



CARING FOR QUEENSLAND EMPLOYERS AND WORKERS

A 15 YEAR JOURNEY 1998–2012



EVERY YEAR WE COVER OVER 1 50 000 EMPLOYERS AND 2 MILLION WORKERS IN QUEENSLAND.

This publication highlights our achievements over the last 15 years, moving from an underperforming insurer in the mid-1990s, to one of Australia's leading workers' compensation authorities today (refer Highlights pages 14–15).

WorkCover Queensland continues to excel in workers' compensation, balancing the needs of employers and their workers.



OUR JOURNEY

WHERE WE WERE

- Claim decision timeframes were drawn out, with complex procedures in a bureaucratic environment.
- Financial situation was critical and continuing to rapidly decline.
- Confidence in workers' compensation scheme had eroded.
- Urgent changes were required to the way the scheme was operated, funded and delivered to the community.

In the early 1990s, the Queensland workers' compensation scheme was entrenched in a bureaucratic minefield of drawn out claims decision-making timeframes, with premium rates among the highest in Australia and a crippling \$320 million deficit. The scheme was besieged by complaints from all sections of the workers' compensation community, and was barely surviving in an environment of complex procedures and processes.

A state government commissioned inquiry in 1996 was the catalyst for major reform of the Queensland workers' compensation scheme. The Kennedy inquiry saw the establishment of WorkCover Queensland, a commercially oriented organisation that was to be more service and outcomes focussed. Led by a commercially experienced Board and management team, a new philosophy was founded: to provide the best possible benefits and rehabilitation programs for workers, at the lowest possible premium for employers.

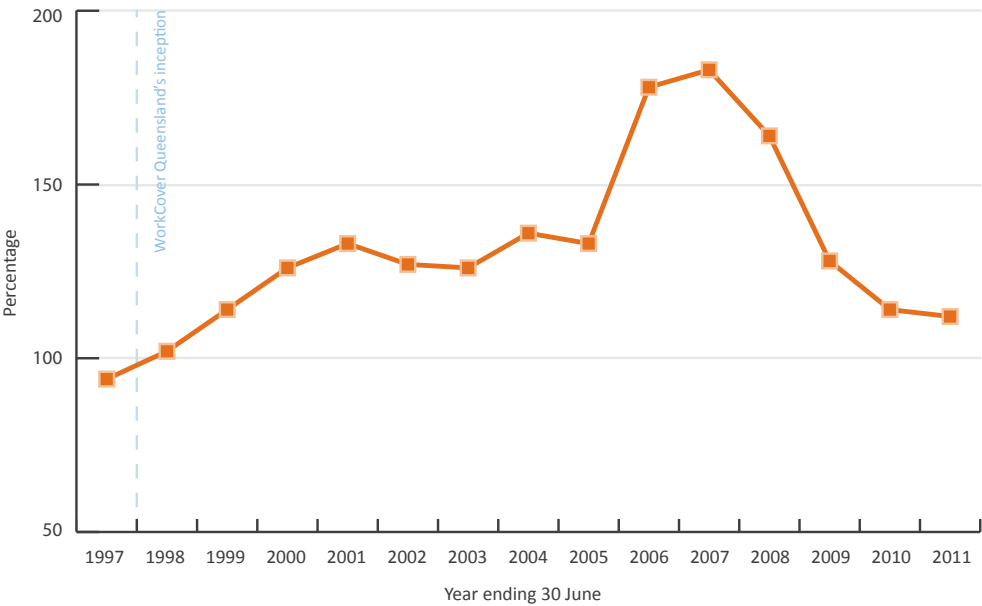
During the organisation's first full financial year (1997-1998), WorkCover brought itself back into the black and cemented the foundations for strong future growth. The Board continued to invest in the financial future of the organisation and was financially stable enough to repay the total capital investment made by the government at inception, within five years of operation. This confirmed WorkCover as a stand alone insurer, with ongoing financial stability resting purely with the Board. By maintaining WorkCover's financial independence, the Board has been able to guarantee its aim of passing the benefits of any financial success on to its customers.

At inception, WorkCover’s management team introduced budgeting and other financial concepts such as strategy formulation, corporate planning and performance management. An audit committee and internal audit unit were established, along with risk management practices. WorkCover’s people became accountable for reaching best practice and quickly achieved full compliance with legislative and corporate governance requirements.

Today, WorkCover is a government owned statutory authority, operating as an independent, non-profit commercial enterprise. We provide workers’ compensation insurance coverage for over 150 000 Queensland employers, manage over 92 000 statutory claims and 4 000 common law claims per year, and employ around 800 people. Over the past 15 years, we have delivered some of the best benefits for workers at the lowest premiums in the country.

WorkCover has worked hard to sustain a financially viable and fully solvent fund (refer Figure 1). In the interests of best practice, WorkCover has been able to benchmark itself against APRA (Australian Prudential Regulation Authority) capital adequacy standards, even though this is not a statutory or legislative requirement. Despite the global financial crisis and a steady increase in common law claims, WorkCover’s prudent financial management helped the organisation during this difficult period with minimal disruption to business operations and processes. With the ever changing economic climate, we will continue to review our investment strategy with the Queensland Investment Corporation (QIC), our appointed and Queensland government owned investment manager.

FIGURE 1 - FUNDING RATIO



For a scheme that had a \$320 million deficit in 1997, the aim of turning a government owned, debt riddled, poor performing bureaucracy into a financially viable insurer was challenging, but has been successfully achieved. WorkCover’s Board has had a clear determination to apply an appropriate commercial business focus to the fund. This, more than any other single factor, has helped to achieve a fair, compassionate and financially prudent workers’ compensation fund for Queensland employers and workers.



WORKING WITH EMPLOYERS

WHERE WE WERE

- Scheme was operating as a disincentive to rehabilitation and speedy return to work.
- Employers were unfairly penalised by the system to the extent that it affected their competitiveness.
- The operating environment was overly bureaucratic, with time consuming paper work and out dated processes.
- With an increase in common law claims, employers were arguing for limits to be implemented.

Fifteen years ago, employers told us they wanted less red tape and bureaucracy. They wanted business with WorkCover Queensland to be easy. We have come a long way, listening to the employers we insure and improving our services by regularly refining the way we do business.

When WorkCover was established in 1997, premium rates were volatile, the rating system antiquated and employers did not understand how premiums were set. To resolve these issues, we introduced the experience based rating (EBR) premium calculation and assigned account managers to work with employers.

The EBR premium model provides employers with a financial incentive to adopt a whole of business commitment to injury prevention, risk and claims management and rehabilitation. The EBR system has been modified over the years to ensure it is in line with best practice and other private insurers. Account managers work with employers to explain the EBR process and provide advice on improving their claims performance, to reduce their premium and have a safer workplace.

At inception, we recognised that there were employers who were avoiding payment of premiums or underinsuring. In order to ensure a fair and equitable fund for all Queensland employers, it was decided that more stringent efforts needed to be made towards prevention, detection and prosecution of employer non-compliance. In 2001 a dedicated team of compliance field officers were engaged to undertake onsite inspections and identify underinsured and uninsured employers. We worked with these employers to help with uncertainty regarding the definition of a 'worker', and enhance their understanding of their legislative obligations. Following the change in the definition of a 'worker' in 2002, we commenced educating and auditing those industries most affected, in particular the

building and construction industry. In 2003, we provided an amnesty for these employers, which resulted in an additional \$1.3 million collected in premium revenue, covering both underinsured and uninsured employers, and approximately 300 educational visits. We continue to focus on the obligation of all employers to have appropriate workers' compensation insurance.

In the early days, customer feedback indicated we were not responsive or customer focussed. As such, we began an ongoing program of employer forums to better understand our customers' requirements. We now deliver these on an industry basis, to help employers share best practice within their industry.

To help reduce the financial strain on employers and their business, we introduced flexible payment options in 2006, allowing for early payment discounts and payment plans. In 2007, we streamlined the premium renewal process and established automatic assessment for businesses with premiums of less than \$1 000, based on the previous year's wages information. Both of these initiatives help employers with their cash flow and premium forecasting.

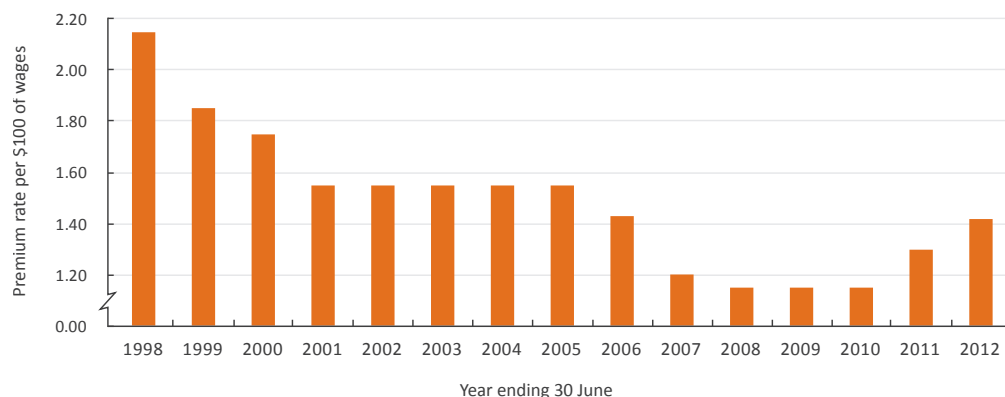
To make doing business with us even easier, we introduced an online tool in 2003, which enabled employers to produce their own certificate of currency online and declare their wages. Today, through online services, employers are able to renew their policy, view claims information and payments, lodge claims and generate performance reporting. The use of these services is increasing and our customers continue to give us ideas for enhancements. As such, we will further develop our online services to ensure the ongoing needs of our employers are met.

Since the implementation of our initial customer service model in 2000, we have always focussed on developing strong working partnerships with employers. Our current account management model gives employers a single point of contact for both premium and claims. This current model started as a targeted consultancy program and due to its success, we took the key elements and rolled them into our model for working with all employers to help them better manage their premium.

In 2011, we further enhanced our service delivery, allocating each of our service regions specific industries to manage. We have also been developing industry based strategies to deliver better outcomes in injury prevention, stay at work and return to work.

The initiatives implemented over the past fifteen years have increased employer satisfaction from 70% in 1999 to 76% in 2009 according to annual independent customer satisfaction surveys. As well as improved service delivery, employers have been able to enjoy one of the lowest average net premium rates in Australia, having reduced from \$2.15 at inception to the current \$1.42 per \$100 wages, and as low as \$1.15 from 2008 to 2010 (refer Figure 2).

FIGURE 2 - WORKCOVER QUEENSLAND'S AVERAGE PREMIUM RATE



A man in a light-colored work shirt stands in a workshop, smiling at the camera. He has his arms crossed. The background is filled with various tools and equipment on shelves.

WORKING WITH WORKERS

WHERE WE WERE

- Claims procedures had many inefficiencies that extended processing times and increased errors and customer dissatisfaction. Forms were complex and difficult to understand.
- Focus was on compensation payments with little attention or encouragement given to rehabilitation and return to work plans.
- Compensation rates did not provide incentives for some workers to return to work.
- Claim determination processes were not transparent.

Before WorkCover Queensland's inception, the statutory claims procedures had many inefficiencies that extended processing times and increased errors and customer dissatisfaction. Forms were complex and difficult to understand and there were limited rehabilitation plans in place to help injured workers return to work.

In 1999, our claims decision times were at an all-time low, with only 55% of all claims decided within a week of lodgement. We were able to reduce the time lag between lodgement and claim decision time by implementing better claims procedures which saw the number of claims turned around within 10 days increase from 75% in 2005 to 85% in 2011 (refer Figure 3). By determining claims in a timely manner, we were able to focus on getting people back to work and on with their lives much faster.

A key factor in the breakthrough in claims procedures was the establishment in 2004 of a unique in-house assessing and case management model. The system kept our decision making fair and consistent, and allowed our people to focus more on communicating with workers, employers and medical practitioners. Further improvements were made to our claims management model in 2007 with the introduction of 'ontrack' case management. This was a new approach to case management that involved working with all parties

(worker, employer, medical and allied health providers) and tailoring ontrack return to work plans supported by medically documented injury pathways.

To maintain financial stability in premium setting and balance between the needs of employers and workers, it was clear there needed to be a change in focus from compensation to rehabilitation to ensure that workers returned to work both quickly and safely. WorkCover began to encourage proactive industry involvement in the rehabilitation process, with an increase in the use of host employers. Due to its success, the host employment program became part of the core business process in 2003.

Through our ongoing commitment to rehabilitation and return to work, we saw worker satisfaction greatly increase from 71% in 1999 to 78% in 2009 in our annual independent customer satisfaction surveys. While we received good results through satisfaction surveys, in 2009 we moved to measure customer engagement rather than just satisfaction levels. Pleasingly, engagement levels have also risen over the past two years, with workers telling us they are satisfied with how we operate and the professional and timely service that we deliver.

Being off work for long periods of time can significantly reduce the likelihood of a worker ever returning to work and can have a negative

effect on the worker and their family. In 2011, WorkCover gave its support to the Royal Australasian College of Physicians position statement, 'Realising the health benefits of work'. Today we are returning over 95% of workers to work at the time their claim is closed (refer Figure 4). While the goal is always to return the worker to their pre-injury role, sometimes this is not possible. We now work in conjunction with external providers to identify transferable skills and appropriate training that will lead to alternate job outcomes.

Workers come to us at a time when they truly need help. Over the years we've worked to make sure their interaction with us is positive and effortless. While we have successfully engaged our customer base, we cannot be complacent and must continue to strive for excellence in our service delivery. WorkCover remains the only state insurer to manage all claims in-house to provide a specialised workers' compensation claim management process. Our customer service model was restructured in July 2011 with the introduction of an end-to-end claim management process, merging our claims determination, statutory claim management and common law areas. This new model allows WorkCover to take a holistic approach to the claims processes for both statutory and common law claims, helping to develop industry based strategies to deliver better outcomes in injury prevention, stay at work and return to work.

FIGURE 3 - STATUTORY CLAIMS DECIDED WITHIN 10 DAYS

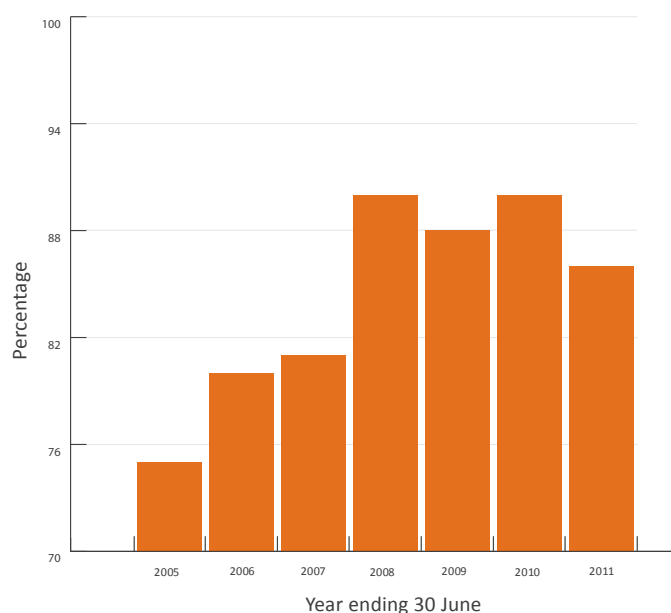
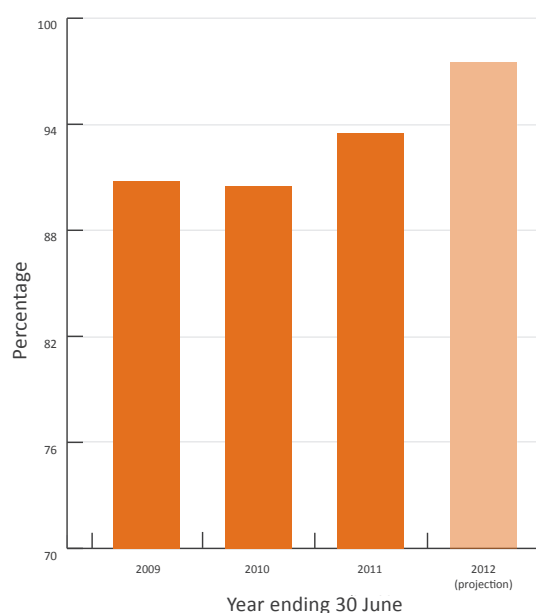


FIGURE 4 - RETURN TO WORK RATE





WORKING WITH STAKEHOLDERS

WHERE WE WERE

- Stakeholders had a poor understanding of WorkCover processes and activities.
- WorkCover's engagement with stakeholder groups was low.
- Business, unions and the community had many issues with the scheme.

In order to achieve objectives for our customers, it was essential to engage with the stakeholder groups that support them, notably unions and industry associations, as well as providers who deliver services to our workers and the organisations that represent them.

Prior to WorkCover being established, there was no formal engagement program with stakeholders. The service project in 1999 resulted in formal roles being created to relationship manage unions and employer groups. In many forms, this engagement program has continued through to today where relationships are at their strongest ever. This relationship management extends to wider groups including service provider associations, members of parliament and regulators/other jurisdictions.

The relationships we form with representative bodies enable us to provide information about our initiatives to those they represent and feedback can also be given to us. Working together with our stakeholders enables us to provide better service ultimately to our customers. We regularly participate in events with these stakeholder associations to improve outcomes for all.

We have held formal stakeholder briefing and feedback sessions since 2006. As part of the Government's 2010 scheme review, many stakeholders expressed views on WorkCover's claim management strategies. To gather more feedback on these issues and to provide updates on the implementation of new strategies, further stakeholder forums have been held since that review with unions, employer associations, lawyers as well as medical and allied health associations. Also, as a result of the review, WorkCover and Q-COMP (the scheme regulator) have delivered actuarial briefings every six months to provide stakeholders with up to date information on the scheme and WorkCover's financial position.

An outcome of the Government's structural and institutional review, also conducted in 2010, was the strengthening of interactions between WorkCover, Workplace Health and Safety Queensland (WHSQ) and Q-COMP. As a result, tripartite working groups were established to carry out interagency initiatives that aim to reduce workplace injuries and improve injured worker return to work outcomes. Some major joint initiatives commenced in 2011, such as the Injury Prevention and Management Program, a joint program targeting employers with continuing poor claims experience, as well as participation of all three entities at trade events, with pleasing enthusiasm and feedback from customers and stakeholders.

Given the workers' compensation scheme in Queensland includes both our employer customer base and self-insured employers, we regularly participate in meetings and forums with the Association of Self Insured Employers of Queensland (ASIEQ). In 2011, an injury management conference was coordinated by WorkCover, Q-COMP, WHSQ and ASIEQ with over 400 people in attendance.

In 2011, we surveyed plaintiff lawyers and medical specialists who we relationship manage. Engagement levels were relatively high and good feedback was obtained on how our service and relationships can be further enhanced. In 2012 we will survey representatives from all stakeholder associations we have interactions with.

WorkCover has increased liaison with its interstate counterparts and supports any national harmonisation initiative that is in the best interest of our customers and the scheme. This interaction has included being Queensland's representative on the Heads of Workers' Compensation Authorities, the Personal Injury Education Foundation and harmonisation advisory groups.





OUR PEOPLE

WHERE WE WERE

- The workers' compensation workforce was poorly resourced.
- Staff training was minimal due to the demands of the workplace.
- Our people were fighting a losing battle with inadequate technology and resources.

The establishment of WorkCover Queensland to run as a commercially viable entity required a complete realignment of WorkCover's organisational culture and the approach of its people towards customers and business objectives. No longer subject to the *Public Service Management and Employment Act*, WorkCover was able to introduce its own award, enterprise agreement and human resources policies. As a result, we were able to introduce people management practices that were more reflective of the market from which we recruited. One of the first initiatives of WorkCover was to review all our customer service interactions and to set the journey for our people.

The service project in 1999 was a strategic business review to determine the optimal structure, business processes and job roles for WorkCover's customer and operational business areas. As a result of the project, we consolidated claims processes and rehabilitation functions into a combined case management role. This required a shift in the organisational culture of WorkCover, changing from a legislative orientation to a service orientation. WorkCover was

embarking on a journey. Its people could either choose to go on that journey or continue their career through outside opportunities. This, combined with natural attrition, meant that at the lowest point only 20% of WorkCover employees had more than two years claims experience. While this presented some difficulties, it was an opportunity to bring in new people with fresh ideas and a commercial approach to business. We also worked with Griffith University to develop a case management graduate certificate course which the majority of our new case managers at the time participated in.

Research indicated that WorkCover needed to build up the organisation's customer service capability including development of the skills of all employees in dealing with customers. Substantial training programs have been developed since inception, with the aim of enhancing a service culture.

We recognised that for our people to perform, our systems and resources needed to evolve as new technology became available. In 2003 we pioneered an in-house online claims and policy training system. We have also developed a new e-learning software system, to introduce e-learning modules across all areas of the business as well as emotional intelligence, listening skills and consulting skills.

At WorkCover we believe that in order to succeed in caring for our customers, we must also take care of and listen to our own people. Since becoming WorkCover, we have surveyed our people regularly and their satisfaction with the organisation increased. In 2009 we embarked on a new staff survey that measured employee engagement, rather than satisfaction. Research tells us that engaged employees are

attracted to, and inspired by their work, which makes them loyal and committed to the organisation. For our first time survey, WorkCover scored very well, especially when compared with other Queensland and Australian organisations.

The new customer relationship model introduced in 2011 also benefits our people by providing greater development opportunities such as, specific skills in risk and injury prevention, injuries and rehabilitation, return to work issues and common law claim management. As a member of the Personal Injury Education Foundation, we actively encourage our people to undertake their ongoing professional development activities as well as financially supporting other study assistance opportunities.

Our cross divisional leadership development program 'Insight', introduced in 2008, has also been very successful. The program is designed to help our people increase their knowledge of different business areas, while learning the requirements and expectations of being a manager at WorkCover.

Our people are critical to the success of our business. We understand the importance of maintaining a work/life balance and support our people through a variety of flexible leave options including bank time, paid maternity leave, purchased leave and part-time work arrangements. We will continue to provide them with supportive working conditions and develop them both personally and professionally, ensuring they have the skills, knowledge, resources, and support to successfully deliver excellent service to our customers.





OUR FUTURE

It is not enough for businesses to rest on their laurels. We have reached many of our goals in our 15 year journey, but we won't stop here. As we continue to provide workers' compensation services (refer Figure 5) we won't lose sight of providing excellent customer services to our employers and workers.

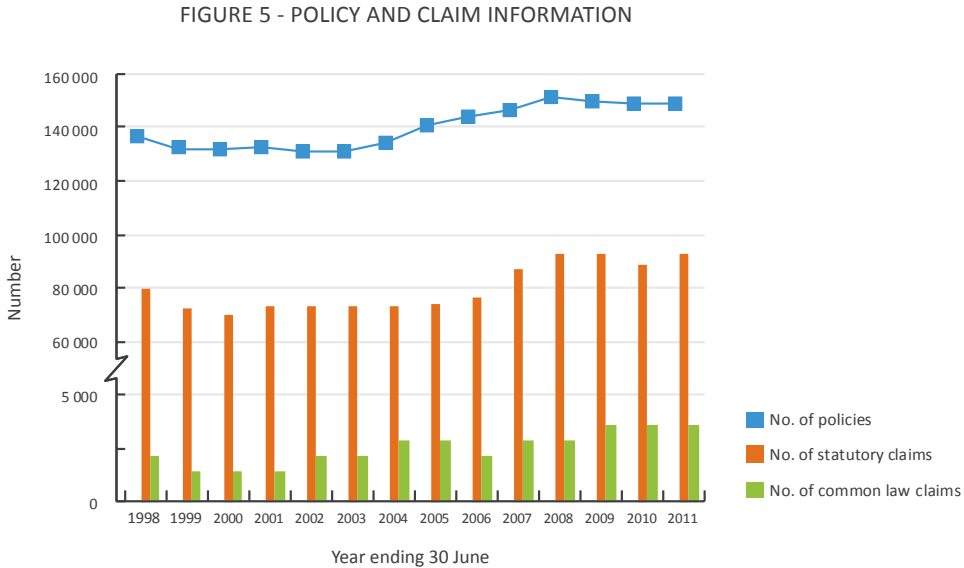
We will continue to build on the strategies that have been implemented in the last 15 years to provide better workers' compensation services for our customers and stakeholders. It is our commitment to the employers and workers of Queensland, that we will continue to listen and act on feedback received to make doing business with WorkCover Queensland easier, and do what we can to help people recover from workplace injuries and get on with their lives.

Our business environment is always changing—legislative, political, economic, technical and social changes impact our business every day. We will continue to look at the way we work, the way employers work, the way workers live, and change the way we operate to deliver excellent workers' compensation services.

We remain committed to maintaining a financially viable and stable workers' compensation fund and will continue to operate within budget, achieve value for money, and ensure we continue to monitor and minimise costs and risk in relation to liabilities and contingent liabilities. We will continue to develop, grow and engage all our people to ensure we deliver the best possible service.

Since 1998 WorkCover has pledged to return the fund to solvency and adopted the philosophy of providing the best possible benefits to injured workers at the cheapest possible premium for employers. Our aim is to get that balance right.

While WorkCover has comprehensively delivered on that commitment, challenges will always lie ahead. There is no room for complacency, particularly in the light of recent financial problems across the world. For the wellbeing of our fully funded Queensland operation, WorkCover must maintain a very strong focus on regular reviews and forward planning to meet future challenges.



HIGHLIGHTS (YEAR END 30 JUNE)

1998

Premium rate: 2.145%

Net asset position: \$42.7 million

- New Chairman and CEO, Ian Brusasco and Tony Hawkins.
- Introduced experience based rating (EBR) system to provide employers with a financial incentive to adopt a whole of business commitment to injury prevention, risk and claims management and rehabilitation.

1999

Premium rate: 1.85%

Net asset position: \$299.9 million

- Conducted service review to improve business and IT processes to raise customer service standards.
- Introduced independent satisfaction research for customers and staff.
- Held WorkCover Excellence Awards.
- Enhanced telephone lodgement of new policy applications.

2000

Premium rate: 1.75%

Net asset position: \$519.4 million

- Rolled out information technology strategy to replace or upgrade information systems and deliver new systems to support business.
- Introduced EFT payments offering an easier and faster payment option.
- Began forecasting premium for employers.
- Introduced the 1300 phone number call centre.

2001

Premium rate: 1.55%

Net asset position: \$599.8 million

- New website launched www.workcoverqld.com.au.
- Amended the experience based rating (EBR) formula to reduce the long-term impact of one off high statutory and common law claims on small business.
- Introduced new common law division to focus on improved customer service and common law claims management.

2002

Premium rate: 1.55%

Net asset position: \$466.4 million

- Created a team of compliance field officers to undertake onsite inspections.
- Implemented new claims and policy management information system.
- Initiated formal tender process for our solicitors, barristers, injury management providers, and factual investigators.

2003

Premium rate: 1.55%

Net asset position \$444.3 million

- Employer amnesty resulted in 1 600 new policies with approximately \$3 million in premium assessed.
- Introduced the first round of e-business tools.
- Started the psychological-psychiatric injury claims management process.
- Implemented host employment program.

2004

Premium rate: 1.55%

Net asset position: \$635.6 million

- Q-COMP officially separated from WorkCover on 1 July 2003 to ensure impartiality.
- Successfully placed 1 000 injured workers with host employers.
- Reduced the maximum cost used in the EBR formula for an individual claim from \$250 000 to \$150 000.

2005

Premium rate: 1.55%

Net asset position: \$718.6 million

- Introduced a service charter, committing to delivering specific, measurable, customer service targets.
- Rated the best workers' compensation scheme in Australia by the independent Australian and New Zealand Return to Work Monitor.

2006

Premium rate: 1.42%

Net asset position: \$1.39 billion

- Three new offices built to the principle of environmentally sustainable design standards offering better access, parking and facilities to customers.
- Reduced decision making times, deciding 80% of claims within 10 days

2007

Premium rate: 1.20%

Net asset position: \$1.47 billion

- Reached an all-time high for injured worker satisfaction and continued to achieve high levels of satisfaction with employers.
- Improved claim lodgement timeframes—22% of all new claims are now lodged within one day of the injury.
- New flexible premium payment options for employers.

2008

Premium rate: 1.15%

Net asset position: \$1.22 billion

- Introduced auto-assessment based on last year's wages information for accident insurance policies with a premium of less than \$1 000.
- Introduced same day payments for injured workers.
- Launched 'ontrack', an approach to claims management working with the worker, employer and medical professionals to tailor an individual plan.

2009

Premium rate: 1.15%

Net asset position: \$647.6 million

- Global financial crisis and increase in common law claim numbers and costs impacted financial position.
- Introduced Provider online to allow for submitting of invoices and reviewing of remittance advices online.
- Introduced claim tracker tool for our people to monitor timeframes and costs on claims, and provide cost estimates and return to work timeframes.

2010

Premium rate: 1.15%

Net asset position: \$384.8 million

- Became a member of the Personal Injury Education Foundation (PIEF).
- Upgraded industry premium classification system to be based on Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006.
- Instigated scheme review, working with government and key stakeholders.

2011

Premium rate: 1.30%

Net asset position: \$342.5 million

- Rolled out a new end-to-end customer service model combining all areas of claim management and aligning employers based on their industry.
- Formation of tripartite working groups with Q-COMP and WHSQ.
- Launched new user-friendly website and intranet.
- Reviewed and updated investment strategy to provide financial certainty.

2012 31 MARCH

Premium rate: 1.42%

Net asset position: \$402 million

- Enhanced Employer online to include performance reporting to help employers compare their performance against industry standards.
- Release of short films and animated films for educational purposes.
- Introduced scorecards to key industry groups to discuss current claims performance of industry sectors.

OUR GUIDING PHILOSOPHY IS SIMPLE—
TO PROVIDE THE BEST POSSIBLE
BENEFITS AND REHABILITATION
PROGRAMS FOR WORKERS AT THE LOWEST
POSSIBLE PREMIUM FOR EMPLOYERS.

A nighttime photograph of a cityscape featuring a river in the foreground. A modern building with a glass facade is visible on the left, and a bridge with a complex cable structure is on the right. The sky is dark blue with some clouds. A green semi-transparent banner is overlaid across the middle of the image.

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