unions and industry bodies) to develop and implement pilots with selected employer groups.

Pilots rolled out in 2021–2022 included:

- partnering with Growcom and WHSQ to develop and deliver injury prevention and management material to the horticulture industry
- piloting an ambassador program to minimise occupational violence to prevent physical and mental injury in the health and community service sector, and
- developing a job task inventory and distributing material to prevent injuries in community clubs in collaboration with Clubs Queensland.

In addition to new pilots, previously implemented pilots were expanded:

- The aged care and disability mobility screening tool to prevent patient handling injuries was successfully trialled with another large employer in the sector
- Onsite support services for mental health were successfully rolled out to meat manufacturing employers, which was then rolled out to another employer in the manufacturing industry, and
- Outcomes from our trial of innovative technological solutions to minimise forklift injuries led to the development of a working party through the Manufacturing Industry Sector Standing Committee.

Many of the pilots were delivered in regional areas in Far North Queensland, Darling Downs and the Sunshine Coast. A previous pilot resulted in a national roll out with [Steering Healthy Minds](#), an industry collaboration which delivers a mental health peer support network for transport industry workers.

After completing initial discovery work during 2021–2022, we will look at facilitating pilots in other industries in 2023, as well as providing continuous support to several of our previous initiatives.

Improving customer experience through research insights and co-design

In 2021-2022, we obtained feedback from approximately 12,500 customers across our survey feedback platforms and interviewed workers, employers, providers, and our people.

We have continued to build on the insights collected across the lifecycle of a claim and policy, with surveys sent to customers as they proceed through key stages of the journey: claim determination, recovery and return to work, and claim closure. We also continued to collect quarterly feedback on the overall experience workers and employers had with us. This ongoing feedback allows us to engage with our customers, provide positive feedback to our people, and identify opportunities for continuous improvement.

Over the past 12 months, we conducted other specific research and design initiatives, and started implementing outcomes. This includes:

- refining the current claim journey map looking at the role of employers, workers, our people, and our systems during the course of the claim
- co-designing communications with our people and injured workers to provide extra guidance when using the Worker Assist app, and
- continuing to update written communication letters, so they are more customer focused and easier to understand, with clear next steps.

Engaged people

Workforce profile

910

full time equivalent employees

**as at the fortnight ended 17 June 2022*

66%

of our workforce is female

15.2%

employee attrition rate

Organisational restructure

To help us meet the challenge of increasingly complex statutory claims and rising claims costs in a rapidly changing external environment, we recognised the need to ensure the organisation had the most effective operating model. The right model means we can focus on the right things and deliver better outcomes for our customers.

In January 2022, we implemented an organisational restructure to support earlier determination and ongoing management of our claims and enable a stronger focus on outcomes across all areas of our business. The new structure welcomed three new members to the Executive Leadership Team: Chief New Claims Officer, Chief Partnerships and Relationships Officer and Chief People Officer.

Our New Claims Group is focused on early, claims decisions, to ensure our customers receive support as soon as possible after their injury. The creation of our Partnerships and Relationships Group reflects our continued focus on working together with customers and stakeholders to improve customer outcomes and scheme sustainability. Our People Group leads initiatives to attract, onboard, engage, develop and retain high-performing employees at WorkCover.

During 2021–2022, we introduced our new Chief Digital Information Officer who is focused on modernising and simplifying our digital environment to better serve our customers.

Recruitment

To attract and retain the best talent in a highly competitive talent market, we continue to use

inclusive recruitment practices supported by consistent, transparent, and merit-based processes.

Throughout the year, we enhanced our candidate experience by refreshing our [Careers](#) page on the website, developing our Employee Value Proposition statement (EVP), and supporting collateral to promote and attract new talent to WorkCover.

During 2021-2022, we saw:

- 2,977 applications for vacant positions
- 200 external new starters welcomed to WorkCover as part of our permanent and fixed term workforce
- 70 internal movements to a new role, and
- 15.2% attrition rate as at 30 June 2022.

Growing the capability of our people

Enabling lifelong learning

WorkCover encourages a continuous learning culture by supporting our people through a blended approach to develop new skills and knowledge via easily accessible, on-demand learning tools, and on-the-job training. We continually build customised eLearning modules with tailored technical activities that connect learners to relevant industry, skills, and external learning resources.

All employees have access to LinkedIn learning to develop the required skills and knowledge for their role. 7,512 learning videos were viewed throughout 2021–2022.

Personal Injury Education Foundation (PIEF)

WorkCover continues to maintain a corporate membership with PIEF to support the personal injury industry, acknowledging the value the foundation

provides to the industry and demonstrating our ongoing commitment to the professional development of our people.

In 2021-2022, 14 employees engaged in vocational studies with PIEF ranging from:

- Certificate IV in Personal Injury Management
- Diploma in Personal Injury and Disability Management, and
- Graduate Certificate in Personal Injury.

Industry education for leaders is supported through PIEF's professional development program. During 2020-2021 several leaders engaged with PIEF's online programs across a range of topics including:

- engaging remote and hybrid teams
- managing challenging interactions
- leading teams in uncertain times
- productivity and working well remotely, and
- presentation skills.

Managing mental health in the workplace

WorkCover has partnered with AON since 2017 to provide our people with the opportunity to participate in Mental Health First Aid (MHFA) training to develop our capabilities and understand mental health and how it affects our people and customers. We continue to encourage all our people to attend MHFA training and complete accreditation as a Mental Health First Aider. The program helps our people to:

- recognise the symptoms of different illnesses and mental health crises
- know how to offer and provide initial help, and
- know how to guide a person towards appropriate treatments and other support.

Once qualified, our people are equipped to provide immediate assistance to someone who may be developing a mental health condition or experiencing a mental health crisis.

All our leaders must complete mental health first aid training to ensure we are providing the right support to our people and customers. In addition, all our people are offered the opportunity to complete MHFA training throughout the year.

Graduate program

WorkCover's graduate program provides an opportunity for our graduates to map their career path with the organisation, complete further study or move on to a different role when they complete our two-year program.

In 2021, our eight graduates completed our inaugural program with all eight successful in obtaining either ongoing or fixed term roles at WorkCover.

In 2022, we welcomed four new graduates who are currently completing rotational programs specialising in Digital Technology and Design or Business Analytics and Insights, and we have started a new recruitment campaign for four more graduates to begin the program in 2023.

Leadership development

Emerging Leaders program

In early 2021, five people were selected to participate in the 10-month Emerging Leaders program. The program involved coaching, workshops and modules developing self, leading teams, leading the business and on-the-job experience.

Three participants were successful in obtaining leadership roles at the end of the program. In 2022, we started our new program with 10 participants in a format that utilises a self-directed approach, incorporating more coaching and networking to support our emerging leaders' growth.

Intentional leadership program for Claims leaders

The WorkCover Queensland Intentional Leadership Program supports 54 Claims leaders in developing and refreshing foundational leadership knowledge and skills for newly promoted, mid-career or highly experienced leaders. Facilitated in partnership with the Institute of Managers and Leaders, the program helps our leaders to lead a productive, motivated and engaged team.

Harvard Corporate Learning

To support leaders in continuously developing their capabilities, we provide on demand access to Harvard Corporate Learning through Harvard Spark. In 2021-2022, our people accessed over 9,370 content items.

People survey

We measure how engaged our employees are at work because strong engagement drives discretionary effort, performance and retention. This leads to better outcomes for our customers, more consistent service and a more sustainable business. Our annual people survey also assess how our people align with our purpose and values, and how supported they feel by the business, with insights benchmarked against external organisations and used as a catalyst for action.

In early 2022, we completed our most recent pulse survey which had an 82% response rate, and a 6.7/10 sustainable engagement rate. Our people told us they are strongly aligned with WorkCover's goals and objectives, have a high willingness to expend discretionary effort, and feel they have strong social support within their teams and from their immediate managers. However, they are experiencing internal and external pressures that have impacted their experience at work. This includes rising claims cost and durations, business adjustments following the pandemic, and operational and structural changes.

Following the survey, we developed action plans focused on reducing pressure from rising workloads and increasing transparency of decision making by senior leaders.

Health and wellbeing

We continue our commitment to the health, safety and wellbeing of our people and to providing a safe working environment. In December 2021, we refreshed WorkCover's health, safety and wellbeing strategy to include three strategic goals: healthy people, healthy systems and healthy workplace. These goals are supported by three key principles: transparency, trust and tailored needs.

The Workplace Health and Safety Committee continues to meet monthly, driving WorkCover's safety culture and aligning our activities around our strategic goals and principles. Key initiatives during 2021–2022 include:

- Human Rights Commission facilitated training for our newly formed Contact Officer network who are available to support employees who experience harassment in the workplace
- continuation of ergonomic assessments, early intervention physiotherapy services, early

intervention psychological services and access to the Employee Assistance Program (EAP) services

- introduction of WorkCover's mental health framework, with a focus on the important interplay between data and analytics, proactive interventions, policies and procedures and support mechanisms. This resource aims to provide a tailored framework to address the challenges of our workforce and create and maintain a high-performing, mentally healthy organisation
- a series of workshops and training for our people to build a psychologically safe and enriched work environment.

Flexible working

WorkCover continues to support flexible work arrangements to help our people balance work, family and lifestyle and to ensure operational availability of the workforce as an ongoing COVID-19 management measure. We provide a 5-in-10 remote working framework (where our people may work 5 days at home in a 10-day fortnight).

Early retirement, redundancy, and retrenchment

In 2021–2022, five employees received redundancy packages at a cost of \$524,532.56. Employees who did not request or accept a redundancy offer selected alternative employment placements. No early retirement or retrenchment packages were paid during the reporting period.

Diversity, inclusion and belonging

Our diversity, inclusion and belonging activities continue to support those under-represented in the workforce, including but not limited to:

- women
- people with disability
- Aboriginal and Torres Strait Islander peoples
- the LGBTIQ+ community
- young people
- older people, and
- culturally and linguistically diverse people.

Key initiatives across 2021-2022 included:

- launching WorkCover's Reflect Reconciliation Action Plan (RAP) endorsed by Reconciliation Australia. This involves developing relationships with Aboriginal and Torres Strait Islander stakeholders, defining WorkCover's vision for reconciliation and exploring our sphere of influence, as well as committing to specific actions and initiatives along the journey. WorkCover's Reconciliation Working Group (RWG), as the governing body of WorkCover's RAP, was established in February 2020 and is now comprised of 15 members from across business, of which 33% identify as Aboriginal
- developing the Aboriginal and Torres Strait Islander Peoples employment strategy
- annual reviews of the diversity, inclusion and belonging strategy including awareness campaigns of National and United Nations observed significant dates, and
- signing the CEO statement of support for the United Nations Women's Empowerment Principles and Diversity Council Australia's #StandForRespect campaigns, advancing WorkCover's commitment to gender equity.

Industrial and employee relations

WorkCover continually reviews workplace practices to ensure our people have the opportunity to contribute to the role WorkCover plays in the Queensland community. We want our people to have a voice, feel supported in raising employment concerns, seek advice, and make suggestions for improvement.

We continue to engage in purposeful consultation with Together Union on workplace matters. Through the WorkCover Consultative Committee, our leadership team, Together Union, and internal delegates are provided a forum to actively raise and quickly resolve matters, including organisational change, policy, people initiatives, wellbeing and safety.

The workload management toolkit has been developed under the WorkCover Employing Office Certified Agreement 2018 to assist leaders to work with employees to design work practices that promote wellbeing, work-life integration, and support performance. The toolkit was developed with Together Union through the WorkCover

Consultative Committee. This tool can also be used to build capability, improve outcomes, and performance to better serve our customers.

The WorkCover Employing Office Certified Agreement 2018 has a nominal expiry date of 30 September 2022. This Agreement applies to all Award-covered employees and bargaining commenced in early 2022.

Remuneration arrangements and terms of employment for employees on individual contracts are determined in accordance with WorkCover's annual remuneration strategy, endorsed by the People Committee.

Positive performance management framework

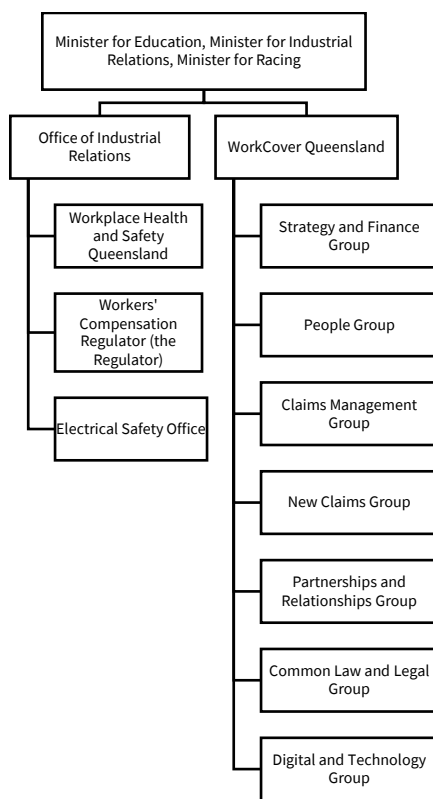
WorkCover's positive performance management framework has been developed to align with the Public Sector Reform and to maintain and uplift the capability and performance of our people.

Managing performance proactively and effectively enhances overall organisational productivity and performance. WorkCover is focused on creating an environment where our people thrive throughout the employee lifecycle.

Governance management and structure

WorkCover Queensland is a statutory authority established under the *Workers' Compensation and Rehabilitation Act 2003* (the Act). The WorkCover Board is accountable to the Minister for Education, Industrial Relations and Racing, the Honourable Grace Grace MP.

Organisational structure



Board of Directors

WorkCover's powers and functions are outlined in Chapter 8 of the Act. Section 424(1) provides for the establishment of the WorkCover Board. The Board's role is set out in section 427 of the Act and reflected in the Board Charter which specifies the individual and collective responsibilities of the Board. The

Charter is reviewed and approved annually by the Board and made available on our website.

The Board has delegated operational management of WorkCover to the CEO, including the delivery of the Strategic Plan and direction with the support of the Executive Leadership Team.

The Board is comprised of a maximum of nine independent non-executive directors appointed by the Governor-in-Council, based on their experience and knowledge, for a term of no more than five year. The Governor-in-Council also appoints the Board Chair and Deputy Chair and determines the terms of appointment including remuneration which is paid in accordance with the [Remuneration Procedures for Part-Time Chairs and Government Boards](#).

WorkCover's Board has 62.5% female representation among the directors, with the Chair and Risk and Audit Committee Chair both being female.

Newly appointed Directors receive a formal induction providing them with an overview of WorkCover's operations, objectives and board and committee information. Upon induction, Directors are provided with relevant board and committee documents, including charters and policies and an induction manual outlining key governance arrangements. During the year, no new Directors were appointed.

The Board undertake biennial performance evaluations. The last review was conducted in November 2020.

The Board has two established Committees, including the Risk and Audit Committee (refer to Risk Management and Accountability section for details) and the People Committee.

CURRENT DIRECTORS (AS AT 30 JUNE 2022)*	FIRST APPOINTED	END DATE
Flavia Gobbo, Chair	01/07/2014	30/06/2023
Michael Clifford, Deputy Chair	01/07/2020	30/06/2023
Sarah Morris, Risk and Audit Committee Chair	16/02/2018	30/06/2023
John Crittall	01/07/2012	30/06/2023
Kerriann Dear	01/07/2017	30/06/2023
Ian Leavers	01/07/2012	30/06/2023
Judy Bertram	01/07/2020	30/06/2023
Stacey Schinnerl	02/10/2020	30/06/2023

*Lyn Rowland resigned from the Board of Directors and in the role of People Committee Chair on 31 December 2021.

People Committee

The People Committee's role is to assist the Board fulfil its statutory and regulatory responsibilities, which are outlined in the People Committee Charter. The Committee reports directly to the Board on WorkCover's people matters and strategies relating to:

- remuneration practices
- success planning
- industrial relations
- talent and capability
- attraction and retention
- training and development
- diversity and inclusion.

The Committee consists of a minimum of three and maximum of five independent non-executive directors, comprised from the Board, that meet quarterly. The People Committee are not paid any additional remuneration for serving on the Committee. A summary of committee membership (as at 30 June 2022) is outlined below.

COMMITTEE MEMBER	COMMITTEE ROLE
Flavia Gobbo	Acting Chair
Ian Leavers	Independent non-executive member
Judy Bertram	Independent non-executive member

*Lyn Rowland served as the People Committee Chair until 31 December 2021, before resigning from the Board of Directors.

Directors' meetings

During the year, WorkCover held seven Board meetings, one of which is a dedicated strategy session, four Risk and Audit Committee meetings and four People Committee meetings. The CEO, Deputy CEO and Chief Legal Officer (Company Secretary) attend all Board meetings, and other members of the executive leadership team and senior management are invited to present and discuss relevant topics. A register of Directors' interests is updated at each Board meeting and Directors declare their Key Management Personnel related parties annually. Directors also advise the Company Secretary, on an ongoing basis, of any changes to their Directors interests' or related parties that may conflict with their role at WorkCover. Board minutes are recorded and maintained in accordance with best practice.

Directors may seek independent, professional advice at Workcover's expense, with prior approval of the Chair. Directors have access to assistance to support their professional development, through learning and development participation in industry events and conferences.

All Directors have a standing invitation to attend all Committee meetings. Director attendance at 2021-22 Board and Committee meetings is outlined below:

NUMBER OF MEETINGS HELD IN THE YEAR	BOARD	RISK AND AUDIT COMMITTEE	PEOPLE COMMITTEE
Directors	Number of meetings attended		
Flavia Gobbo, Chair	7 / 7	3 / 4	3 / 4
Michael Clifford, Deputy Chair	6 / 7	4 / 4	-
Sarah Morris, Risk and Audit Committee Chair	7 / 7	4 / 4	-
John Crittall	7 / 7	4 / 4	-
Kerriann Dear	7 / 7	-	-
Ian Leavers	7 / 7	-	4 / 4
Judy Bertram	7 / 7	-	3 / 4
Stacey Schinnerl	7 / 7	-	-
Lyn Rowland*	3/3	-	2/2

*Lyn Rowland resigned from the Board of Directors on 31 December 2021.

Public Sector Ethics

All WorkCover employees, including our Board, are required to maintain the highest level of ethical standards and act in accordance with our Code of Conduct when performing their duties. It is expected that all employees meet these standards of conduct and support the vision and values of WorkCover. Our Code of Conduct is based on the four ethics principles contained in the *Public Sector Ethics Act 1994* (Qld) (PSE Act).

The ethics considered essential for the performance of public administration in Queensland are:

- Integrity and impartiality
- Promoting the public good
- Commitment to the system of government
- Accountability and transparency.

The principles have been incorporated into WorkCover's Code of Conduct. A Code of Conduct agreement is signed upon a new employees' appointment acknowledging they are committing to upholding these principles and standards of behaviour. The Code of Conduct is communicated to our people through the corporate induction program and is available on our internal intranet and external website. Our people, including the Board receive annual compliance training on the Code and the PSE Act in general. All relevant internal policies and practices align with the Code, including the ethical principles and values. Non-compliance with the code may result in disciplinary action, which could include termination of employment.

The Board are also required to act honestly, disclose interests, exercise diligence and not use information or their position inappropriately. Additionally, they follow guidelines set out in *Welcome Aboard: A Guide for Members of Queensland Government Boards, Committees and Statutory Authorities*, as issued by the Department of Premier and Cabinet.

WorkCover's values of excellence, integrity, responsiveness and respect align with the PSE Act values and principles and these are integrated into everything we do.

Human Rights

WorkCover support the objectives of the *Human Rights Act 2019 (Qld)* (HRA), to protect, promote and build a culture that respects human rights. During the year, WorkCover undertook a range of activities to further the objectives of the HRA:

- Reporting of WorkCover’s obligations
- Reviewed annual compliance training materials and induction program training which include references to the HRA and obligations
- Implementation of the Prevention of Sexual Harassment and Sexual Violence policy, including a network of Contact Officers to support victims of harassment in the workplace
- Launched WorkCover’s Reconciliation Action Plan (RAP) and progressed RAP initiatives.

No human rights complaints were received by WorkCover in relation to WorkCover’s actions or activities between 1 July 2021 – 30 June 2022.

Governance risk management and accountability

Risk and Audit Committee

The Risk and Audit Committee consists of a minimum of three and a maximum of six independent non-executive directors comprised from the Board. Remuneration of the committee is noted in note E3 of the Financial Statements and paid in accordance with the [Remuneration Procedures for Part-Time Chairs and Members of Queensland Government Bodies](#). A summary of committee membership (as at 30 June 2022) is outlined below.

COMMITTEE MEMBER	COMMITTEE ROLE
Sarah Morris	Committee Chair
Flavia Gobbo	Independent non-executive member
Michael Clifford	Independent non-executive member
John Crittall	Independent non-executive member

The CEO, Deputy CEO, Chief Legal Officer (Company Secretary), internal audit and external audit all have a standing invitation to attend Committee meetings. Members of senior management are invited where required.

The Committee meet quarterly and during 2021-2022 met 4 times, fulfilling its responsibilities as per the Risk and Audit Committee Charter. Key achievements included:

- Endorsing the 2020-2021 Financial Statements for WorkCover Queensland and the WorkCover Employing Office
- Approving the 2021-2022 Internal Audit Plan
- Approving the Internal Audit Charter
- Endorsing the Risk and Audit Committee Charter, and

- Approving the Risk Management policy, Environmental policy, Ethics policy, PID policy, Compliance policy.

Risk management

WorkCover is committed to the implementation of our risk management program throughout the organisation, including setting the risk appetite, periodic review and monitoring the treatment of the top strategic and corporate risks. Our executive risk management framework and risk management policy are consistent with the principles in ISO 31000:2018 Risk Management - Guidelines and meets the requirements of the Financial Performance Management Standard 2019.

Our approach to risk management is aimed at embedding a risk aware culture throughout the organisation. This includes establishing an appropriate structure and clear lines of responsibility to systematically identify, evaluate, and manage key risks associated with our business activities. Emerging trends are identified, assessed, monitored and reported on through a dedicated framework to support timely understanding and escalation of the trends identified. We publish our risk management statement on our [website](#).

WorkCover's risk management policy was endorsed through the year by the Risk and Audit Committee and approved by the Board. During the year, the Board also participated in a risk workshop to review and set the risk appetite statements and discuss our corporate risks.

WorkCover's quality assurance programs form part of our compliance and risk management frameworks. These programs emphasise continuous improvement, is aligned to ISO Compliance management systems and is designed to assess the effectiveness of internal controls in place to manage risks and identify areas for improvement. Quality

assurance program reporting is provided quarterly to the Risk and Audit Committee.

As part of WorkCover's commitment to proactively managing our business continuity risks, during the year we implemented a structured training program for our key crisis control team and backups. WorkCover's business continuity management plans have been developed to minimise the impact of a crisis on our customers, stakeholders and employees, and were reviewed and tested during the year. Through our effective business continuity management, WorkCover successfully navigated the continued impacts of COVID-19, and weather events on our daily operations, resulting in continuation of services with no major interruptions.

Employer compliance

WorkCover has a dedicated customer audit and intelligence team who work with Queensland employers, to ensure they are aware of their obligations to maintain adequate cover when engaging workers. The team is both responsible for auditing Queensland businesses, as well as managing WorkCover's uninsured employer compliance. The team maintains a balanced compliance strategy by providing targeted education and monitoring of employer compliance across the state.

Audit targets and site visit selection occurs using detailed data analysis and data sharing to highlight non-compliant businesses throughout Queensland. This involves strong working relationships with the Australian Taxation Office, the Queensland Revenue Office and the Labour Hire Licensing Compliance Unit to ensure a uniform compliance approach across Queensland.

Compliance audits

366 targeted employer policy compliance audits and classification rating reviews were conducted. Audited employers had an 80% non-compliance rate with the total amount of premium and penalties raised from compliance audits and reviews at \$9.5M.

Site visits and uninsured employers

Industry trend information and data mining on business information, locations and growth were used to select 803 employer site visits and ad-hoc provisional coverage reviews. These visits and reviews recouped \$2.7M of additional premium and penalties from uninsured and under-insured employers.

Additionally, 155 new uninsured claims were identified which resulted in \$4.5M in uninsured claims costs and penalties being raised against employers who had failed to hold their compulsory accident insurance policy at the time a claim for compensation was lodged.

Internal audit

The internal audit function supports the Risk and Audit Committee by providing independent and objective risk-based assurance advice, with the purpose of evaluating and improving the effectiveness of WorkCover's risk management, control and governance processes.

The internal audit function is currently outsourced to a third party internal audit contractor, appointed by the Risk and Audit Committee. The internal audit function operates independently from management and WorkCover's external auditor. The internal audit function operates under an approved Internal audit charter which formalises the role, authority, responsibility, scope and operational framework of WorkCover's internal audit function, consistent with relevant assurance and professional ethical standards.

Each year, the internal audit contractor prepares an internal audit plan, which outlines the internal audit activities to be performed during a financial year. The Risk and Audit Committee approve the internal audit plan and monitor the performance of the internal audit function, with due regard to the Audit committee guidelines: improving accountability and performance. The 2021–2022 internal audit plan was approved during the May 2021 Risk and Audit Committee meeting.

During the 2021–2022 financial year, 11 internal audit engagements were completed as per the annual internal audit plan, with 1 additional audit in progress at 30 June 2022. At the completion of each engagement, the internal auditors report their findings

and recommendations to the Risk and Audit Committee. All recommendations arising from the completed internal audit engagements have either been implemented or, are on track to be implemented, within agreed timeframes. The internal audit plan's coverage over WorkCover's key risks is reviewed regularly using an assurance map and discussions with key stakeholders.

External audit

The external audit function for WorkCover is performed by the Queensland Audit Office (QAO) with recommendations reported and monitored by the Risk and Audit Committee. The external audit plan is approved by the Risk and Audit Committee each year with the current plan approved at the November 2021 Risk and Audit Committee meeting.

Key findings from the external auditor can be found in the external audit report with our financial statements.

External oversight

During the year, WorkCover was included as a part of the Office of the Information Commissioner's (OIC) audit on Awareness of Privacy Obligations. Managing privacy obligations is a key part of WorkCover delivering services and maintain public trust. As at 30 June 2022, this review was still underway. WorkCover awaits any findings or recommendations from the OIC.

The Chair and CEO meet with the Minister on a regular basis to discuss relevant matters, including the quarterly report which includes progress against our Statement of Corporate Intent objectives. The CEO and Deputy CEO also meet quarterly with representatives from the Office of Industrial Relations and Queensland Treasury to discuss WorkCover's financial and operational performance.

Under the Act, the Minister is required to ensure that a review of the workers' compensation scheme's operational effectiveness be undertaken at least once every five years. The last review was undertaken in 2017-2018, with the next review due in 2022-2023.

Privacy

WorkCover is committed to protecting the privacy of customers, employees and third parties in accordance with the *Information Privacy Act 2009* (IP Act), which governs how information is collected, used, stored and disclosed by Queensland Government agencies. All disclosures of personal information by WorkCover are managed under this IP Act, the *Right to Information Act 2009* (RTI Act) or the Act.

WorkCover has a Privacy Committee that meet quarterly and are responsible for the promotion of privacy principles and oversight to achieve compliance. Privacy awareness is encouraged through initiatives such as participation in Privacy Awareness Week. Additionally, employees undertake annual privacy training as part of their induction and refresher training. The Board and Risk and Audit Committee receive updates on privacy matters at each meeting.

Information systems and recordkeeping

WorkCover employees are responsible for keeping and maintaining records which are stored through WorkCover's claims and policy information system (claim and policy records) and through an integrated electronic records system for corporate records. Annual compliance training is completed to ensure all staff are aware of their obligations under the *Public Records Act 2002*.

Public records are being retained in line with WorkCover's Records governance policy, the Queensland State Archives' General Retention and Disposal Schedule and WorkCover Queensland's State Archives approved Retention and Disposal Schedule. No records were transferred to the Queensland State Archives during the 2021-2022 financial year. No breaches of the retention and disposal schedules have been reported during the year, with no records reported as missing or lost during the same period.

Open Data

WorkCover has published information through the Open Data online portal, in accordance with the mandatory open data reporting requirements.

Financial performance

WorkCover's final comprehensive result for 2021-2022 was a \$318 million loss. A loss on investment returns is due to the current economic climate with rising interest rates and high inflation, combined with rising claims costs is contributing to a challenging financial environment.

FINANCIAL RESULTS	2021-2022 \$M	2020-2021 \$M
Statement of comprehensive income		
Net premium revenue	1,820	1,626
Net claims incurred	(2,137)	(2,143)
Underwriting expenses (net of claims handling)	(28)	(34)
Net investment and other expenses	(134)	705
Income tax equivalents	153	(43)
Other comprehensive income/(loss)	8	(3)
Total comprehensive (loss)/income for the year	(318)	108
Statement of financial position		
Total assets	6,267	6,170
Total liabilities	4,397	3,981
Net assets	1,871	2,189
Statement of changes in equity		
Reserves	989	1,390
Contributed equity	3	3
Accumulated surplus	879	796
Total equity	1,871	2,189

Premium revenue

Our net premium revenue was \$1.820B for the year, an increase of 12% from 2020–2021.

The target average premium rate for 2021–2022 remained unchanged at \$1.20. However, rising claims costs are placing upward pressure on our reserves. For the new financial year 2022–2023, WorkCover’s average net premium rate will move to \$1.23 per \$100 of wages, after discounts, continuing to be one of the lowest average rates for workers’ compensation insurance in Australia.

Net claims incurred

Net claims incurred were \$2.137B for 2021–2022 (2020–2021: \$2.143B).

The net claims costs reduced slightly in 2021–2022, largely driven by a reduction in the movement in the net outstanding claims provision compared to 2020–2021 (the yearly increase in the provision reduced by \$105M), reduction in common law claims paid and higher claims recovery revenue. This was offset by statutory claims experience (particularly for medical and weekly benefits).

The overall increase in the net outstanding claims provision is mainly due to an increase in common law benefits, statutory benefits and experience and assumptions made by the Actuary.

Underwriting expenses

Underwriting expenses include WorkCover’s management and operational expenses and the levy payable to the WCRS and WHSQ. To meet disclosure requirements under accounting standards, the claims handling expense portion of the underwriting expenses is added to gross claims expense to reflect the total cost of administering claims during the year.

Investment portfolio

WorkCover’s investment portfolio is managed by QIC. The net market value in funds invested as at 30 June 2022 was \$5.466B (30 June 2021: \$5.706B).

The net return on this investment portfolio for the year was -2.48% (2020–2021 : 13.76%). COVID-19 together with many other geopolitical issues have had a broadly negative impact on WorkCover’s investment portfolio for the 2021–2022 financial year. We will continue to work with our investment fund manager to effectively manage our investment risk to ensure our portfolio achieves its long term objectives.

Capital adequacy

The Act outlines specific requirements that WorkCover must meet to be fully funded.

WorkCover is fully funded if total assets are at least equal to its liabilities. WorkCover is currently achieving both our legislative requirements (100%) and the Board’s aim of maintaining a funding ratio of at least 120%.

Looking to the future

WorkCover continues to use prudent financial management to ensure a balanced and financially viable scheme for all customers and stakeholders. Part of this continuing prudent financial management includes a focus by WorkCover in continuing to operate within budget, achieving value for money, and more generally, ensuring WorkCover continues to minimise its costs and risks in relation to its liabilities.

Premiums will be set and claims and operational expenses carefully managed in order to continue to deliver a balanced scheme and we will ensure our long term investment strategy is built around a balanced portfolio.

Our in-house statutory claims management models allow us to continue to progress several claims management strategies to facilitate injured workers' return to work as quickly and safely as possible. It also allows us to optimise treating services to ensure workers get the right treatment at the right price.



Consolidated financial statements

2021-2022

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Consolidated statement of comprehensive income

For the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Net premium revenue	B1	1,820,416	1,625,723
Gross claims expense	C1	(2,288,827)	(2,257,761)
Claims recoveries revenue	C1	151,761	114,714
Net claims incurred	C1	(2,137,066)	(2,143,047)
Underwriting expenses	E1	(28,294)	(34,066)
Underwriting result		(344,944)	(551,390)
Investment (loss)/income	D1	(99,376)	737,932
Other income		1,167	1,089
Investment expenses	D1	(35,532)	(33,527)
Other expenses		(543)	(541)
Operating result for the year before income tax equivalent		(479,228)	153,563
Income tax equivalent benefit/(expense)	F1(a)	153,053	(42,735)
Operating result for the year		(326,175)	110,828
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to operating result:			
Revaluation of land and building	F4(b)	11,156	(4,335)
Income tax effect on revaluation of land and building	F1(a)	(3,347)	1,301
Other comprehensive income/(loss) for the year, net of income tax equivalent		7,809	(3,034)
Total comprehensive (loss)/income for the year		(318,366)	107,794

This statement is to be read in conjunction with the accompanying notes.

Consolidated statement of financial position

For the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Current assets			
Cash and cash equivalents	D2(a)	130,162	94,387
Recoveries receivable on outstanding claims	C2(b)	78,187	60,369
Receivables	D2	39,680	32,536
Investment assets	D2(d)	1,583,951	1,466,846
Other assets		2,410	2,366
Total current assets		1,834,390	1,656,504
Non-current assets			
Recoveries receivable on outstanding claims	C2(b)	180,255	135,160
Receivables	D2	2,507	2,400
Investment assets	D2(d)	3,982,758	4,267,682
Property, plant and equipment	E4	74,157	64,489
Deferred tax assets	F1(a)	192,383	42,677
Other assets		847	1,289
Total non-current assets		4,432,907	4,513,697
Total assets		6,267,297	6,170,201
Current liabilities			
Payables	D2(c)	19,446	18,063
Unearned premium liability	B2	19,737	12,361
Outstanding claims liability	C2(a)	1,590,266	1,505,885
Employee benefits liabilities	E2(b)	20,706	21,139
Investment related liabilities	D2(d)	71,872	21,330
Other liabilities		86	77
Total current liabilities		1,722,113	1,578,855
Non-current liabilities			
Unearned premium liability	B2	-	315
Outstanding claims liability	C2(a)	2,642,668	2,392,315
Employee benefits liabilities	E2(b)	2,594	2,922
Investment related liabilities	D2(d)	29,236	6,740
Other liabilities		22	24
Total non-current liabilities		2,674,520	2,402,316
Total liabilities		4,396,633	3,981,171
Net assets		1,870,664	2,189,030
Equity			
Contributed equity	F4(a)	2,500	2,500
Asset revaluation surplus	F4(b)	38,966	31,157
Investment fluctuation reserve	F4(c)	949,872	1,359,139
Accumulated surplus		879,326	796,234
Total equity		1,870,664	2,189,030

This statement is to be read in conjunction with the accompanying notes.

Consolidated statement of equity

For the year ended 30 June 2022

	Contributed equity	Asset revaluation surplus	Investment fluctuation reserve	Accumulated surplus	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020	2,500	34,191	1,247,375	797,170	2,081,236
Operating result for the year	-	-	-	110,828	110,828
Other comprehensive income for the year	-	(3,034)	-	-	(3,034)
Total comprehensive income for the year	-	(3,034)	-	110,828	107,794
Transfer to investment fluctuation reserve from accumulated surplus	-	-	111,764	(111,764)	-
Total transactions with owners, recorded directly in equity	-	-	111,764	(111,764)	-
Balance at 30 June 2021	2,500	31,157	1,359,139	796,234	2,189,030
Balance at 1 July 2021	2,500	31,157	1,359,139	796,234	2,189,030
Operating result for the year	-	-	-	(326,175)	(326,175)
Other comprehensive income for the year	-	7,809	-	-	7,809
Total comprehensive income for the year	-	7,809	-	(326,175)	(318,366)
Transfer from investment fluctuation reserve to accumulated surplus	-	-	(409,267)	409,267	-
Total transactions with owners, recorded directly in equity	-	-	(409,267)	409,267	-
Balance at 30 June 2022	2,500	38,966	949,872	879,326	1,870,664

This statement is to be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Premiums received		1,811,752	1,624,241
Interest received		3,070	5,902
Managed unit trust distributions received		268,762	189,300
Investment management fees paid		(35,455)	(33,259)
GST collected on sales		181,665	163,085
Claims paid		(1,943,176)	(1,837,881)
Claims recoveries received		88,407	78,779
Other operating income received		1,195	1,184
Other operating expenses paid		(28,101)	(32,842)
GST paid on purchases		(30,543)	(28,335)
GST remitted to the ATO		(150,806)	(135,756)
Income tax equivalent paid		-	16,285
Net cash provided by operating activities	<i>F2</i>	166,770	10,703
Cash flows from investing activities			
Acquisition of investments		(268,553)	(192,035)
Proceeds from sale of investments		137,937	140,555
Acquisition of property, plant and equipment		(381)	(354)
Proceeds from sale of property, plant and equipment		4	-
Net cash used in investing activities		(130,993)	(51,834)
Cash flows from financing activities			
Principal elements of lease payments		(2)	(3)
Net cash used in financing activities		(2)	(3)
Net increase/(decrease) in cash and cash equivalents		35,775	(41,134)
Cash and cash equivalents at 1 July		94,387	135,521
Cash and cash equivalents at 30 June	<i>D2(a)</i>	130,162	94,387

This statement is to be read in conjunction with the accompanying notes.

Basis of preparation

A1 General information

WorkCover Queensland is a not-for-profit statutory body established by the *Workers' Compensation and Rehabilitation Act 2003* (the Act). WorkCover Queensland is controlled by the Queensland State Government and is the main provider of workers' compensation insurance in Queensland.

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

WorkCover Queensland's Chair, Ms Flavia Gobbo, authorised this report at the date of signing the Management Certificate.

A2 Compliance with prescribed requirements

These general purpose financial statements are prepared on an accrual basis and in accordance with Australian Accounting Standards (AASBs) made by the Australian Accounting Standards Board (AASB), other authoritative pronouncements of the AASB, the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019*, the Act and the *Workers' Compensation and Rehabilitation Regulation 2014* (the Regulations).

The significant accounting policies adopted in the preparation of these financial statements have been included in the relevant notes. These policies have been consistently applied for all years presented unless otherwise stated.

New accounting standards applied for the first time in these financial statements are outlined in note F8.

The preparation of financial statements also requires the use of accounting estimates and management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the consolidated financial statements are:

- outstanding claims liability and claims recoveries receivable (note C2(d)); and
- financial instruments (note D3).

A3 Presentation and measurement

The measurement basis is historical cost, unless the application of fair value, present value, or net realisable value is required by the relevant accounting standard or as nominated in the notes to the consolidated financial statements.

Assets and liabilities are classified as either 'current' or 'non-current' in the consolidated statement of financial position and the associated notes. Assets are classified as current where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or there is not an unconditional right to defer settlement to beyond 12 months after the reporting date. All other assets and liabilities are classified as non-current.

The presentation currency is Australian dollars. Amounts included in these consolidated financial statements have been rounded to the nearest \$1,000 or, where the amount is less than \$500, to zero, unless disclosure of the full amount is specifically required.

A4 The reporting entity

These financial statements represent the financial statements for the consolidated entity 'WorkCover', consisting of the parent entity, WorkCover Queensland, and its controlled entity, the WorkCover Employing Office (WEO). All transactions and balances internal to the consolidated entity have been eliminated in full.

WEO is a statutory body established under the Act. WEO is assessed as a structured entity under AASB 12 *Disclosure of Interests in Other Entities* that is controlled by WorkCover Queensland in accordance with AASB 10 *Consolidated Financial Statements* based on relevant factors including:

- WEO's work performance arrangement with WorkCover Queensland, which requires WEO to provide employees to perform work for WorkCover Queensland. WEO has only this agreement and is unlikely to make another; and
- WorkCover Queensland has been deemed to act as WEO's principal under the delegation of powers, due to the fact that WorkCover Queensland exercises its own discretion and is not subject to specific direction by the Minister regarding WEO.

These financial statements do not separately disclose the financial statements of the parent entity, WorkCover Queensland, due to the immaterial differences between the consolidated and parent entity's financial statements. These differences are disclosed in note F6.

A summary of WEO's financial statements is provided in note F7.

A5 Coronavirus

The global coronavirus (COVID-19) pandemic developed in 2020 has continued to affect economic activity in 2022, which in turn has implications for many businesses for financial reporting purposes. Despite the disruption to Queensland businesses, there has been minimal impact on the underwriting result for WorkCover.

Premium

Premium received from policyholders is the key source of revenue for WorkCover. This section provides detail on the measurement of premium, its adequacy, and insurance risk.

B1 Net premium revenue

	Note	2022 \$'000	2021 \$'000
Gross written premiums		1,884,073	1,679,417
Discount on premiums		(60,935)	(55,726)
Premium penalties		4,339	3,020
		1,827,477	1,626,711
Movement in unearned premium	B2	(7,061)	(988)
		1,820,416	1,625,723

Premium revenue is earned from contracts when a policyholder transfers significant insurance risk to WorkCover. Gross written premiums are the amounts charged to the policyholder excluding stamp duty and goods and services tax (GST). A discount is offered to policyholders for early payment subject to certain conditions.

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

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

B2 Unearned premium liability

	Note	2022 \$'000	2021 \$'000
Balance at 1 July		12,676	11,688
Movement in unearned premium:			
Deferral of premiums on contracts written during the year		19,422	12,676
Earning of premiums written in previous years		(12,361)	(11,688)
	B1	7,061	988
Balance at 30 June	B3	19,737	12,676
<i>Represented by:</i>			
Current		19,737	12,361
Non-current		-	315
	B3	19,737	12,676

B3 Liability adequacy test

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

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

	Note	2022	2021
		\$'000	\$'000
Unearned premium liability	B2	19,737	12,676
Less present value of expected future cash flows for future claims:			
Discounted central estimate		16,972	9,446
Risk margin		2,193	1,185
		19,165	10,631
Surplus		572	2,045
Risk margin		12.9%	12.5%
Probability of adequacy		75%	75%

As the test has identified a surplus (2021: surplus), no further liability has been recognised.

B4 Insurance risk

(a) Terms and conditions of insurance contracts

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

- accident insurance; and
- contracts of insurance.

Accident insurance

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

Contracts of insurance

WorkCover provides optional insurance instruments that provide cover to individuals, employees, or members of associations who do not meet the definition of a 'worker' and are therefore not covered by the accident insurance policies.

The terms and conditions attaching to accident insurance contracts and contracts of insurance determine the level of insurance risk accepted by WorkCover. All insurance contracts entered into are in the same standard form and are subject to substantially the same terms and conditions under the Act.

The Act provides that all insurance policies issued by or on behalf of WorkCover are guaranteed by the Queensland State Government.

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

WorkCover has an objective to manage insurance risk to reduce the volatility of insurance premiums and operating results so that the required funding ratio can be maintained. In addition to the inherent uncertainty of insurance risk, which can lead to significant variability in the loss experience, operating results are affected by market factors. Short-term variability is, to some extent, a feature of the insurance business.

Key aspects of processes established to mitigate insurance risks include:

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

(c) Concentration of insurance risk

WorkCover's exposure to concentration of insurance risk relates to injuries caused through an event or disaster that may have occurred during the reporting period. This risk is mitigated as WorkCover supplies compulsory workers' compensation insurance to most Queensland businesses who employ workers and as such, WorkCover's customers are geographically and occupationally diverse.

(d) Liquidity risk

WorkCover's exposure to liquidity risk is managed by ensuring that investments held to meet policyholder liabilities are matched to the expected duration of those liabilities and sufficient cash deposits are available to meet day-to-day operations. The liquidity risk associated with WorkCover's investment related liabilities is disclosed in note D5(b).

The liquidity risk of outstanding claims held by WorkCover, representing the maturity of outstanding claims liabilities calculated based on discounted cash flows relating to the liabilities, at reporting date is as follows:

	Note	2022	2021
		\$'000	\$'000
1 year or less	C2(a)	1,590,266	1,505,885
1 - 3 years		1,680,253	1,524,337
3 - 5 years		540,538	465,824
More than 5 years		421,877	402,154
	C2(a)	4,232,934	3,898,200

Claims

WorkCover's claimants are individuals injured at work who are covered by WorkCover's accident insurance policies and contracts of insurance. This section provides information on net claims costs incurred and the net outstanding claims provision, including the assumptions and estimates.

C1 Net claims incurred

	Note	2022 \$'000			2021 \$'000		
		Current year	Prior years	Total	Current year	Prior years	Total
Gross claims expense:							
Undiscounted claims expense		2,449,399	227,694	2,677,093	2,276,154	98,723	2,374,877
Discount		(197,764)	(190,502)	(388,266)	(73,132)	(43,984)	(117,116)
	C2(a)	2,251,635	37,192	2,288,827	2,203,022	54,739	2,257,761
Claims recoveries revenue:							
Undiscounted claims recoveries revenue		(92,020)	(74,669)	(166,689)	(63,206)	(51,913)	(115,119)
Discount		7,549	7,379	14,928	811	(406)	405
	C2(b)	(84,471)	(67,290)	(151,761)	(62,395)	(52,319)	(114,714)
		2,167,164	(30,098)	2,137,066	2,140,627	2,420	2,143,047

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

There was a decrease in net claims incurred for injury years 2021 and prior over the past year. This was driven by an increase to the amount of discount due to a higher yield curve as well as higher than expected recoveries and corresponding changes in valuation assumptions. This was partially offset by increases to future inflation assumptions as well as increases to the valuation assumptions for common law claims and permanent impairment benefits.

Reconciliation of net claims incurred

	Note	2022 \$'000	2021 \$'000
Gross claims incurred:			
Statutory claims paid		1,268,341	1,156,444
Common law claims paid		461,172	486,573
Claims handling expenses	E1	224,044	202,212
Net self-insurance payments		536	1,444
	C2(a)	1,954,093	1,846,673
Claims recoveries:			
Statutory claims recovered		(84,212)	(77,371)
Common law claims recovered		(4,636)	(3,343)
	C2(b)	(88,848)	(80,714)
Movement in net outstanding claims liability:			
Gross claims liability		334,734	411,088
Recoveries receivable		(62,913)	(34,000)
		271,821	377,088
		2,137,066	2,143,047

Claims expenses are recognised in the consolidated statement of comprehensive income as the costs are incurred. Claims recoveries are recognised as revenue in the consolidated statement of comprehensive income once the amount to be recovered can be estimated and is likely to be recovered.

Self-insurance

Under the Act, an employer may provide their own accident insurance for their workers instead of insuring with WorkCover if they meet certain requirements. Upon separation or return, WorkCover will make a payment to or receive a payment from the self-insurer for the estimated liability of outstanding claims payments which relate to the period of insurance covered by WorkCover or the self-insurer.

WorkCover is in the process of transitioning a significant self-insurer to the fund. This process is governed in entirety by the return to fund provisions under the Act and the Regulations, and involves the engagement of actuaries, with co-ordination by the Office of Industrial Relations, to determine the appropriate valuation of any liability transfer, and subsequent entry pricing for premium. As with all transfers, the provisions of the Act and the Regulations outline a robust process to ensure an equitable transfer of liability, and associated premium, to ensure a neutral overall impact on WorkCover of any return/entry to or exit from the fund.

Bank guarantees, financial guarantees given by an insurance company that is an approved security provider and cash deposits of \$493.673 million (2021: \$466.790 million) are held by the Workers' Compensation Regulator on behalf of self-insurers. If a self-insurer fails its obligations under the Act, WorkCover may recover from the guarantees for any debts owing from the self-insurer. As the likelihood of having to call on the guarantees has been assessed as low, no financial asset has been recognised in the consolidated statement of financial position.

C2 Outstanding claims liability and recoveries receivable

(a) Gross outstanding claims liability

	Note	2022 \$'000	2021 \$'000
Expected future claims payments		4,120,660	3,513,682
Claims handling expenses		347,683	291,359
		4,468,343	3,805,041
Less discount to present value		(584,917)	(228,711)
Discounted central estimate		3,883,426	3,576,330
Risk margin		349,508	321,870
	B4(d)	4,232,934	3,898,200
<i>Represented by:</i>			
Current	B4(d)	1,590,266	1,505,885
Non-current		2,642,668	2,392,315
	B4(d)	4,232,934	3,898,200
Reconciliation of movement during the year:			
Balance at 1 July		3,898,200	3,487,112
Provisions made	C1	2,251,635	2,203,022
Payments made	C1	(1,954,093)	(1,846,673)
Effect of changes in assumptions to prior year provisions	C1	37,192	54,739
Balance at 30 June	B4(d)	4,232,934	3,898,200

This liability is calculated by an independent actuary, PricewaterhouseCoopers Consulting (Australia) Pty Ltd (the Actuary), in accordance with the Act and AASB 1023 *General Insurance Contracts*.

The liability for outstanding claims is measured as the central estimate of the present value of expected future payments for claims incurred at the end of the reporting period plus an additional risk margin to allow for the inherent uncertainty in the central estimate. The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not yet reported (IBNR), claims incurred but not enough reported (IBNER), and anticipated claims handling costs. The expected future payments are discounted to present value at the reporting date using a risk-free rate.

In respect of latent onset injuries, the Act states that the definition of the date of injury for a latent onset injury, is the date at which a medical practitioner diagnoses the injury. No liability is held for latent onset injuries where a medical practitioner has not yet diagnosed the injury.

(b) Recoveries receivable on outstanding claims

	Note	2022 \$'000	2021 \$'000
Expected future recoveries		252,324	180,910
Less discount to present value		(15,221)	(1,526)
Discounted central estimate		237,103	179,384
Risk margin		21,339	16,145
		258,442	195,529
<i>Represented by:</i>			
Current		78,187	60,369
Non-current		180,255	135,160
		258,442	195,529

Reconciliation of movement during the year:

Balance at 1 July		195,529	161,529
Recoveries recognised	C1	84,471	62,395
Recoveries received	C1	(88,848)	(80,714)
Effect of changes in assumptions to prior year provisions	C1	67,290	52,319
Balance at 30 June		258,442	195,529

Claims recoveries receivable is measured as the present value of the expected future receipts and is calculated by the Actuary on the same basis as the liability for gross outstanding claims in accordance with the Act and AASB 1023.

(c) Claims development

The development of net undiscounted outstanding claims for each underwriting year relative to the ultimate expected claims is as follows:

	Injury year										Total \$'000
	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	
Estimate of ultimate claims cost:											
At end of injury year	1,217,658	1,081,408	1,046,117	1,339,208	1,407,682	1,445,470	1,435,652	1,590,785	1,777,829	1,916,322	
One year later	1,183,786	1,079,142	1,119,682	1,206,767	1,268,765	1,302,500	1,512,595	1,615,787	1,812,027		
Two years later	1,144,077	1,036,739	1,025,004	1,084,722	1,186,315	1,325,147	1,560,243	1,667,786			
Three years later	1,096,225	992,802	972,577	1,064,268	1,213,882	1,316,980	1,605,536				
Four years later	1,092,614	993,291	958,846	1,063,510	1,251,196	1,329,801					
Five years later	1,092,539	990,576	961,472	1,078,682	1,264,390						
Six years later	1,095,397	992,872	965,637	1,075,879							
Seven years later	1,090,962	996,883	961,381								
Eight years later	1,091,724	994,250									
Nine years later	1,090,470										
Current estimate of cumulative claims cost											
	1,090,470	994,250	961,381	1,075,879	1,264,390	1,329,801	1,605,536	1,667,786	1,812,027	1,916,322	13,717,842
Cumulative payments	1,079,213	981,524	943,395	1,043,446	1,143,446	1,191,238	1,284,295	1,118,220	904,900	466,108	10,155,785
Undiscounted outstanding claims	11,257	12,726	17,986	32,433	120,944	138,563	321,241	549,566	907,127	1,450,214	3,562,057
Undiscounted outstanding claims for prior injury years											306,279
Claims handling expenses											347,683
Central estimate of outstanding claims											4,216,019
Discount											(569,696)
Discounted central estimate											3,646,323
Risk margin											328,169
Net outstanding claims liability											3,974,492

The claims development table has been presented on a net of recoveries basis to give the most meaningful insight into the impact on the operating result. The net outstanding claims liability can be reconciled by taking the gross outstanding claims liability per note C2(a) and offsetting the recoveries receivable on outstanding claims as per note C2(b).

(d) Claims actuarial assumptions and methods

In calculating the gross outstanding claims liability, the Actuary uses a variety of estimation techniques based upon statistical analysis of historical experience. The projections given by the estimation techniques assist in setting the range of possible outcomes. The most appropriate technique is selected taking into account the characteristics of the insurance class and the extent of the development of each injury year. These techniques assume that the development pattern of the current claims will be consistent with past relevant experience.

In estimating the cost of settling claims already notified to WorkCover, the Actuary gives regard to the claim circumstances as reported and information on the cost of settling claims with similar characteristics in previous periods. These claims tend to display lower levels of estimation volatility as more information about the claims events is generally available.

The estimation of claims IBNR is generally subject to a greater degree of uncertainty as information is not yet available and these claims may often not be apparent until many years after the claim event.

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

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

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

Payments experience is analysed to obtain averages paid per claim incurred and averages paid per claim settled, active or finalised. Estimated claims payments are adjusted to allow for general economic inflation and are discounted to allow for the time value of money, being the investment return expected based on risk-free rates in the period to settlement. The resulting average claims payments together with the ultimate numbers of claims and anticipated claims handling costs are analysed to determine a final central estimate of gross outstanding claims. A risk margin is also added to allow for the inherent uncertainty in the central estimate.

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

The Actuary takes all reasonable steps to ensure that it has appropriate information regarding WorkCover's claims exposures. However, given the uncertainty in establishing claims provisions, it is likely the final outcome will be different from the original liability established.

Key assumptions

The key actuarial assumptions made in determining the net outstanding claims liability and the processes used to determine the assumptions are as follows:

Variable	2022	2021	Variable	2022	2021
Ultimate claim numbers per annum			Inflation rates¹ (average weekly earnings)		
Statutory claims	66,412	70,615	Gross outstanding claims:		
NIIS	8	14	Not later than one year	3.5%	2.3%
Common law	3,064	2,963	Later than one year	3.5%	2.5%
Silicosis	5	24	Recoveries receivable on outstanding claims:		
Ultimate claims size			Not later than one year	3.5%	2.3%
Statutory claims	\$18,152	\$16,570	Later than one year	3.5%	2.5%
NIIS	\$3,896,591	\$2,430,403	Discount rates		
Common law	\$185,266	\$175,148	Gross outstanding claims:		
Silicosis	\$1,293,485	\$1,252,331	Not later than one year	2.4%	0.0%
Average weighted term to settlement from claims reporting date			Later than one year	3.9%	1.8%
Gross outstanding claims	2.6 years	2.8 years	Recoveries receivable on outstanding claims:		
Recoveries receivable on outstanding claims	2.0 years	2.1 years	Not later than one year	2.4%	0.0%
Claims handling expense rate			Later than one year	3.2%	0.5%
Statutory claims	20.0%	20.0%	Risk margin		
Common law and latent	1.0%	1.0%		9.0%	9.0%

¹ The inflation rate for later than one year is based on a weighted average of the uninflated and undiscounted gross outstanding cash flow.

Ultimate claim numbers per annum

Numbers of claims incurred are used in determining the estimates in respect of claims IBNR for statutory and common law claims and in respect of claims diagnosed but not reported (DBNR) for latent onset related claims. The incurred claims total for the current underwriting year has been estimated based on past reporting patterns for statutory and common law claims separately, taking into account trends or changes in reporting patterns. The ratio of numbers of common law to statutory claims is also examined for reasonableness. The incurred claims total for latent onset related claims for the current underwriting year is an estimate of all claims diagnosed in the current year. This is estimated using past reporting patterns and delays from diagnosis to report for latent onset related claims. Silicosis, a latent onset related claim, and claims related to the National Injury Insurance Scheme (NIIS) have been included into the key assumptions disclosure as these emerging classifications include assumptions that have a significant impact on the outstanding claims liability.

Ultimate claims size

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

Average weighted term to settlement from claims reporting date

The average weighted term to settlement is calculated separately based on historic settlement patterns. A decrease in the average term to settlement rates would lead to more claims being paid sooner than anticipated.

Claims handling expense rate

Claims handling expenses are calculated by reference to past experience of claims handling costs as a percentage of past payments. For the purposes of this calculation, latent comprises of silicosis and asbestos related claims costs.

Inflation rates (average weekly earnings)

Expected future payments are inflated to take into account inflationary increases. Economic inflation assumptions are set by reference to current economic indicators.

Discount rates

The outstanding claims liability is calculated by reference to expected future payments. These payments are discounted to adjust for the time value of money. Discount rates derived from market yields on Commonwealth Government securities at reporting date have been adopted.

Risk margin

The risk margin is determined having regard to the inherent uncertainties in the actuarial models and economic assumptions, the quality of the underlying data used in the models, and industry and market conditions. The analysis of these inherent uncertainties is performed considering the statutory, common law, and latent onset related gross outstanding claims estimates separately. The assumptions regarding uncertainty are applied to the net central estimates in order to arrive at an overall provision which is intended to have a 75% (2021: 75%) probability of adequacy.



Sensitivity analysis

WorkCover conducts sensitivity analysis to quantify the exposure to risk of changes in the key underlying variables as disclosed above. The movement in any key variable will impact the operating result and equity of WorkCover as follows:

Variable	Movement	Impact on operating result and equity		Variable	Movement	Impact on operating result and equity	
		2022 \$'000	2021 \$'000			2022 \$'000	2021 \$'000
Ultimate claim numbers per annum - latest year	+10%	-112,531	-111,037	Inflation rates - net claims cost:			
	-10%	+112,531	+111,037	Not later than one year	+1%	-18,580	-11,186
					-1%	+18,597	+11,198
Ultimate claims size - latest year	+10%	-112,531	-111,037	Later than one year	+1%	-54,153	-43,095
	-10%	+112,531	+111,037		-1%	+47,967	+36,757
Average weighted term to settlement - years	+0.5	+4,081	-26,458	Discount rates - net claims cost:			
	-0.5	-4,206	+26,048	Not later than one year	+1%	+21,880	+12,660
					-1%	-22,287	-12,900
Claims handling expense rate	+1%	-25,767	-24,066	Later than one year	+1%	+50,996	+39,700
	-1%	+25,767	+24,066		-1%	-58,471	-47,261
				Risk margin	+1%	-25,587	-23,898
					-1%	+25,587	+23,898

Financial instruments

Financial instruments are held by WorkCover to fund future claims payments. Financial instruments include cash, contractual rights to deliver or receive cash or another type of financial instrument, or an equity instrument of another entity. This section provides information about the financial instruments held, the associated risks arising from holding these financial instruments, income derived, and fair value measurement methodology.

D1 Investment (loss)/income

	2022 \$'000	2021 \$'000
Financial assets at amortised cost:		
Interest income	3,397	2,996
	3,397	2,996
Financial assets or liabilities at fair value through profit or loss (FVPL):		
Designated upon initial recognition:		
Interest (expense)/income	(212)	2,846
Managed unit trust distributions	312,400	255,804
(Loss)/gain on financial instruments	(256,920)	357,541
Other income	111	-
	55,379	616,191
Mandatorily measured:		
(Loss)/gain on financial instruments	(158,152)	118,745
	(158,152)	118,745
Total investment (loss)/income	(99,376)	737,932
Investment expenses	(35,532)	(33,527)
Net investment (loss)/income	(134,908)	704,405

Interest income and managed unit trust distributions are recognised in the consolidated statement of comprehensive income when earned. Changes in the fair value of investments are recognised as gains or losses in the consolidated statement of comprehensive income as they occur.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. Refer to note D5(a) for credit risk disclosure.

WorkCover holds a diverse portfolio of investments with QIC Limited (QIC) and has experienced a downturn in returns this financial year after significant shifts in the market value of the financial instruments throughout the financial year as a result of factors such as the continued impacts of COVID-19, the war in Ukraine, rising inflation rates and rising interest rates led by the Reserve Bank of Australia and other global/economic factors. The final rate of return net of fees for the QIC portfolio for this financial year is -2.48% (2021: 13.76%). Refer to note D5(c) for the cash and cash equivalents interest rates.

Investment management fees are recognised in the consolidated statement of comprehensive income when incurred.

Direct investment management expenses are calculated as a percentage of the balance under management which were 0.6% for QIC and 0.15% for Queensland Treasury Corporation (QTC) for 2022 (2021: 0.6% and 0.15% respectively). Other investment fees paid to QIC include custody fees and brokerage fees.

D2 Categories of financial instruments

	Note	2022 \$'000			2021 \$'000		
		Current	Non-current	Total	Current	Non-current	Total
Financial assets							
Financial assets at amortised cost:							
Cash and cash equivalents	D2(a)	130,162	-	130,162	94,387	-	94,387
Receivables	D2(b)	39,680	2,507	42,187	32,536	2,400	34,936
Financial assets at FVPL:							
Investment assets	D2(d)	1,583,951	3,982,758	5,566,709	1,466,846	4,267,682	5,734,528
		1,753,793	3,985,265	5,739,058	1,593,769	4,270,082	5,863,851
Financial liabilities							
Financial liabilities at amortised cost:							
Payables	D2(c)	19,446	-	19,446	18,063	-	18,063
Financial liabilities at FVPL:							
Investment related liabilities	D2(d)	71,872	29,236	101,108	21,330	6,740	28,070
		91,318	29,236	120,554	39,393	6,740	46,133

(a) Cash and cash equivalents

	2022 \$'000	2021 \$'000
Cash at bank	129,208	93,437
QTC Capital Guaranteed Cash Fund	954	950
	130,162	94,387

Cash and cash equivalents are measured at amortised cost and include cash deposits held with a financial institution, and a capital guaranteed investment held with QTC that is subject to a low risk of change in value and is readily convertible to cash on hand at WorkCover's option. Cash and cash equivalents exclude those classified and held as investments within the QIC investment portfolio. Further, the cashflow statement reflects actual cashflow movements by WorkCover for operational cashflow management and not the balance or short-term movements within the underlying investment portfolio with QIC. Refer to note D2(d) and note D3 for more information about cash and cash equivalents amounts held for the purpose of investment strategy.

(b) Receivables

	Note	2022 \$'000	2021 \$'000
Premiums and related penalties		20,390	20,504
Claims and related penalties		17,569	17,783
Unclosed business		12,101	5,230
Other debtors		1,627	1,419
		51,687	44,936
Less allowance for impairment	D5(a)	(9,500)	(10,000)
		42,187	34,936

Receivables are recognised initially at fair value and subsequently measured at amortised cost. Receivables are not discounted as the effect of discounting is immaterial. Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. For the non-current receivables, the fair values are also not significantly different to their carrying amounts. Receivables exclude those classified and held as investments within the QIC investment portfolio. Refer to note D2(d) and note D3 for more information.

The allowance for impairment is the difference between the carrying amount of the receivables and the present value of estimated future cash flows. The amount of the allowance raised, used or derecognised is recognised in the consolidated statement of comprehensive income. Refer to note D5(a) for further information.

(c) Payables

	2022 \$'000	2021 \$'000
Trade creditors	10,233	9,173
Premiums in credit	1,394	1,487
Claims creditors	3,644	3,590
	15,271	14,250
GST receivable	(2,891)	(2,683)
GST payable	7,066	6,496
Net GST payable	4,175	3,813
	19,446	18,063

Payables are carried at amortised cost and due to their short-term nature are not discounted. Trade creditors are recognised for unpaid goods or services for which WorkCover has a present obligation to make payment. Premiums in credit are recognised upon receipt for premiums received in advance and upon adjustment for policies in credit. Claims creditors are recognised for amounts related to claims payments or claims made. All amounts are unsecured and are paid as they fall due. Payables exclude those classified and held as investments within the QIC investment portfolio. Refer to note D2(d) and note D3 for more information.

The carrying amounts of payables are considered to be the same as their fair values due to their short-term nature.

(d) Investments

	2022 \$'000			2021 \$'000		
	Current	Non-current	Total	Current	Non-current	Total
Financial assets at FVPL						
Designated upon initial recognition:						
Cash and cash equivalents	80,973	-	80,973	43,342	-	43,342
Cash collateral and margin accounts	27,905	20,140	48,045	1,669	9,693	11,362
Receivables	172,218	-	172,218	129,814	-	129,814
Managed unit trusts	1,283,036	3,962,618	5,245,654	1,283,443	4,242,164	5,525,607
Mandatorily measured:						
Derivatives held for trading	19,819	-	19,819	8,578	15,825	24,403
	1,583,951	3,982,758	5,566,709	1,466,846	4,267,682	5,734,528
Financial liabilities at FVPL						
Designated upon initial recognition:						
Cash and cash equivalents	2,645	-	2,645	2,149	-	2,149
Cash collateral and margin accounts	-	250	250	-	1,248	1,248
Payables	215	-	215	1	-	1
Mandatorily measured:						
Derivatives held for trading	69,012	28,986	97,998	19,180	5,492	24,672
	71,872	29,236	101,108	21,330	6,740	28,070

WorkCover classifies and designates all investments at FVPL on the basis that the investments are managed as a portfolio based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies. Initial recognition is at cost in the consolidated statement of financial position, with attributable transaction costs expensed as incurred. Subsequent measurement is at fair value with any resultant realised and unrealised gains or losses recognised in the consolidated statement of comprehensive income. Purchases and sales of financial assets are recognised on the settlement date.

As part of its investment strategy, WorkCover engages QIC to actively manage its investment portfolio and to ensure that sufficient cash and liquid assets are on hand to meet the expected future cash flows arising from insurance contract liabilities. Investments that are required to meet current insurance contract liabilities and current investment related liabilities are classified as current investments in the consolidated statement of financial position. While this classification policy may result in a reported working capital deficit, included in non-current investments are liquid investments which can be called upon by WorkCover to ensure it is able to meet WorkCover's operating requirements.

There were no significant changes to the overall investment strategy and processes during the current financial year (2021: no significant changes). However, notwithstanding that some of WorkCover's investment instruments are complex and interrelated, for greater transparency, WorkCover has provided a breakdown of the investment instruments held by WorkCover's custodian. These instruments consist of cash and cash equivalents, cash collateral and margin accounts, receivables, payables and derivatives. Under the direction of QIC, WorkCover's custodian actively trades and holds investment assets and liabilities on behalf of WorkCover. Further details of financial instruments and the methods and assumptions used to estimate fair value are included in note D3.

D3 Fair value measurements

There are three levels of fair value:

- level 1: represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- level 2: represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; or
- level 3: represents fair value measurements that are substantially derived from unobservable inputs.

The fair value levels of WorkCover's financial assets and liabilities are as follows:

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2022					
Financial assets					
QTC Capital Guaranteed Cash Fund	D2(a)	-	954	-	954
Investment assets:					
Cash and cash equivalents	D2(d)	80,973	-	-	80,973
Cash collateral and margin accounts	D2(d)	48,045	-	-	48,045
Receivables	D2(d)	335	55,490	116,393	172,218
Managed unit trusts	D2(d)	-	3,325,122	1,920,532	5,245,654
Derivatives	D2(d)	-	19,819	-	19,819
		129,353	3,401,385	2,036,925	5,567,663
Financial liabilities					
Investment related liabilities:					
Cash and cash equivalents	D2(d)	2,645	-	-	2,645
Cash collateral and margin accounts	D2(d)	250	-	-	250
Payables	D2(d)	215	-	-	215
Derivatives	D2(d)	28,986	69,012	-	97,998
	D2(d)	32,096	69,012	-	101,108
2021					
Financial assets					
QTC Capital Guaranteed Cash Fund	D2(a)	-	950	-	950
Investment assets:					
Cash and cash equivalents	D2(d)	43,342	-	-	43,342
Cash collateral and margin accounts	D2(d)	11,362	-	-	11,362
Receivables	D2(d)	5,916	119,150	4,748	129,814
Managed unit trusts	D2(d)	-	3,907,316	1,618,291	5,525,607
Derivatives	D2(d)	15,825	8,578	-	24,403
		76,445	4,035,994	1,623,039	5,735,478
Financial liabilities					
Investment related liabilities:					
Cash and cash equivalents	D2(d)	2,149	-	-	2,149
Cash collateral and margin accounts	D2(d)	1,248	-	-	1,248
Payables	D2(d)	1	-	-	1
Derivatives	D2(d)	7,032	17,640	-	24,672
	D2(d)	10,430	17,640	-	28,070

There have been no significant transfers in either direction between level 1, level 2 and level 3 during this financial year (2021: no significant transfers in either direction between level 1, level 2 and level 3).

QTC Capital Guaranteed Cash Fund

The QTC Capital Guaranteed Cash Fund is assessed as level 2 as it is valued at the current redemption value of the fund.

Investment assets

Cash and cash equivalents

Investment related cash and cash equivalents held by WorkCover's custodian consist primarily of deposits with banks and highly liquid financial assets with maturity dates less than three months, however, exclude units held in cash fund unit trusts. Cash equivalents are assets that are subject to an insignificant risk in the change in fair value and are used to manage short term commitments. Amounts classified as cash and cash equivalents are recorded at face value and are categorised as Level 1.

Cash collateral and margin accounts

Cash collateral and margin accounts are held by the custodian on WorkCover's behalf, and under the direction of QIC.

Cash collateral refers to amounts held as security against future counterparty performance and in the event of a default or termination of derivative contracts. A collateral amount is usually made up of the net economic exposure of the parties to each other by calculating the market-to-market value of all derivatives transactions. More collateral may be required to be transferred as the value of the obligations and/or the value of the collateral fluctuates. Collateral may also be returned to the provider or released from the collateral arrangement in instances where the provider performs its obligations, excess collateral has been transferred, the value of the collateralised obligations changes or the collateral provider substitutes alternative eligible collateral. These instruments are recorded at face value and categorised as Level 1.

Margin accounts represent cash held with a broker or central counterparties against open derivative contracts.

Receivables/payables

Investment related receivables/payables include distributions receivable from unit trusts, interest income/expense, GST obligations, investment expenses, etc. Due to the short-term nature of receivables, their carrying value is taken to be their fair value. Where unable to be confirmed as level 1, the fair value level is categorised based on the underlying financial instrument.

Managed unit trusts

Managed unit trusts are unlisted managed unit trusts held with QIC. Fair value for managed unit trusts is based on the unit price of the relevant trust at the reporting date. While the units in the trusts have quoted prices and are able to be traded, the market would not be considered active for level 1 and therefore they are considered to be level 2. Some of the unlisted managed unit trusts are considered to be level 3 where the underlying assets held by the unit trusts are measured at fair value using significant unobservable inputs and the units held by WorkCover are not actively traded.

Derivatives

QIC utilises derivative financial instruments as part of WorkCover's approved investment strategy. Derivative instrument types used include equity futures, bond futures, forward currency contracts and swaps. The purpose of these derivatives is to ensure liquidity, as well as offset (hedge) movements in the managed unit trusts in identified risk areas (such as foreign exchange risks) and to help achieve particular exposures by taking advantage of, and protecting against, market conditions. Such derivatives are entered into with the intention to settle in the near future. WorkCover has hedging relationships between most derivatives and other financial instruments, but none that are subject to hedge accounting.

WorkCover's derivative financial instruments held for trading are initially recorded at fair value. Subsequent to initial recognition, these instruments are remeasured to fair value. Fair value for these instruments is based on settlement price. Gains and losses on fair value are recognised in the consolidated statement of comprehensive income. For derivative instruments that fall into level 2, the valuation technique used is a market comparison technique primarily based on exchange data for similar derivative instruments.

Reconciliation of level 3 fair value measurement

A reconciliation of the movement in the fair value of financial instruments categorised in level 3 between the beginning and end of this financial year is as follows:

	2022 \$'000	2021 \$'000
Balance at 1 July	1,623,039	1,437,704
Acquisitions	237,253	107,364
Disposals	(17,999)	-
Gains recognised in operating result ¹	194,632	77,971
Balance at 30 June	2,036,925	1,623,039

¹Includes unrealised gains recognised in operating result attributable to balances held at the end of the reporting period

80,519	99,876
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Significant inputs and assumptions and estimation uncertainty

The valuation of WorkCover's investments, including derivatives, is in accordance with QIC's Investment Valuations Policy. The significant unobservable valuation inputs and their potential impact on the valuation outcome for assets other than property, plant and equipment measured at fair value and classified as level 3 under the fair value hierarchy are as follows:

Description	Fair value at 30 June 2022 \$'000	Valuation approach	Key unobservable inputs	Impact of alternative amounts for significant level 3 inputs
Managed unit trusts	2,036,925	Independent valuation	Valuation of underlying investments of the unit trusts	An increase in the value of the underlying investments of the unit trusts would result in higher fair values. Reductions would result in lower fair values.

The valuations of these unlisted managed unit trusts are inherently subject to estimation uncertainty as the units are not traded in an active market and their fair value at reporting date is based on the price advised by external fund managers or valuations determined by appropriately skilled independent third parties. The underlying inputs and assumptions are reviewed on an on-going basis to ensure the valuations reflect the best estimates of the economic conditions at financial year end.

D4 Offsetting financial assets and financial liabilities

WorkCover's agreements with derivative counterparties are consistent with the International Swaps and Derivatives Association (ISDA) Master Agreements. As such, financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

As well as this, under the terms of ISDA Master Agreements, when certain credit events occur the net position owing or receivable to a single counterparty in the same currency will be taken as outstanding and all the relevant arrangements terminated. As WorkCover does not presently have a legally enforceable right of set-off of these amounts, they have not been offset in the consolidated statement of financial position.

The gross and net positions of financial assets and financial liabilities that have been offset in the consolidated statement of financial position and the amounts subject to master netting arrangements are as follows:

	Note	Effects of offsetting on the consolidated statement of financial position			Related amounts not offset		
		Gross amounts	Gross amounts	Net amounts of financial instruments	Amounts subject to master netting agreements	Financial Instrument collateral	Net amounts
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022							
Derivative assets	D2(d)	3,133,335	(3,113,516)	19,819	(8,301)	(250)	11,268
Derivative liabilities	D2(d)	(3,211,514)	3,113,516	(97,998)	8,301	20,148	(69,549)
		(78,179)	-	(78,179)	-	19,898	(58,281)
2021							
Derivative assets	D2(d)	2,600,162	(2,575,759)	24,403	(5,685)	(1,248)	17,470
Derivative liabilities	D2(d)	(2,600,431)	2,575,759	(24,672)	5,685	9,691	(9,296)
		(269)	-	(269)	-	8,443	8,174

D5 Financial risk management

(a) Credit risk

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

The maximum exposure to credit risk at reporting date for each financial asset is measured as the carrying amount less any allowance for impairment. Credit risk exposure, including the identification of any significant concentrations of risk, is monitored on a regular basis.

Investments

While the managed unit trusts are unrated funds, the exposure to credit risk is minimal and is mitigated by holding a diverse portfolio of investment funds of which the composition is monitored regularly by the Board.

The utilisation of derivative financial instruments creates counterparty credit risk for WorkCover due to the risk that fulfilment of the contract may not occur in the future. QIC closely monitors and manages counterparty risk by ensuring that:

- the credit ratings of all counterparties are monitored very closely;
- the transactions are undertaken with a large number of counterparties;
- the majority of transactions are undertaken on recognised derivative trading exchanges where practical; and
- collateral arrangements are implemented, where possible, to reduce WorkCover's exposure in derivative financial instruments.

Cash and cash equivalents

Cash and cash equivalents are held with bank and financial institution counterparties. Impairment on cash and cash equivalents is measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The QTC Capital Guaranteed Cash Fund invests with a wide variety of high credit rated counterparties and all deposits made by WorkCover are capital guaranteed. WorkCover considers the credit risk in both the QTC Capital Guaranteed Cash Fund and cash at bank are low based on the credit ratings of the counterparties.

No impairment allowances were recognised for cash and cash equivalents as at 30 June 2022 (2021: no impairment allowance recognised).

Receivables

A large proportion of receivables at the end of the reporting period relates to compliance/enforcement activity which provides the most significant concentration of credit risk.

Receivables are closely monitored for collectability. WorkCover considers the probability of default upon initial recognition and on an ongoing basis throughout each reporting period. A debt is considered to be in default when the debtor fails to make contractual payments when they fall due. Policyholder accounts that fall overdue render an employer uninsured and liable for any claims costs should they incur a claim against their policy. Various actions including subsequent legal recovery may occur as debts begin to age.

WorkCover does not require collateral in respect of trade and other debtors. If collateral is held as part of a legal recovery, it is infrequent and the amounts immaterial. When appropriate, WorkCover renegotiates debt terms on outstanding debts. Receivables that have been renegotiated are accounted for based on the renegotiated terms and the credit risk is reassessed as required.

To assess whether there is a significant increase in credit risk, WorkCover compares the risk of a default occurring on the receivable as at the reporting date with the risk of default as at the date of initial recognition. A significant increase in credit risk occurs when a debtor is more than 30 days past due in making a contractual payment.

Receivables are considered for write-off throughout the reporting period based on their impairment. Receivables are considered impaired where there is objective evidence that WorkCover will not be able to collect all amounts due according to the original terms of the receivables. Evidence that a debt should be written-off includes the following observable data:

- significant financial difficulty of the debtor;
- it is probable that the debtor will enter bankruptcy, insolvency or other financial reorganisation;
- all other reasonable action, including legal action and renegotiated debt terms where appropriate, to collect the outstanding amount has been undertaken and it is deemed unlikely that the amount will be recovered.

Amounts written off during this financial year that were outstanding at the beginning of this financial year are written off against the allowance. However, if the amount exceeds the loss allowance, the excess is recognised as an impairment loss in the consolidated statement of comprehensive income, along with amounts written off that were raised during the reporting period. For the total impairment loss, refer to bad debts expense in note E1.

Allowance for impairment

Impairment and provisioning for impairment of receivables is a continuous process that is regularly updated based on WorkCover's internal framework. WorkCover measures the expected credit losses using the lifetime expected loss model for all receivables except other debtors, which is determined as 12 months expected credit losses. Throughout and at the end of the reporting period, WorkCover assessed whether there was objective evidence that a receivable (individual) or group of receivables (collective basis depending on shared credit risk characteristics) was impaired or likely to be impaired. Factors considered during these reviews include historical loss experience, current economic conditions, performance trends within specific portfolio segments, and any other pertinent information.

WorkCover then uses provision matrices to evaluate and measure the expected credit losses on receivables. Loss rates are calculated separately for groupings of debt (debt types, stage of debt cycle and debt aging) and reflect historical observed default rates experienced during the last 6 years preceding 30 June 2022 for each group. The historical default rates are then adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables.

For WorkCover, a change in the economic growth, Queensland employment landscape and compliance/enforcement activity are determined to be the most relevant forward-looking indicators for receivables. No other significant changes to estimate assumptions or techniques were made during this financial year.

WorkCover's exposure to credit risk and expected credit losses of receivables are as follows:

	Note	2022			2021		
		Gross receivables ¹	Expected Loss rate	Expected credit losses	Gross receivables ¹	Expected Loss rate	Expected credit losses
		\$'000	%	\$'000	\$'000	%	\$'000
Ageing							
Current		34,461	2.62%	903	29,090	3.32%	966
1-30 days overdue		6,090	21.75%	1,324	4,019	15.00%	603
31-60 days overdue		1,043	48.85%	509	1,084	29.38%	318
61-90 days overdue		698	57.41%	401	1,575	56.29%	887
90+ days overdue		9,395	67.73%	6,363	9,168	78.82%	7,226
Total	<i>D2(b)</i>	51,687		9,500	44,936		10,000

¹Includes receivables of \$23.288 million (2021: \$17.256 million) with no loss allowance recorded (eg. claims recoveries, premiums and other receivables deemed to have immaterial credit risk).

The movement in the allowance for impairment in respect of receivables during the financial year is as follows:

	Note	2022	2021
		\$'000	\$'000
Allowance for impairment of receivables during the year:			
Balance at 1 July		10,000	14,400
Net debts written off		(3,837)	(7,246)
Allowance made		3,337	2,846
Balance at 30 June	<i>D2(b)</i>	9,500	10,000
Individual impairment assessment		7,269	7,819
Collective impairment assessment		2,231	2,181
	<i>D2(b)</i>	9,500	10,000

Other debtors are subject to the impairment requirements and the identified impairment loss was immaterial.

(b) Liquidity risk

Liquidity risk is the risk that WorkCover will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. WorkCover manages liquidity risk through its diversified investment portfolio that provides for the sale of investments to meet both short-term and long-term cash flow requirements. WorkCover regularly reviews its investment strategy having regard to the expected future obligations.

WorkCover's liquidity risk is grouped by the contractual maturity of the financial liabilities. Liabilities with maturity dates exceeding 12 months are calculated based on discounted cash flows. Commitments that are payable on demand are included in the 0 to 3 months category. WorkCover's liquidity risk is as follows:

	Note	0 - 3 months \$'000	3 - 12 months \$'000	1 - 3 years \$'000	More than 3 years \$'000	Total \$'000
2022						
Financial liabilities						
Payables	D2(c)	19,446	-	-	-	19,446
Investment related liabilities:						
Cash and cash equivalents	D2(d)	2,645	-	-	-	2,645
Cash collateral and margin accounts	D2(d)	-	-	-	250	250
Payables	D2(d)	215	-	-	-	215
Derivatives	D2(d)	69,012	-	5,854	23,132	97,998
		91,318	-	5,854	23,382	120,554
2021						
Financial liabilities						
Payables	D2(c)	18,063	-	-	-	18,063
Investment related liabilities:						
Cash and cash equivalents	D2(d)	2,149	-	-	-	2,149
Cash collateral and margin accounts	D2(d)	-	-	-	1,248	1,248
Payables	D2(d)	1	-	-	-	1
Derivatives	D2(d)	19,180	-	2,273	3,219	24,672
		39,393	-	2,273	4,467	46,133

(c) Market risk

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

Due to the diverse nature of WorkCover's investments, the portfolio is subject to all of the risks and sensitivities outlined below. The investments are managed on a total portfolio basis.

Market risk is minimised by:

- regular review of investment strategy;
- set investment asset allocation ranges; and
- strict control over the use of derivatives and hedging instruments, which are only used to facilitate portfolio management or to reduce investment risk.

The methodology adopted for the purposes of sensitivity analysis involves forecasting a reasonably possible change in each of the risk variables and, where applicable, applying this change to the reporting date value of each investment to determine the impact caused by this change on the operating result after tax and equity for the financial year. This approach assumes that all variables remain constant and was performed on the same basis for 2021.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. WorkCover holds a portfolio of mainly forward exchange contracts within the foreign currency overlay to help achieve particular exposures, as well as hedge the foreign exchange risks of the investments in managed unit trusts and other non-hedge derivatives held by WorkCover. The currency hedging policy is updated as required. The current target risk exposure to foreign currency is 16.0% (2021: 16.0%). WorkCover's exposure to foreign currency risk at financial year end was 15.6% (2021: 16.0%) and a breakdown is as follows:

	US dollar	Euro	British pound	Japanese yen	Other	Total
2022	Currency (AUD \$'000)					
International equities	685,151	79,726	38,769	56,898	216,372	1,076,916
Property	38,384	-	-	-	-	38,384
Infrastructure	57,252	-	13,000	-	15,135	85,387
Alternatives	385,838	48,580	1,960	-	-	436,378
Private equity	347,986	89,363	32,513	-	7,275	477,137
Fixed interest	11,901	7,844	-	-	(949)	18,796
Cash	8,987	3,057	3,292	(621)	7,408	22,123
Foreign currency derivatives	(1,000,638)	(174,620)	(54,715)	(8,739)	(67,475)	(1,306,187)
	534,861	53,950	34,819	47,538	177,766	848,934
2021	Currency (AUD \$'000)					
International equities	632,562	107,296	44,434	74,186	267,697	1,126,175
Infrastructure	66,673	-	12,466	-	14,601	93,740
Alternatives	314,280	11,993	3,452	-	101	329,826
Private equity	230,826	74,267	25,243	-	2,613	332,949
Fixed interest	17,076	16,645	-	-	-	33,721
Cash	606	(7,906)	3,478	811	2,878	(133)
Foreign currency derivatives	(715,238)	(130,926)	(54,928)	(21,336)	(83,064)	(1,005,492)
	546,785	71,369	34,145	53,661	204,826	910,786



Sensitivity analysis

This sensitivity analysis has been determined based on the exposure to foreign exchange rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the financial year. All other variables remaining constant, a 10% strengthening or weakening of the Australian dollar against these currencies would have increased or decreased the operating result after tax and equity for the year as follows:

Variable	Movement in variable	Impact on operating result after tax and equity	
		2022 \$'000	2021 \$'000
Foreign currency derivatives	+10%	+83,121	+63,986
	-10%	-91,433	-70,384
Investments (excluding foreign currency derivatives)	+10%	-137,144	-121,945
	-10%	+150,859	+134,139
Total	+10%	-54,023	-57,959
	-10%	+59,426	+63,755

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

WorkCover's exposure to interest rate risk and the effective weighted average interest rates on financial instruments are as follows:

	Note	Interest rate %	Floating interest rate \$'000	Fixed interest maturing in			Non-interest bearing \$'000	Total \$'000
				1 year or less \$'000	1 - 5 years \$'000	More than 5 years \$'000		
2022								
Financial assets								
Cash and cash equivalents	D2(a)	Note ¹	130,162	-	-	-	-	130,162
Receivables	D2(b)	11.25 ²	-	-	-	-	42,187	42,187
Investments:		Note ³						
Cash and cash equivalents			80,973	-	-	-	-	80,973
Cash collateral and margin accounts			27,897	-	-	20,148	-	48,045
Receivables			-	-	-	-	172,218	172,218
Managed unit trusts			-	-	-	-	5,245,654	5,245,654
Derivatives			-	303	-	-	19,516	19,819
Total investments	D2(d)	Note ³	108,870	303	-	20,148	5,437,388	5,566,709
	D2		239,032	303	-	20,148	5,479,575	5,739,058
Financial liabilities								
Payables	D2(c)		-	-	-	-	19,446	19,446
Investment related liabilities								
Cash and cash equivalents			2,645	-	-	-	-	2,645
Cash collateral and margin accounts			-	-	-	250	-	250
Payables			-	-	-	-	215	215
Derivatives			-	10,522	-	-	87,476	97,998
Total investments	D2(d)	Note ³	2,645	10,522	-	250	87,691	101,108
	D2		2,645	10,522	-	250	107,137	120,554
2021								
Financial assets								
Cash and cash equivalents	D2(a)	Note ¹	94,387	-	-	-	-	94,387
Receivables	D2(b)	11.25 ²	-	-	-	-	34,936	34,936
Investments:		Note ³						
Cash and cash equivalents			43,342	-	-	-	-	43,342
Cash collateral and margin accounts			1,671	-	-	9,691	-	11,362
Receivables			-	-	-	-	129,814	129,814
Managed unit trusts			-	-	-	-	5,525,607	5,525,607
Derivatives			-	2,435	-	-	21,968	24,403
Total investments	D2(d)	Note ³	45,013	2,435	-	9,691	5,677,389	5,734,528
	D2		139,400	2,435	-	9,691	5,712,325	5,863,851
Financial liabilities								
Payables	D2(c)		-	-	-	-	18,063	18,063
Investment related liabilities								
Cash and cash equivalents			2,149	-	-	-	-	2,149
Cash collateral and margin accounts			-	-	-	1,248	-	1,248
Payables			-	-	-	-	1	1
Derivatives			-	905	-	-	23,767	24,672
Total investments	D2(d)	Note ³	2,149	905	-	1,248	23,768	28,070
	D2		2,149	905	-	1,248	41,831	46,133

¹ WorkCover has three transaction banking accounts and one capital guaranteed cash fund account. The weighted average interest rate of the transaction banking accounts, and cash fund account are 0.60% (2021: 0.65%) and 0.62% (2021: 0.76%) respectively.

² WorkCover is entitled to charge interest on instalment plans at the rate published in the Queensland Government Gazette.

³ The majority of securities in the derivative instruments are futures and although they are subject to interest rate risk they do not earn interest, except for a number of Australian cash accounts that earn minimal interest. Due to the number of buy and sell transactions it is impractical to obtain a weighted average interest rate for these investments.



Sensitivity analysis

All other variables remaining constant, a change of 100 basis points in interest rates at the reporting date would have increased or decreased the operating result after tax and equity for the year as follows:

Variable	Movement in variable	Impact on operating result after tax and equity	
		2022 \$'000	2021 \$'000
QTC Capital Guaranteed Cash Fund	+100	+7	+7
	-100	-7	-7
Investments	+100	+11,132	+13,064
	-100	-11,132	-13,064

Other price risk

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

As a portfolio, WorkCover holds investments in managed unit trusts and derivative financial instruments. The managed unit trusts in turn hold investments in various instruments including equity, cash, property, infrastructure, private equity and alternative funds. The fair values of such financial instruments are affected by changes in the market price of the underlying instruments.

The market value exposure to other price risks for WorkCover is as follows:

Sector allocation	2022 \$'000	2021 \$'000
Australian equities	474,430	679,620
International equities	1,015,430	1,236,560
Private capital	559,980	374,250
Direct property	338,750	306,810
Direct infrastructure	457,700	424,360
Insurance	283,770	251,850
Alternatives	382,470	382,750
Global fixed interest	1,204,571	1,250,048
Cash	628,320	780,030
Private debt	120,180	20,180
	5,465,601	5,706,458



Sensitivity analysis

All other variables remaining constant, based on gross return received from the portfolio, a 1% strengthening or weakening of the equities prices would have increased or decreased the operating result after tax and equity for the year as follows:

Variable	Movement in variable	Impact on operating result after tax and equity	
		2022 \$'000	2021 \$'000
Equities prices	+1%	+27,239	+24,540
	-1%	-24,506	-22,098

Supporting our business

Being the main provider of workers' compensation in Queensland requires the support of our people and infrastructure. This section provides information about the operating expenses and assets of WorkCover.

E1 Underwriting expenses

	Note	2022 \$'000	2021 \$'000
Employee expenses	E2(a)	100,298	96,828
Contractors		9,723	5,147
Consultancy fees		-	396
Other administration expenses		15,317	12,675
Depreciation and amortisation	F2	2,356	3,500
Net gain on disposal of property, plant and equipment and intangible assets	F2	(4)	-
Transfer to allowance for impairment of receivables		3,337	2,846
Bad debts expense		7,130	4,846
Workers' Compensation Regulator expenses		41,769	40,534
Workplace Health and Safety Queensland grant		72,412	69,506
		252,338	236,278
Claims handling expenses allocated to gross claims expense	C1	(224,044)	(202,212)
		28,294	34,066

Total external audit fees quoted in relation to the 2022 financial statements are \$224,000 (2021: \$232,850). The Auditor-General of Queensland is the auditor for both WorkCover and WEO. No non-audit services were provided during this financial year (2021: no non-audit services).

The Workers' Compensation Regulator levy and the Workplace Health and Safety Queensland (WHSQ) grant are payments made in accordance with the Minister's instruction as approved by the Governor-in-Council by gazette notice for the prevention, recognition and alleviation of injury to workers, making employers and workers aware of their rights and obligations, and scheme-wide rehabilitation and return to work programs for workers.

Special payments are payments that WorkCover is not contractually or legally obligated to make to other parties. No special payments were made during this financial year (2021: no special payments made).

E2 Employee benefits

(a) Employee expenses

	Note	2022 \$'000	2021 \$'000
Salaries		85,020	80,202
Employer superannuation contributions		9,160	8,569
Other employee benefits		(391)	2,504
Payroll tax expense		4,669	4,398
Workers' compensation premium		770	831
Other employee related expenses		1,070	355
Grant income		-	(31)
	E1	100,298	96,828

Post-employment benefits

Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Government's defined benefit plan as determined by the employee's conditions of employment.

Defined contribution plans

Contributions are made to eligible complying superannuation funds including Australian Retirement Trust (formerly known as QSuper). Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

Defined benefit plan

The liability for defined benefits is held on a whole-of-government basis and reported in the *Queensland General Government and Whole of Government Consolidated Financial Statements* in accordance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The required contributions for defined benefit plan obligations are based upon the rates determined by the Treasurer on the advice of the State Actuary. Contributions are paid by WorkCover at the specified rate following completion of the employee's service each pay period. WorkCover's obligation is limited to its contribution to Australian Retirement Trust.

(b) Employee benefits liabilities

	2022 \$'000	2021 \$'000
Current		
Accrued salaries and other benefits	390	304
Provision for annual leave	7,727	7,206
Provision for long service leave	12,518	13,309
Provision for termination benefits	71	320
	20,706	21,139
Non-current		
Provision for long service leave	2,594	2,922
	23,300	24,061

Reconciliation of provision for employee benefits during the year:

Balance at 1 July	24,061	21,795
Amounts allocated to provision	10,113	9,604
Reductions in provision as a result of payments	(8,026)	(7,062)
Unused provision reversed	(187)	-
Discount rate adjustments	(2,661)	(276)
Balance at 30 June	23,300	24,061

Short-term employee benefits

Accrued salaries and other benefits

Salaries due but unpaid at reporting date are recognised in the consolidated statement of financial position at current salary rates. As WorkCover expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts. Related on-costs of superannuation and payroll tax have been included in the liability.

Sick leave

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

Other long-term employee benefits

Long service leave and annual leave

The liabilities for long service leave and annual leave which are not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service are recognised and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future salary rates, experience of employee departures, and periods of service. Expected future payments are discounted using interest rates on Commonwealth Government securities with terms to maturity that match, as closely as possible, the estimated future cash outflows. Related on-costs of workers' compensation premiums, superannuation and payroll tax have been included in the liabilities.

Termination benefits

Termination benefits are recognised as an expense at the earlier of when WorkCover can no longer withdraw the offer of those benefits or when WorkCover recognises costs for a restructuring that is within the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination benefits. Benefits not expected to be settled wholly within 12 months after the end of the reporting period are discounted to present value.

(c) Expected settlement of employee benefits liabilities

Based on past experience, WorkCover does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Settlement expectations for annual leave and long service leave are as follows:

	2022 \$'000	2021 \$'000
No more than 12 months from reporting date:		
Annual leave	6,269	6,026
Long service leave	2,440	2,277
	8,709	8,303
More than 12 months from reporting date:		
Annual leave	1,458	1,180
Long service leave	12,672	13,954
	14,130	15,134

When WorkCover does not have an unconditional right to defer settlement of the obligation beyond 12 months, the entire amount is presented as current.



Key assumptions

The assumptions adopted to measure the present value of annual leave and long service leave are as follows:

	2022	2021
Discount rate	4.1%	1.1%
Settlement term for long service leave	6.0 years	6.3 years
Assumed annual leave days taken per year	20 days	20 days
Rate increase first year		
Assumed rate of increase for contract salaries - long service leave	3.5%	5.0%
Assumed rate of increase for non-contract salaries - long service leave	4.7%	6.7%
Assumed rate of increase for contract salaries - annual leave	3.5%	5.0%
Assumed rate of increase for non-contract salaries - annual leave	4.7%	6.7%
Rate increase thereafter		
Assumed rate of increase for contract salaries - long service leave	3.5%	2.5%
Assumed rate of increase for non-contract salaries - long service leave	3.7%	2.7%
Assumed rate of increase for contract salaries - annual leave	3.5%	2.5%
Assumed rate of increase for non-contract salaries - annual leave	3.7%	2.7%

The State Government passed legislative amendments to the *Industrial Relations Act 2016* in June 2020 to defer the wage increases relating to the 2021 financial year to take effect in the 2022 financial year. As a result, the assumed rate of increase for salaries has changed significantly for both financial years.

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is 924 (2021: 836).

E3 Related parties

(a) Details of key management personnel and remuneration

WorkCover's responsible Minister is identified as part of WorkCover's key management personnel, consistent with Australian implementation guidance included in AASB 124 *Related Party Disclosures*. WorkCover's Minister is the *Minister for Education, Minister for Industrial Relations and Minister for Racing*.

Ministerial remuneration entitlements are outlined in the *Legislative Assembly of Queensland's Members' Remuneration Handbook*. WorkCover does not bear any cost of remuneration of the Minister. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by the Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as key management personnel of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the *Queensland General Government and Whole of Government Consolidated Financial Statements*, which are published as part of Queensland Treasury's *Report on State Finances*.

Details of the remuneration of the non-Ministerial key management personnel, being the Directors, the Chief Executive Officer (CEO), and the Senior Executives of WorkCover are as follows:

Directors

(Non-executive)

		Short-term Fees ¹ \$'000	Post employment Superannuation \$'000	Total \$'000
F Gobbo	2022	78	8	86
Chair	2021	78	7	85
M Clifford ²	2022	51	5	56
Deputy Chair	2021	49	5	54
J Bertram ²	2022	40	4	44
Director	2021	40	4	44
J Crittall	2022	43	4	47
Director	2021	43	4	47
K Dear	2022	40	4	44
Director	2021	40	4	44
I Leavers	2022	40	4	44
Director	2021	40	4	44
S Morris	2022	44	4	48
Director	2021	44	4	48
L Rowland ³	2022	20	2	22
Director	2021	40	4	44
S Schinnerl ⁴	2022	40	4	44
Director	2021	30	3	33
Total remuneration:	2022	396	39	435
Directors	2021	404	39	443

¹ Fees represent amounts paid in cash during the financial year.

² Commenced on 1 July 2020.

³ Ceased on 31 December 2021.

⁴ Commenced on 2 October 2020.

Responsibilities of Directors (Non-executive)

Chair

The Chair's principal responsibility is to lead and direct the activities of the Board and ensure the Board fulfils all its legal and statutory obligations in accordance with the Board charter.

Deputy Chair

The Deputy Chair, in addition to Director's responsibilities, assists the Chair in meeting their obligations as required. In the absence of the Chair at a meeting, the Deputy Chair will preside.

Director

The Directors are responsible for the strategic guidance, the monitoring of management, ensuring good governance and the successful operation of WorkCover Queensland.

CEO and Senior Executives

CEO and Senior Executives		Short-term		Post employment	Other long-term benefits		Termination benefits	Total
		Salary ¹	Non-monetary ²		Annual leave accruals	Long service leave accruals		
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
B Watson	2022	406	38	28	39	10	-	521
CEO	2021	395	20	25	35	10	-	485
B Martin ³	2022	96	3	16	8	2	-	125
Chief New Claims Officer								
C Carras	2022	267	9	27	26	(2)	-	327
Chief Claims Management Officer	2021	258	9	25	20	9	-	321
C Lajeunesse ⁴	2022	167	3	47	17	3	-	237
Chief Digital and Information Officer								
D Heley	2022	276	19	28	28	9	-	360
Deputy CEO	2021	264	19	25	24	9	-	341
E Wright ³	2022	99	2	12	8	2	-	123
Chief People Officer								
J Reid	2022	212	4	25	20	5	-	266
Chief Legal Officer	2021	197	5	25	16	5	-	248
M Dennett ³	2022	103	3	10	8	2	-	126
Chief Partnerships and Relationships Officer								
N Wenck ⁵	2022	112	2	13	12	7	173	319
Chief Strategic Development Officer	2021	248	2	22	18	7	-	297
E Hall-Walsh ⁶	2021	209	2	29	18	(2)	137	393
Chief Digital and Information Officer								
Total remuneration:	2022	1,738	83	206	166	38	173	2,404
CEO and Senior Executives	2021	1,571	57	151	131	38	137	2,085

¹ Salary represents amounts paid in cash during the financial year and associated adjustments.

² Short-term non-monetary benefits relate to packaged amounts and fringe benefits provided to the CEO and Senior Executives.

³ Commenced on 31 January 2022.

⁴ Commenced on 5 October 2021.

⁵ Ceased on 31 December 2021.

⁶ Ceased on 26 March 2021.

Responsibilities of the CEO and Senior Executives

CEO

The CEO is responsible to the Board for the overall performance and strategic management of WorkCover Queensland. The CEO is also the Executive Officer (EO) of WEO and is responsible for the management and direction of WEO. No remuneration is paid for the role of EO of WEO.

Deputy CEO

The Deputy CEO is responsible for the strategic leadership of the Strategy and Finance Group, ensuring all necessary corporate, and financial management processes and systems are in place to support the achievement of the organisation's commercially focused financial objectives. The Deputy CEO is also responsible for facilitating a collaborative process on the design, development and implementation of strategic initiatives to continue to deliver an outstanding customer experience. The Deputy CEO ceased to act as Company Secretary in December 2021.

Chief Claims Management Officer

The Chief Claims Management Officer is responsible for the strategic leadership of the Claims Management Group, ensuring that all statutory and common law claims are outcome managed balancing the interests of both injured workers and employers. They also ensure implementation of all key strategies to provide an exceptional customer experience.

Chief Digital and Information Officer

The Chief Digital and Information Officer is responsible for the delivery of technology solutions to maximise the efficiency and effectiveness of the business operations to meet WorkCover's business needs.

Chief Legal Officer

The Chief Legal Officer commenced acting as Company Secretary in December 2021 and oversees common law claims management, provides legal advice and strategy, and ensures effective management of legal and contractual risks.

Chief New Claims Officer

The Chief New Claims Officer is responsible for the strategic leadership of the registrations and claims determination functions to ensure the effective operation and performance of workers compensation liability decisions.

Chief Partnerships and Relationships Officer

The Chief Partnerships and Relationships Officer is responsible for the strategic leadership of the Partnerships and Relationships Group in creating trusted community and stakeholder engagement through interactions and relationships that are beneficial to WorkCover's business needs. The Chief Partnerships and Relationships Officer is also responsible for the management of stakeholder relationships business wide.

Chief People Officer

The Chief People Officer is responsible for the strategic leadership of the people experience function and to provide best practice contemporary workplace management, learning, change management and human resource related solutions to critical people issues.

Chief Strategic Development Officer

The Chief Strategic Development Officer is responsible for facilitating a collaborative process on the design, development and implementation of strategic initiatives to continue to deliver an outstanding customer experience.

Remuneration and appointment authority of key management personnel

Remuneration policy

Remuneration levels for key management personnel are competitively set to attract and retain appropriately qualified and experienced Directors, Senior Executives and the CEO. Remuneration is reviewed annually. No remuneration packages for key management personnel provide for any performance or bonus payments.

Payments to the CEO and the Directors are made by WorkCover Queensland. All other key management personnel are remunerated by WEO.

Directors

Director contracts are entered into in accordance with the Act. The remuneration of Directors is determined by the Governor-in-Council as part of terms of their appointment and is paid by way of annual fee in accordance with the Queensland Government Remuneration procedures for part-time Chairs and members of Queensland Government bodies.

CEO and Senior Executives

The CEO's executive employment contract is entered into in accordance with the Act, with the conditions of the contract decided by the Board and signed by the Chair. The CEO is appointed by the Governor in Council on the Board's recommendation. The CEO remuneration arrangements are made in alignment with the Queensland Government CEO remuneration framework.

The remuneration arrangements for the Senior Executives are determined by the CEO in consultation with the Chair of the Board. The Senior Executive contracts are entered into in accordance with the Act.

Remuneration and other terms of employment for each Senior Executive are formalised in executive employment contracts.

The CEO and Senior Executives are given the opportunity to receive their fixed remuneration in a variety of forms, including cash and fringe benefits.

(b) Transactions with key management personnel

No transactions, other than remuneration payments or the reimbursement of approved expenses, were entered into by WorkCover with key management personnel or related parties of such key management personnel during this financial year (2021: no transactions with key management personnel).

(c) Transactions with other related parties

WorkCover is required to pay contributions to WHSQ and the Workers' Compensation Regulator. See note E1 for details.

Queensland Health public hospitals are utilised by WorkCover in the treatment of injured workers. The total payments in this financial year are \$45.863 million (2021: \$44.234 million).

As the provider of compulsory workers' compensation insurance in Queensland, WorkCover provides insurance to all Queensland State Government controlled entities other than those who self-insure. Policies are issued on the same terms and conditions as to other policyholders. The total premium income received or receivable from Queensland State Government controlled entities in this financial year is \$317.795 million (2021: \$284.599 million).

WorkCover utilises the services of QIC and QTC to invest excess cash not immediately required to cover expenses. The use of QIC and QTC is approved by Queensland Treasury. The total management fees paid or payable in this financial year to QIC and QTC are \$35.423 million and \$0.001 million respectively (2021: \$33.410 million and \$0.006 million respectively). Refer to note D1 for further details.

From 1 July 2016, the *Workers' Compensation and Rehabilitation Amendment Act 2016* implemented the NIIS for workplace accidents connected with Queensland. The scheme provides eligible seriously injured workers with a lifetime statutory entitlement to treatment, care and support payments such as rehabilitation, medical services and hospital expenses. In accordance with the scheme, payments are made by WorkCover to reimburse NIIS Queensland (the external case managers for the seriously injured workers) for costs in relation to these claims. The total NIIS Queensland amounts paid or payable for this financial year are \$5.509 million (2021: \$3.140 million).

E4 Property, plant and equipment

	Note	Land	Building	Plant and equipment	Work in progress	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020		22,000	47,500	2,001	16	71,517
Acquisitions		-	325	15	12	352
Disposals		-	-	-	(4)	(4)
Transfers between asset classes		-	12	-	(12)	-
Depreciation		-	(2,002)	(1,039)	-	(3,041)
Revaluation decrements	F4(b)	-	(4,335)	-	-	(4,335)
Balance at 30 June 2021		22,000	41,500	977	12	64,489
At 30 June 2021:						
Cost or fair value		22,000	49,222	7,538	12	78,772
Accumulated depreciation		-	(7,722)	(6,561)	-	(14,283)
Net carrying amount		22,000	41,500	977	12	64,489
Balance at 1 July 2021		22,000	41,500	977	12	64,489
Acquisitions		-	89	79	254	422
Disposals		-	-	-	(5)	(5)
Transfers between asset classes		-	1	6	(7)	-
Depreciation		-	(1,746)	(159)	-	(1,905)
Revaluation increments	F4(b)	6,000	5,156	-	-	11,156
Balance at 30 June 2022		28,000	45,000	903	254	74,157
At 30 June 2022:						
Cost or fair value		28,000	53,265	7,423	254	88,942
Accumulated depreciation		-	(8,265)	(6,520)	-	(14,785)
Net carrying amount		28,000	45,000	903	254	74,157

(a) Recognition and measurement

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

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

Costs incurred subsequent to initial acquisition are added to an asset's carrying amount if they increase the service potential or useful life of that asset. Subsequent costs that do not meet these criteria are expensed as incurred.

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

Plant and equipment with an original cost of \$3.245 million (2021: \$3.434 million) and a written down value of zero is still being used in the provision of services. There is currently no asset (2021: no asset) written down to an above zero residual value which is still being used in the provision of services.

(b) Valuation

Land and buildings are shown at fair value, based on annual valuations by an external independent valuer. On revaluation, accumulated depreciation of revalued assets in the class is eliminated against the gross carrying amount of those assets and the net amount restated to the revalued amount of the asset.

Any revaluation increase is credited, net of tax equivalents, to the asset revaluation surplus of the appropriate class, except to the extent that it reverses a revaluation decrease for the same asset class previously recognised as an expense, in which case the increase is recognised as income. A decrease in the carrying amount on the revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class.

The land and building is valued having regard to the highest and best use of the asset. An independent valuation of land and building was performed as at 30 June 2022 and fair value was determined by reference to market based evidence, being active market prices adjusted for any differences in the nature, location or condition of the specific property. The independent valuer used the discounted cash flow, capitalisation and direct comparison approaches to determine the fair value. The land and building has been categorised as level 3 based on sensitivity of fair value to change in the unobservable inputs.

(c) Depreciation

Land is not depreciated.

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the cost or revalued amount of each asset, less its estimated residual value, over the estimated useful life of the assets as follows:

ITEM	USEFUL LIFE
Building	1 to 56 years
Plant and equipment	
Computer equipment	4 to 14 years
Office equipment and furniture	5 to 23 years
Fixtures and fittings	12 to 25 years
Motor vehicles	5 years

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate on an annual basis.

(d) Impairment

All non-current assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, WorkCover determines the asset's recoverable amount. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised as an expense, unless the asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The asset's recoverable amount is determined as the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

(e) Derecognition

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

E5 Commitments

WorkCover has contractual commitments for expenditure as follows:

	Acquisition of property, plant and equipment \$'000	Support and maintenance expenditure \$'000	Other expenditure \$'000	Total \$'000
2022				
Not later than 1 year	-	3,568	4,032	7,600
1 - 5 years	-	1,539	276	1,815
	-	5,107	4,308	9,415
2021				
Not later than 1 year	23	4,495	1,612	6,130
1 - 5 years	-	1,297	587	1,884
	23	5,792	2,199	8,014

This section includes other relevant information that must be disclosed to comply with AASBs and other requirements.

F1 Taxation

WorkCover Queensland and its controlled entity are State/Territory bodies as defined under the *Income Tax Assessment Act 1936* and are exempt from Commonwealth Government taxation with the exception of fringe benefits tax (FBT) and GST. As such, FBT and GST receivable from and payable to the Australian Taxation Office (ATO) are recognised and accrued.

WorkCover Queensland is the only entity in the consolidated group subject to the National Tax Equivalents Regime (NTER). Under the NTER, payments are made to the State Treasurer equivalent to the amount of Commonwealth Government income tax. The Taxation of Financial Arrangements (TOFA) legislation is applicable to WorkCover Queensland and the default realisation and accrual methods are used. In addition, QIC adopt the attribution managed investment trust (AMIT) regime in respect of eligible QIC managed investment trusts in which WorkCover invests in.

WorkCover Queensland and its controlled entity are also required to comply with pay as you go (PAYG) withholding requirements and Queensland State Government taxes including payroll tax, stamp duty and land tax.

Tax Risk Management

The Tax Risk Management Policy sets out WorkCover's approach to satisfying its obligations under the Risk Management Policy with respect to tax. WorkCover's tax strategy is focused on integrity in compliance and reporting. The strategy is implemented through WorkCover's Tax Risk Management Framework. This Framework is supported by governance processes which ensure it is implemented with continued effectiveness. WorkCover has effective policies and processes in place to manage tax risk.

(a) Income tax equivalent

Income tax equivalent (benefit)/expense

	2022 \$'000	2021 \$'000
Deferred tax (benefit)/expense	(153,053)	42,735
Reconciliation of Income tax equivalent (benefit)/expense:		
Operating result for the year before income tax equivalent	(479,228)	153,563
Income tax equivalent (benefit)/expense at the standard tax rate of 30% (2021: 30%)	(143,768)	46,069
Tax effect of adjustments to income tax equivalent (benefit)/expense:		
Gross up of foreign income tax offset received	1,533	940
Gross up of franking tax offset received	4,603	1,799
Non-deductible expenses	-	1
Conversion of franking credit to tax loss	(15,342)	(5,996)
Other deductible expenses	(79)	(78)
Income tax equivalent (benefit)/expense attributable to operating result	(153,053)	42,735

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

Current tax assets and liabilities are measured at the amount expected to be receivable or payable on the taxable income or loss for the current year. The amount is calculated using tax rates and tax laws that are enacted or substantively enacted at the reporting date.

Income tax equivalent expense recognised in other comprehensive income

	2022 \$'000	2021 \$'000
Revaluation of land and building	3,347	(1,301)

Recognised deferred tax assets and liabilities

WorkCover is able to offset its deferred tax assets and liabilities and has disclosed the net balance in the consolidated statement of financial position. Deferred tax assets and liabilities are as follows:

	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income tax equivalent loss	247,893	181,191	-	-	247,893	181,191
Investment tax adjustments including unrealised (gain)/loss	-	-	(140,818)	(220,906)	(140,818)	(220,906)
Indirect claims handling expense	90,415	84,038	-	-	90,415	84,038
Employee expenses	28	21	-	-	28	21
Other provisions	2,850	3,000	-	-	2,850	3,000
Other items	1,135	1,267	(117)	(106)	1,018	1,161
Property, plant and equipment	-	-	(8,948)	(5,893)	(8,948)	(5,893)
Intangibles	-	65	(55)	-	(55)	65
Tax assets/(liabilities)	342,321	269,582	(149,938)	(226,905)	192,383	42,677

Movement in deferred tax balances during the year	Balance 1 July 2020	Recognised in operating result	Recognised in other comprehensive income	Balance 30 June 2021	Recognised in operating result	Recognised in other comprehensive income	Balance 30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income tax equivalent loss	142,777	38,414	-	181,191	66,702	-	247,893
Investment tax adjustments including unrealised (gain)/loss	(131,954)	(88,952)	-	(220,906)	80,088	-	(140,818)
Indirect claims handling expense	74,910	9,128	-	84,038	6,377	-	90,415
Employee expenses	20	1	-	21	7	-	28
Other provisions	4,320	(1,320)	-	3,000	(150)	-	2,850
Other items	1,418	(257)	-	1,161	(143)	-	1,018
Property, plant and equipment	(7,661)	467	1,301	(5,893)	292	(3,347)	(8,948)
Intangibles	281	(216)	-	65	(120)	-	(55)
	84,111	(42,735)	1,301	42,677	153,053	(3,347)	192,383

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

Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences. However, deferred tax liabilities and assets are not recognised if the temporary differences arise from the initial recognition of assets or liabilities which affects neither the accounting profit nor taxable profit or loss. Unused tax credits and unused tax losses are carried forward to the extent it is probable that future taxable profit will be available against which they can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply for the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be utilised and such reductions are reversed when it becomes probable that sufficient taxable profit will be available.

(b) Goods and services tax

Income, expenses, assets, and liabilities are recognised net of the amount of associated GST, unless the GST is not recoverable from or remittable to the ATO. In this case, the GST is recognised as part of the cost of acquisition of the asset or in the amount of the expense.

Receivables and payables are stated with the amount of GST included, where applicable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables, respectively, in the consolidated statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST, unless the GST incurred is not recoverable from the ATO.

F2 Reconciliation of operating result to net cash provided by operating activities

	Note	2022 \$'000	2021 \$'000
Operating result for the year		(326,175)	110,828
Non-cash items included in operating result			
Net loss/(gain) on change in fair value of financial instruments		371,474	(542,630)
Net gain on disposal of property, plant and equipment and intangible assets	<i>E1</i>	(4)	-
Reclassification of work in progress		5	4
Depreciation and amortisation expense	<i>E1</i>	2,356	3,500
Income tax effect on revaluation of land and building	<i>F4(b)</i>	(3,347)	1,301
Change in operating assets and liabilities			
Increase in receivables		(70,164)	(32,113)
Decrease in current tax		-	16,285
(Increase)/decrease in other assets		(53)	1,005
(Increase)/decrease in net deferred tax		(149,706)	41,434
Increase/(decrease) in other liabilities		8	(3)
Increase/(decrease) in payables and unearned premium liability		8,403	(2,262)
Increase in outstanding claims liability and employee benefits liabilities		333,973	413,354
Net cash provided by operating activities		166,770	10,703

F3 Leases

Leases as lessor

WorkCover has 7 lease agreements (2021: 7) with respect of the 280 Adelaide Street building. The building is leased to tenants under operating leases with rentals payable on a monthly basis. These non-cancellable leases have remaining terms of between 1 and 5 years and include clauses to enable upward revision of the rental charge on an annual basis according to a fixed percentage where applicable. There are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, WorkCover may obtain bank guarantees for the term of the lease. As a result of COVID-19, WorkCover has offered rent relief in the form of reduced rent for tenants impacted. The expected impact of these reductions are reflected in the amounts disclosed under this note. Minimum lease payments receivable on operating leases are as follows:

	2022 \$'000	2021 \$'000
Within 1 year	604	927
Between 1 and 2 years	512	283
Between 2 and 3 years	344	180
Between 3 and 4 years	356	-
Between 4 and 5 years	368	-
	2,184	1,390

The total lease income included in other income presented in the consolidated statement of comprehensive income is as follows:

	2022 \$'000	2021 \$'000
Lease income	1,100	1,005

F4 Equity and reserves

(a) Contributed equity

In 2017, arising from the funding arrangement for the Workers' Compensation Regulator, WorkCover recognised a non-reciprocal cash transfer of \$2.500 million from the Workers' Compensation Regulator as contributed equity.

(b) Asset revaluation surplus by asset class

	Note	Land \$'000	Building \$'000	Total \$'000
Balance at 1 July 2020		12,320	21,871	34,191
Revaluation decrements	E4	-	(4,335)	(4,335)
Income tax effect on revaluation		-	1,301	1,301
Balance at 30 June 2021		12,320	18,837	31,157
Balance at 1 July 2021		12,320	18,837	31,157
Revaluation increments	E4	6,000	5,156	11,156
Income tax effect on revaluation		(1,800)	(1,547)	(3,347)
Balance at 30 June 2022		16,520	22,446	38,966

The asset revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value.

(c) Investment fluctuation reserve

The investment fluctuation reserve is held to mitigate the effects of financial volatility in the investment markets, allowing WorkCover to maintain a stable premium rate and minimise the impact on businesses during a downturn. It represents the excess capital held by WorkCover over the minimum funding ratio of 120% as set within WorkCover's Statement of Corporate Intent.

F5 Contingent liabilities

In the normal course of business, WorkCover is exposed to legal issues, including litigation arising out of insurance policies. There are no known potential material litigation exposures at reporting date that may give rise to a contingent liability (2021: no contingent liabilities).

F6 Differences between WorkCover consolidated financial statements and WorkCover Queensland financial statements**(a) Reconciliation of differences between consolidated and parent entity statements of comprehensive income**

	Note	2022 \$'000			2021 \$'000		
		WorkCover	WorkCover	WorkCover	WorkCover	WorkCover	WorkCover
		Queensland	Queensland	Employing Office	Queensland	Queensland	Employing Office
Underwriting expenses	i	(28,294)	(28,177)	(99,232)	(34,066)	(33,870)	(95,816)
Investment (loss)/income	ii	(99,376)	(99,493)	117	737,932	737,737	195
Other income	i	1,167	1,167	99,115	1,089	1,088	95,621

- i. The difference in underwriting expenses represents expenses incurred by WEO excluding GST. The difference in other income represents the service fees raised by WEO for services provided to WorkCover Queensland. The service fee income in WEO and the service fee expense in WorkCover Queensland are eliminated on consolidation.
- ii. The difference represents the bank interest income of WEO.

(b) Reconciliation of differences between consolidated and parent entity statements of financial position

	Note	2022 \$'000			2021 \$'000		
		WorkCover	WorkCover Queensland	WorkCover Employing Office	WorkCover	WorkCover Queensland	WorkCover Employing Office
Current assets							
Cash and cash equivalents		130,162	106,860	23,302	94,387	70,584	23,803
Receivables	i	39,680	39,674	6	32,536	32,490	46
Other assets	ii	2,410	2,023	387	2,366	1,692	674
Current liabilities							
Payables	iii	19,446	18,959	487	18,063	17,531	532
Employee benefits	iv	20,706	45	20,661	21,139	33	21,106
Non-current liabilities							
Employee benefits	iv	2,594	47	2,547	2,922	37	2,885

- i. The difference represents the WEO other debtors balance.
- ii. The difference represents the WEO prepayments balance.
- iii. The difference represents the WEO salary related payables of \$0.420 million (2021: \$0.529 million) and other WEO payables of \$0.067 million (2021: \$0.003 million).
- iv. The liabilities for employee benefits in WorkCover Queensland is the CEO's employee benefits. All other employee benefit liabilities are part of WEO.

(c) Reconciliation of differences between consolidated and parent entity statements of changes in equity

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

(d) Reconciliation of differences between consolidated and parent entity statements of cash flows

	Note	2022 \$'000			2021 \$'000		
		WorkCover	WorkCover Queensland	WorkCover Employing Office	WorkCover	WorkCover Queensland	WorkCover Employing Office
Cash flows from operating activities							
Interest received		3,070	2,956	114	5,902	5,707	195
GST collected on sales		181,665	181,612	53	163,085	163,050	35
GST paid on purchases		(30,543)	(30,314)	(229)	(28,335)	(28,170)	(165)
Employee benefits expense paid	i	-	-	(99,580)	-	-	(93,019)
Employment services revenue received	i	-	-	99,185	-	-	95,642
Other operating income received	ii	1,195	1,195	1	1,184	1,184	1
Other operating expenses paid	iii	(28,101)	(27,662)	(45)	(32,842)	(35,426)	(40)

- i. The employee benefits expense paid by WEO and the employment services revenue received by WEO are categorised within other operating expenses paid for WorkCover. The employment services revenue is the amount paid by WorkCover Queensland to WEO for employment services provided.
- ii. Other operating income received by WEO is amounts received from salary packaging providers. These are categorised within other operating expenses paid for WorkCover.
- iii. The difference between the consolidated financial statements and WorkCover Queensland represents the net of WEO's employee benefits expenses paid, employment services revenue received, other operating income received, and other operating expenses paid. The other operating expenses paid in WEO are sundry administration payments.

F7 Controlled entity

Summary of WEO financial statements

	2022 \$'000	2021 \$'000
Statement of comprehensive income		
Revenue	99,232	95,816
Expenses	99,232	95,816
Operating result for the year	-	-
Statement of financial position		
Total assets	23,695	24,523
Total liabilities	23,695	24,523
Net assets	-	-

F8 Summary of additional significant accounting policies

(a) Changes in accounting policies and disclosures

There have been no changes in accounting policies, standards and amendments to standards relevant to WorkCover that have been applied for the first time in the presentation of these consolidated financial statements from 1 July 2021.

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021 and have not been early adopted in preparing these consolidated financial statements. None of the upcoming standards relevant to WorkCover are expected to have a material impact on the consolidated financial statements and WorkCover does not plan to adopt any standard early.

The nature and effects of the standard applicable to WorkCover that is not yet effective is as follows:

Insurance Contracts

AASB 17 *Insurance Contracts* will apply from reporting periods beginning on or after 1 January 2023 for entities that are not public sector entities.

This standard is intended to combine all existing insurance standards (i.e. AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*) into one standard.

The AASB has issued an Exposure Draft, ED 319 *Insurance Contracts in the Public Sector*, in March 2022 proposing the following public-sector-specific modifications to AASB 17:

- an exemption from sub-grouping onerous versus non-onerous contracts at initial recognition;
- an exemption from sub-grouping contracts issued no more than a year apart;
- an amendment to the initial recognition requirements so that they do not depend on when contracts become onerous;
- guidance on coverage periods, which has consequences for assessing eligibility for the premium allocation approach in a public sector context;
- indicators for identifying the transactions to which AASB 17 should apply in a public sector context; and
- guidance on determining the cash flows within the contract boundary.

The ED has proposed to defer the application of AASB 17 for public sector entities until annual periods beginning on or after 1 July 2025, with earlier application permitted.

In addition, the AASB has issued a Fatal-Flaw Review Draft version of a Standard proposing consequential amendments to amend pronouncements that mention AASB 4 and AASB 1023 to clarify that these Standards will continue to apply to public sector entities for annual periods beginning after 1 January 2023 until a Standard making public-sector-specific modifications to AASB 17 is effective.

WorkCover is in the process of analysing AASB 17 and ED 319 to determine the impact on the daily operations, record keeping and disclosure requirements in the consolidated financial statements. WorkCover will continue to monitor the progress of the standard.

F9 Events after reporting date

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

Management certificate

These general purpose consolidated financial statements have been prepared pursuant to the provisions of the *Workers' Compensation and Rehabilitation Act 2003*, section 62(1) of the *Financial Accountability Act 2009*, section 39 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with section 62(1)(b) of the *Financial Accountability Act 2009* we certify that in our opinion:

- the prescribed requirements for establishing and keeping of accounts have been complied with in all material respects; and
- the financial statements have been drawn up to present a true and fair view, in accordance with the prescribed accounting standards, of the transactions of WorkCover for the financial year ended 30 June 2022 and of the financial position at the end of that year; and

We acknowledge responsibility under section 7 and section 11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

23 August 2022



F Gobbo
BA/LLB, GAICD
CHAIR



B Watson
MOL, Dip Financial Services, FAICD, FASFA
CHIEF EXECUTIVE OFFICER

INDEPENDENT AUDITOR'S REPORT

To the Board of WorkCover Queensland

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of WorkCover Queensland and its controlled entity (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the group's financial position as at 30 June 2022, and its financial performance and cash flows for the year then ended.
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, consolidated statement of equity and consolidated statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of net outstanding claims liability (\$4,233m)
Refer to Note C2 to the financial report

Key audit matter	How my audit addressed the key audit matter
<p>The estimation of outstanding claims liabilities is a key audit matter due to the high degree of uncertainty that is inherent in estimating the expected future payments for claims incurred. It may take many years to finalise the cost of a claim and the ultimate cost may be influenced by factors unknown at 30 June 2022 or outside the control of WorkCover (refer Note C2(d) for key assumptions and judgements).</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • reviewing the actuarial models for changes made to the prior year's models • considering of the appropriateness of the assumptions adopted and methodologies applied for the individual benefit types • considering the reasonableness of movements in key claim experience and their impact on the calculation of the outstanding claims liability • benchmarking key economic assumptions to observable market data • reviewing management's experts' qualifications, competence, capabilities, objectivity and the nature, scope and objectives of the work completed for appropriateness • reviewing management's experts' findings and conclusions for relevance, reasonableness and consistency with the evidence obtained from my testing.

Other information

Other information comprises the information included in the group's annual report for the year ended 30 June 2022 but does not include the financial report and my auditor's report thereon.

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report this fact. I have nothing to report in this regard.

Responsibilities of the Board for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the entity's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Board, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2022:

- a) I received all the information and explanations I required.
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.



Brydie Morris
as delegate of the Auditor-General

25 August 2022

Queensland Audit Office
Brisbane

ACTUARIAL CERTIFICATE FOR OUTSTANDING CLAIMS LIABILITIES
AS AT 30 JUNE 2022

PricewaterhouseCoopers Consulting (Australia) Pty Ltd was requested by WorkCover Queensland to advise on its provisions for outstanding claims liabilities at 30 June 2022.

VALUATION REPORT

Full details of data, methodology and assumptions are set out in our report dated 15 August 2022. This report was prepared, to the best of our knowledge, in compliance with the requirements of Professional Standard 302 of the Institute of Actuaries of Australia.

BASIS OF ESTIMATES

The adopted provision as at 30 June 2022 is **\$3,974.5 million**, comprising our central estimate of the liability for outstanding claims, an allowance of claims handling expenses and a risk margin. The adopted provision is net of recoveries. In principle, all of the valuation assumptions have been selected so as to yield a central estimate which is not knowingly above or below the ultimate cost of claims.

The central estimate:

- is discounted - i.e. allows for the time value of money;
- allows for future claims inflation;
- includes a loading for claims handling expenses; and
- complies with the requirements of Australian Accounting Standard AASB1023.

A risk margin has been included to allow for the risk and uncertainties inherent in the estimation of outstanding claims liabilities. The margin is expressed as a percentage of the central estimate. In recognition of the overall uncertainty in the claims experience, the WorkCover Board have adopted a risk margin at 30 June 2022 of 9.0%. The adopted margin is intended to increase the probability of sufficiency of the provision to 75%.

QUALIFICATIONS

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



Lisa Simpson
FIAA

15 August 2022



Gavin Moore
FIAA

Compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	– A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	Letter of compliance
Accessibility	– Table of contents	ARRs – section 9.1	Contents
	– Glossary		Glossary
	– Public availability	ARRs – section 9.2	About this report
	– Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	About this report
	– Copyright notice	<i>Copyright Act 1968</i> ARRs – section 9.4	About this report
	– Information Licensing	<i>QGEA – Information Licensing</i> ARRs – section 9.5	About this report
General information	– Introductory Information	ARRs – section 10	About WorkCover Queensland Chair and CEO report
Non-financial performance	– Government’s objectives for the community and whole-of-government plans/specific initiatives	ARRs – section 11.1	Chair and CEO report
	– Agency objectives and performance indicators	ARRs – section 11.2	Corporate Plan Statement of Corporate Intent
	– Agency service areas and service standards	ARRs – section 11.3	Highlights
Financial performance	– Summary of financial performance	ARRs – section 12.1	Financial performance
Governance – management and structure	– Organisational structure	ARRs – section 13.1	Governance management and structure
	– Executive management	ARRs – section 13.2	Governance management and structure
	– Government bodies (statutory bodies and other entities)	ARRs – section 13.3	Governance management and structure
	– Public Sector Ethics	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	Governance management and structure
	– Human Rights	<i>Human Rights Act 2019</i> ARRs – section 13.5	Governance management and structure

Summary of requirement		Basis for requirement	Annual report reference
	– Queensland public service values	ARRs – section 13.6	Chair and CEO report
Governance – risk management and accountability	– Risk management	ARRs – section 14.1	Governance – Risk Management and Accountability
	– Audit committee	ARRs – section 14.2	Governance – Risk Management and Accountability
	– Internal audit	ARRs – section 14.3	Governance – Risk Management and Accountability
	– External scrutiny	ARRs – section 14.4	Governance – Risk Management and Accountability
	– Information systems and recordkeeping	ARRs – section 14.5	Governance – Risk Management and Accountability
	– Information Security attestation	ARRs – section 14.6	Not applicable
Governance – human resources	– Strategic workforce planning and performance	ARRs – section 15.1	Engaged People
	– Early retirement, redundancy and retrenchment	Directive No.04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	Engaged People
Open Data	– Statement advising publication of information	ARRs – section 16	Governance – Risk Management and Accountability ‘Open data’
	– Consultancies	ARRs – section 31.1	https://data.qld.gov.au
	– Overseas travel	ARRs – section 31.2	https://data.qld.gov.au
	– Queensland Language Services Policy	ARRs – section 31.3	https://data.qld.gov.au
Financial statements	– Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	Actuarial certificate on net outstanding claim liabilities Management certificate
	– Independent Auditor’s Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	Independent auditor’s report

FAA *Financial Accountability Act 2009*
 FPMS *Financial and Performance Management Standard 2019*
 ARRAs *Annual report requirements for Queensland Government agencies*

Glossary

TERM	DEFINITION
A	
Accepted claim	When the first decision about the application for compensation is to accept the claim. This excludes claim decisions where the first decision is rejected, cancelled, withdrawn, report only or common law only.
Accident insurance policy	An accident insurance policy is a workers' compensation insurance policy, compulsory for employers engaging workers. The policy covers the employer's liability for workers' compensation and damages arising out of a work-related injury sustained by their worker, no matter who or what caused it.
Asbestos-related diseases	Asbestos-related diseases are caused by the inhalation of asbestos fibres over a period of time. Asbestos-related diseases typically have long latency periods, that is, 10 to 40 years from exposure to onset of the disease.
AS/ISO	Australian Standard/International Organisation for Standardisation
AS/NZS	Australian/New Zealand Standard
Average premium rate	The average premium rate is a rate per \$100 of wages, expressed as a percentage, calculated by averaging net premium assessed for the year as a proportion of total wages declared by all employers for that year.
C	
CEO	Chief Executive Officer
Claims experience	An employer's claims experience is used when calculating premium and is comprised of the statutory claims amounts paid under an employer's accident insurance policy for the preceding three years and the damages claims amounts paid under the policy for one year preceding that.
Common law claim	A common law claim is the claim made by an injured worker who commences common law action against their employer for negligence (they are 'suing' their employer). Common law damages can include payments for economic loss, pain and suffering, legal costs, and medical and hospital costs. WorkCover may pay all damages awarded to the injured worker, including legal and investigative costs as part of the employer's accident insurance policy.
Customer experience measure / metric	Measures customers' overall perception of WorkCover and performance against the five customer strategy principles.

Customer strategy principles	These principles are the benchmark for the experience WorkCover wants customers to have across all interactions. There are five principles: easy, fair and transparent, empowered, consistent and valued, and they are based on customer research that identified what customers expect from WorkCover.
CX	Customer experience
D	
Damages	<p>Damages are payments made under a common law claim that are classified as ‘heads of damage’. These are different types of damage that may be suffered by an injured worker.</p> <p>Examples are:</p> <ul style="list-style-type: none"> – general damages (compensation for pain and suffering) – economic loss (compensation for loss of past earnings or future earning capacity).
H	
Health provider	Health provider refers to any medical or allied health provider (for example a doctor, medical specialist, physiotherapist, chiropractor or occupational therapist) who is registered with the relevant professional board (eg. Physiotherapist Board of Queensland).
I	
Injury	<p>An injury, as defined by the <i>Workers’ Compensation and Rehabilitation Act 2003</i> is, ‘A personal injury arising out of, or in the course of, employment if the employment is a significant contributing factor to the injury’. Some examples of injuries include:</p> <ul style="list-style-type: none"> – a cut or fracture – a disease (example asbestos or Q fever) – industrial deafness – psychiatric or psychological disorders such as stress or depression – aggravation of a pre-existing condition – death from an injury, disease or aggravation of a disease.
Injury Prevention and Management program	WorkCover’s program in partnership with Workplace Health and Safety Queensland which helps employers who have a high frequency of claims bring about a workplace culture change and achieve a better standard of workplace health and safety and injury management.
M	
MHFA	Mental Health First Aid
O	
OIC	Office of the Information Commissioner

OIR Office of Industrial Relations

P

PCBU A person conducting a business or undertaking

PIEF Personal Injury Education Foundation

Policyholder Is an individual or entity that holds an insurance policy with WorkCover.

Premium rate The rate per \$100 of wages for an individual employer.

Q

QAO Queensland Audit Office

QIC Queensland Investment Corporation

R

Rehabilitation Under workers' compensation legislation, the purpose of rehabilitation is to ensure the injured worker's earliest possible safe return to work or to maximise the worker's independent functioning. Rehabilitation for return to work (sometimes called occupational, vocational or workplace rehabilitation) can include treatment from a range of health providers, assessments of work capacity and suitable duties programs. Under legislation, workers and employers must take every reasonable step to participate in rehabilitation and return to work programs.

Return to work The worker's timely, safe and medically structured return to pre-injury duties, or other employment, following a workplace injury.

S

Self-insurer An employer who meets certain criteria to manage and pay their own workers' compensation claims. Contact the Workers' Compensation Regulatory Services for more information.

Stamp duty Stamp duty is payable to the Queensland Government on many property and business transactions, including workers' compensation insurance premiums. Stamp duty has been included in premiums since 1916. WorkCover clearly lists the stamp duty payable as a separate item on premium notices.

Statutory (no-fault) claims A statutory or no-fault claim is when a worker is compensated for a work-related injury with payments and benefits prescribed in the *Workers' Compensation and Rehabilitation Act 2003*. These payments and benefits are referred to as statutory compensation and may include weekly payments, lump sums to compensate for permanent impairment, and hospital and medical expenses. Statutory claims are administered on a 'no fault' basis. That is, it doesn't matter if it is the worker's or the employer's fault that the injury occurred, compensation is still paid.

W

Wages	Wages are the total amount an employer pays to a worker as defined by Schedule 6 of the <u><i>Workers' Compensation and Rehabilitation Act 2003</i></u> .
WCAG 2.1	Web Content Accessibility Guidelines (WCAG) 2.1 defines how to make Web content more accessible to people with disabilities. Accessibility involves a wide range of disabilities, including visual, auditory, physical, speech, cognitive, language, learning, and neurological disabilities
WCRS	Workers' Compensation Regulatory Services
WHSQ	Workplace Health and Safety Queensland
Work-related injury	An injury where employment was a significant contributing factor.
Worker	A 'worker' for the purposes of the <u><i>Workers' Compensation and Rehabilitation Act 2003</i></u> is an individual employed under a Contract of Service (sect 11) or specifically included under Schedule 2 Part 1, unless specifically excluded under Schedule 2 Part 2.

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WorkCover

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