

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