



A status review

1998–2007

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About WorkCover Queensland

Workers' compensation insurance has been part of Queensland business since 1916. WorkCover Queensland was formed in February 1997 and, for over ten years, has been the main provider of workers' compensation insurance to Queensland employers.

Although WorkCover Queensland is a government owned statutory body, it operates as an independent, non-profit, commercial enterprise and is self funding. Income is derived from premiums paid by employers and returns on invested funds.

WorkCover Queensland's guiding philosophy is simple—to provide the best possible benefits and rehabilitation programs for injured workers, at the lowest possible premium for employers. To this effect, excess funds are returned to customers through improved benefits for injured workers, better customer service, and lower premiums for employers.

A WorkCover Queensland insurance policy insures employers against the cost of statutory claims and possible common law claims. The policy ensures that an employee who is injured at work receives financial support and rehabilitation following an injury.

WorkCover Queensland insures more than 148 000 employers and manages in excess of 87 000 statutory claims and 2 400 common law claims annually in accordance with the *Workers' Compensation and Rehabilitation Act 2003*. WorkCover Queensland's in-house case management model allows injured workers to receive the best possible service and attention. Over 81% of claims are decided within ten days. Common law claims now have an average duration of one year—outcomes previously would take an average of three years.

For eight consecutive years, WorkCover Queensland has offered employers the lowest average premium rate in any Australian state at currently just \$1.15 per \$100 wages. This is down from \$2.145 in 1998.

The WorkCover Queensland Board of Directors sets the organisation's strategic direction. The Board is made up of a chairman and six directors and is responsible for approximately \$3 billion in funds. Each year, the business generates more than \$800 million in premium revenue.

The organisation has a strong regional presence, with 14 customer service centres throughout the state, and employs around 900 people, with relatively low staff attrition.

Since inception, WorkCover Queensland has set out to be a customer focused insurer, balancing the needs of both injured workers and employers. The vision and goals have remained constant—yet the business continues to evolve to provide customers with superior outcomes. Building beneficial working relationships with providers and stakeholders—including Q-COMP, the Department of Employment and Industrial Relations, medical and allied health providers, lawyers, unions, and industry associations—continues to be a clear focus of WorkCover Queensland. An emphasis on corporate governance and critical self assessment ensures WorkCover Queensland will continue to operate at best practice.

Background

In the mid 1990s, the Queensland workers' compensation scheme was under performing in a bureaucratic environment of drawn out claims decision making timeframes and complex procedures, with the highest premium rate in Australia and a \$320 million deficit.

The scheme was receiving complaints from all sections of the workers' compensation community— injured workers, employers, lawyers, the medical profession, and others. So, the state government established an inquiry, headed by Queensland businessman Mr Jim Kennedy AO.

The Kennedy Report, tabled in Parliament in July 1996, made 79 recommendations and was the driver for major reform of the Queensland workers' compensation scheme. The recommendations formed an integrated package designed to return WorkCover Queensland to full funding. Further legislative and review processes also played a key role in developing today's Queensland workers' compensation scheme.

An implementation taskforce translated 73 accepted recommendations of the report into the *WorkCover Queensland Act 1996*. The majority of provisions commenced on 1 February 1997 and the remaining provisions commenced on 1 July 1997. Major elements included:

- establishment of a commercially oriented WorkCover Queensland Board
- introduction of self-insurance and self-rating
- establishment of the experience based rating (EBR) system of premium calculation
- changes to definition of worker (excluded non pay-as-you-earn (PAYE) employees, working directors, and trustees) and injury (employment to be 'the major contributing factor'), journey claims, and industrial deafness
- pre-proceedings process for common law claims.

A prime goal of the recommendations was to create a fund that would compare favourably to other states.

Shortly after inception, WorkCover Queensland's inaugural Chairman, Mr Frank Haly, appointed a new Chief Executive Officer (CEO), Mr Tony Hawkins. Mr Ian Brusasco AM succeeded Mr Haly in 1998, and pledged to return the fund to solvency by stating:

We will provide the best possible benefits to injured workers at the cheapest possible premiums for employers. Our aim is to get that balance right.

The Kennedy Report recognised the need to continually improve the system. His report recommended a further review in 2000 to consider the National Competition Policy (NCP) requirements and the fund's return to solvency.

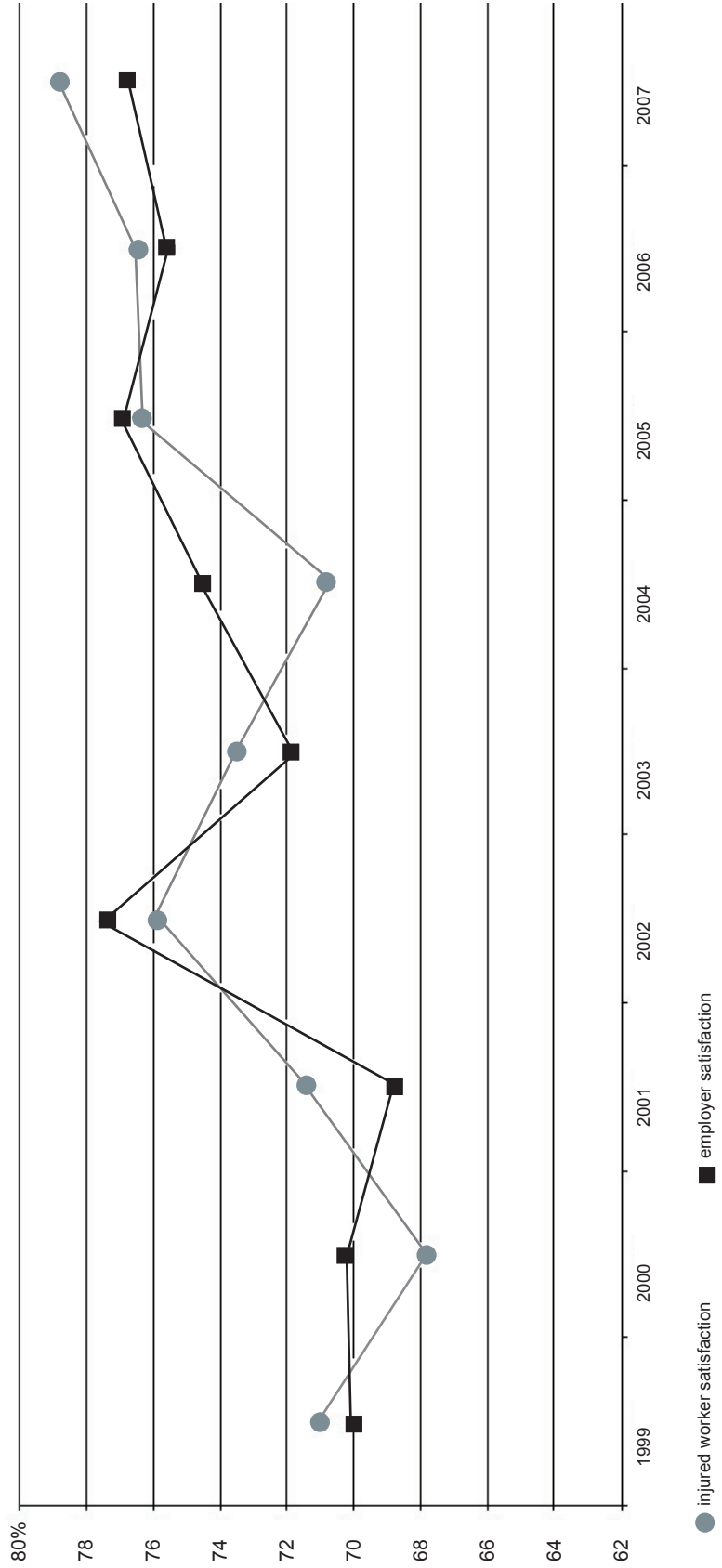
A review of the EBR system was conducted in March 2000, followed soon after by the NCP review and further legislative changes. An internal and external assessment of WorkCover Queensland's operations formed part of the Productivity Commission's 2003–2004 investigation and report into the possibility of a national workers' compensation system.

In the spirit of this ongoing review and reform process, WorkCover Queensland's Board asked its management team to undertake a status review to be published under the title *The successful balance* in conjunction with the 2003–2004 Annual Report. The aim of this review was to assess the milestone events, achievements, and strategies leading to WorkCover Queensland's success to date, particularly with reference to the Kennedy Report recommendations. This document, *A status review 1998–2007*, builds on *The successful balance* to detail the achievements over the last ten years.

WorkCover Queensland continues to have a clear determination to apply a commercial business focus to the workers' compensation scheme. This, more than any other single factor, has helped WorkCover Queensland to be the leader it is today. Ten years ago this government owned, poor performing organisation had a \$320 million deficit. Today, WorkCover Queensland has transformed into a financially stable, successful business with high customer satisfaction ratings, and is arguably the best in the workers' compensation industry. The vision to excel in workers' compensation over the last ten years continues to drive this organisation to success.

Customer satisfaction research

Customer satisfaction research									
Source: WorkCover Queensland Annual Reports									
	1999	2000	2001	2002	2003	2004	2005	2006	2007
Injured worker satisfaction	71.0	67.8	71.4	75.9	73.5	70.8	76.4	76.5	78.8
Employer satisfaction	67.0	70.2	68.8	77.4	71.8	74.5	76.9	75.5	76.7



Key achievements

The following are the key achievements that have transformed WorkCover Queensland over the last ten years:

Customers

- increased customer satisfaction for injured workers from 71% in 1999 to 78.8% in 2007 (measured by independent and external surveys)
- increased customer satisfaction for employers from 70% in 1999 to 76.7% in 2007 (measured by independent and external surveys)
- provided services to injured workers and employers in regional and remote areas of Queensland
- introduced convenient access to five customer service centres in the Brisbane area—north, south, east, west, and government
- developed a service charter to reflect our commitment to customer service
- introduced host employment to help injured workers who are unable to return to their previous employer
- substantially increased injured worker benefits (maximum entitlement, compensation payable as weekly payments increased to \$218 400 and maximum compensation upon death of worker—any dependant totally dependant increased to \$409 090)
- removed the one and two year step-down of benefit entitlements and increased the benefit to 75% of normal weekly earnings and 70% of Queensland full-time adult's ordinary time earnings (QOTE) for the period from 26 weeks to five years
- increased the maximum additional lump sum compensation to \$218 000
- reduced the decision making timeframe for all statutory claims to 20 days
- introduced the doctor fax fee initiative (lodging a claim through the treating doctor), online claim lodgement, and phone lodgement to enable claims to be lodged sooner, so that injured workers can return to work faster—22% of claims are now received within one day
- returned over 95% of injured workers to work at the time that the claim was closed
- improved the claims decision processes and, as a result, 81% of claims registered are now decided within ten days
- reduced outstanding common law claims, which once exceeded 7 500 at any one time to now less than 2 400
- introduced convenient, flexible payment options for employers, including interest free monthly and quarterly payments and a 3% discount to employers who pay their annual premium early
- introduced harmonised forms for multi state employers that can be used in New South Wales, Victoria, and Queensland
- provided employers with the lowest average workers' compensation insurance premium rate of any Australian state achieving a 26% decrease over four years (\$1.15 per \$100 of wages)
- less than 3% of statutory claims go to common law and approximately 99% of common law claims are settled before going to court
- introduced a single point of contact for injured workers and employers for both statutory claims and common law claims
- held a number of stakeholder forums to listen to customers and to act on their feedback to provide outcomes to suit stakeholder needs
- continued to successfully manage claims in-house, allowing WorkCover Queensland to effectively assist with rehabilitation and return to work
- introduced Electronic Funds Transfer (EFT) for payment to injured workers and medical and allied health providers to ensure quick payment.

Finances

- repaid the government's total capital investment of \$171 million
- moved from a position of \$320 million deficit to a strong equity position of \$1.47 billion
- maintained a fully funded position—with an estimated capital adequacy multiple that would be expected to meet Australian Prudential Regulation Authority (APRA) requirements.

Scheme

- separated the regulatory responsibilities of WorkCover Queensland to Q-COMP—ensuring independent, transparent reviews and scheme regulation
- developed a strong voice in national workers' compensation issues
- government continues to review legislation and, as a result, the Queensland workers' compensation scheme continually improves
- continued to build and strengthen relationships with other WorkCover authorities.

Organisation

- established a strong commercial focus and self assessment culture at the Board and management levels
- successfully replaced WorkCover Queensland's core computer system as part of an information technology strategy
- developed and introduced a new user friendly web site, based on extensive customer feedback, which offers online services for both employers and injured workers
- introduced a range of training, tertiary education, and leadership development programs for WorkCover Queensland people
- implemented a health wellbeing program, including voluntary health assessments for WorkCover Queensland people
- increased the number of permanent and part time roles for WorkCover Queensland people.

Key review and legislative milestones

The Kennedy Report emphasised the need for ongoing review and revision of WorkCover Queensland. It recognised that a business as important and complex as workers' compensation insurance must be regularly assessed to ensure it operates at its maximum potential.

The review and legislative processes since the 1996 Kennedy inquiry are summarised below.

February 1996

Kennedy inquiry commissioned by State Government

Concern about the potential extent of the 'unfunded' liabilities of the then Workers' Compensation Board of Queensland, together with other factors, led to the establishment of a Commission of Inquiry by the newly elected coalition government. This inquiry was headed by Queensland businessman Mr Jim Kennedy AO.

July 1996

Kennedy Report completed

On 30 June 1996, Mr Kennedy submitted his report, including 79 recommendations, to the State Government and it was tabled in Parliament on 10 July 1996. The report revealed a 'black hole' of \$320 million in unfunded liabilities (refer to Appendix 1).

February 1997

WorkCover Queensland Act 1996

Most of the Kennedy recommendations were incorporated in the *WorkCover Queensland Act 1996*, which established WorkCover Queensland as a commercially run, government owned statutory authority (refer to Appendix 2).

July 1999

Definitions of 'worker' and 'injury'

While the recommendations in the Kennedy Report were being implemented, Labor returned to government in Queensland. The incoming Minister, the Honourable Paul Braddy, Minister for Employment, Training and Industrial Relations, directed WorkCover Queensland to investigate and advise on policy options with respect to premium compliance, self-insurance, and the definition of 'worker' and 'injury'. As a result, the *WorkCover Queensland Amendment Act 1999* introduced changes to ensure that the rights of injured workers remained balanced with competitive premiums for employers, whilst maintaining a secure and viable workers' compensation system. Part of these changes included the removal of the self-rating option and surcharge, introduction of self-insurance criteria, and a more independent, transparent review process (refer to Appendix 2).

March 2000

Review of EBR

On 1 March 2000, Mr Braddy sought an external, independent opinion of recommendations in the form of a review of the EBR formula used by WorkCover Queensland to set premiums. Mr Braddy asked Mr Kennedy to report to him 'as to the appropriateness or otherwise of [WorkCover Queensland and industry] recommendations'.

Mr Kennedy examined the recommendations with the Chairman of WorkCover Queensland, Mr Ian Brusasco AM, the CEO, Mr Tony Hawkins, and WorkCover Queensland's actuaries (refer to Appendix 3).

July 2000

Definition of a worker

The *WorkCover Queensland and Other Acts Amendment Act 2000* changed the definition of 'worker' from a PAYE taxpayer to a person working under contract of service, irrespective of taxpaying status. (refer to Appendix 2).

December 2000

National Competition Policy review

During the last part of 2000, the NCP review was conducted to examine the changes made based on Mr Kennedy's recommendations (refer to Appendix 4).

July 2001

Increase in benefits payable

The *WorkCover Queensland Amendment Act 2001* increased maximum lump sum benefits payable to dependants on the death of a worker to \$250 000, and for an injured worker to \$150 000 (refer to Appendix 2).

July 2003

Workers' Compensation and Rehabilitation Act 2003

The *Workers' Compensation and Rehabilitation Act 2003* established Q-COMP as a statutory body to regulate Queensland's workers' compensation scheme. This legislation maintained WorkCover Queensland as a fully commercial statutory body (refer to Appendix 2).

October 2003

Productivity Commission interim report

The federally initiated Productivity Commission reviewed the overall framework of national workers' compensation. During this review, WorkCover Queensland strongly supported a consistent approach to the management of workers' compensation benefits and premiums in general. However, as one of the only fully funded workers' compensation insurers in Australia that satisfies government prudential requirements, WorkCover Queensland opposed proposals for the imposition of a national workers' compensation scheme that would completely erode its strong financial position (refer to Appendix 5).

July 2004

Federal Government response to Productivity Commission final report

In July 2004, the Federal Government responded to the Productivity Commission's final report by ruling out the establishment of a national workers' compensation scheme.

October 2004

The successful balance

The successful balance assesses the milestone events, decisions, and strategies from 1998–2004, particularly with reference to Kennedy Report recommendations. The report also identifies the challenges ahead, and outlines strategies to meet those challenges to continue WorkCover Queensland's success.

July 2005

Increase to benefits for injured workers

The review recommended greater flexibility in the self-insurance licensing, the workplace rehabilitation requirements, and a greater focus on return to work.

The legislation increases benefits for injured workers and their families building on the scheme's focus of providing enhanced compensation to more seriously injured workers and to minimise immediate financial hardship on families if a worker is fatally injured as a result of a work-related injury.

As a result of the Federal Government's decision to allow eligible corporations to self-insure nationally, the legislation is required to protect WorkCover Queensland and employers in general from the impacts of employers exiting the WorkCover Queensland scheme.

November 2005

Increase in benefits for workers

The *Workers' Compensation and Rehabilitation and Other Acts Amendment Act 2005* improved worker benefits for injured workers by extending the step-down in benefits from 39 to 52 weeks.

Compensation to dependent family members on the death of a worker increased and new benefits for totally dependent spouses and non-dependent family members were introduced. An additional lump sum payable to workers with latent onset injuries that are terminal conditions and for latent onset injuries was made available. The date of injury was changed from the actual date of exposure to the date the injury is diagnosed.

May 2006

Employment protection for workers

The *Workplace Health and Safety and Other Acts Amendment Act* introduced employment protection for workers who have sustained a work-related injury or disease for a period of 12 months, transferred from the *Industrial Relations Act 1999* to the *Workers' Compensation and Rehabilitation Act 2003*.

January 2008

Increase in benefits for workers

The *Workers' Compensation and Rehabilitation and Other Acts Amendment Bill 2007* improves benefits for injured workers including reducing decision making timeframes for all statutory claims to 20 days, removing the one and two year step-down of benefit entitlements, thereby increasing the benefit to 75% of normal weekly earnings, and 70% of Queensland ordinary time earnings for the period from 26 weeks to five years. The amendments also increase the maximum additional lump sum compensation payable to \$218 400 and increased access to additional lump sum compensation by reducing the threshold level of work-related impairment from 50% to 30%.

A number of minor amendments were also introduced including breaking the nexus between statutory benefits paid and death benefits, and streamlining certain procedures for insurance, compensation, and damages.

Finances

WorkCover Queensland is now fully funded and compliant with all government and prudential regulations, recovering from a deficit equity position of \$320 million in 1997.

At inception, the initial objective of the Board and senior management was to clean up the balance sheet. To do this, they went back to basic business principles and disciplines such as budgeting, management reporting, and capital budgets. An Audit Committee was established to assist WorkCover Queensland to maintain strong and efficient accounting, administrative, and operating controls. Risk management was introduced including an annual risk analysis, to appropriately identify and manage risk.

In the early years of operation, WorkCover Queensland worked hard and cemented the foundations for strong future growth. To ensure the organisation's financial future, it was clear that WorkCover Queensland must focus on achieving best practice as an organisation, insurer, and claims manager.

Figure 1: Key financial performance indicators

Source: WorkCover Queensland Annual Reports

Year ending 30 June	2007	2006	2005*	2004	2003	2002	2001	2000	1999	1998
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Underwriting result	(323.9)	576.2	(206.8)	(10.1)	(18.4)	(66.5)	131.7	51.6	48.0	(53.2)
Investment income	411.3	373.9	323.0	278.5	(28.4)	(64.6)	133.4	275.4	226.3	191.3
Result before tax	82.0	945.6	112.5	268.4	(46.8)	(131.2)	265.1	327.0	348.8	155.6
Result after tax	64.7	669.1	86.7	193.0	(22.2)	(73.4)	192.0	219.4	222.3	99.6
Total assets	3 235.0	3 171.5	2 878.9	2 539.3	2 148.5	2 163.1	2 443.5	2 547.4	2 410.6	2 229.7
Total liabilities	1 764.9	1 779.9	2 160.3	1 903.6	1 704.2	1 696.6	1 843.7	2 028.0	2 110.6	2 187.0
Net assets	1 470.1	1 391.6	718.6	635.7	444.3	466.5	599.8	519.4	300.0	42.7
Capital	–	–	–	–	–	–	60.0	171.6	171.6	136.5
Reserves	986.0	899.2	285.9	296.3	111.1	137.5	270.7	92.8	–	–
Accumulated surplus	484.1	492.4	432.7	339.4	333.2	329.0	269.1	255.0	128.4	(93.8)
Total equity	1 470.1	1 391.6	718.6	635.7	444.3	465.5	599.8	519.4	300.0	42.7

*Key performance indicators for the 2005 year have been reclassified in accordance with the Australian Equivalents to International Financial Reporting Standards. Reference should be made to Appendices 6 for a reconciliation and explanation of this change.

Financial stability

In-line with the Kennedy Report recommendations, the State Government agreed to inject \$105 million in capital over a period of three years, and also to waive WorkCover Queensland's tax equivalents until 15% solvency. The Board continued to invest in the financial future of the organisation and, during 2000–2001, WorkCover Queensland was considered financially stable and repaid the total capital investment made by the government at inception. The Board was now solely responsible for the financial stability of WorkCover Queensland.

By maintaining WorkCover Queensland's financial independence, the Board has been able to pass on the benefits of success to its key customers—injured workers and employers.

Fluctuation reserve

During 2000, the Board introduced an investment fluctuation reserve, which minimises investment volatility and provides ongoing certainty for premium setting. The investment fluctuation reserve has proven to be a sound risk management initiative. When global effects hit the stock markets in 2002 and 2003, WorkCover Queensland was able to provide stable benefits and premiums to injured workers and employers, as a result of this risk management initiative.

The Board continues to review its investment strategy and asset allocation to ensure WorkCover Queensland maintains a balanced investment profile and long-term outlook.

Financial initiatives

In recent years, WorkCover Queensland has been able to benchmark itself against APRA capital adequacy standards, moving away from reporting on solvency. State owned workers' compensation schemes are exempt from APRA standards, however WorkCover Queensland prides itself on being ahead of the field and visionary in all its initiatives, particularly financial. WorkCover Queensland has an estimated strong minimum capital requirement (MCR) in accordance with APRA's standards. In the future, WorkCover Queensland will consider incorporating APRA standards into its full funding requirements.

With a financially sound fund (refer to Figure 1), the platform was set for WorkCover Queensland to be a customer focused insurer and claims manager. The following sections detail the corporate governance principles, employer, and injured worker initiatives introduced by WorkCover Queensland over the last ten years.

Corporate governance

As a statutory body and commercially focused insurer, WorkCover Queensland fully complies with legislative and corporate governance requirements.

A WorkCover Queensland Audit Committee and internal audit unit were established, and risk management introduced. The management team also implemented a formal budget process, corporate planning, and performance management. For the first time since inception, WorkCover Queensland's people became accountable for reaching best practice through corporate governance.

Since the late 1990s, WorkCover Queensland has undergone significant structural, business, and cultural change. The challenge is to provide appropriate structures and processes to manage and implement further changes that will be required to embrace ongoing technological and business initiatives. This is in-line with community expectations of a government owned organisation established to insure and rehabilitate injured workers.

Australian Standards

Following the establishment of the compliance working party in 2003–2004, WorkCover Queensland identified several areas to be addressed, including the following:

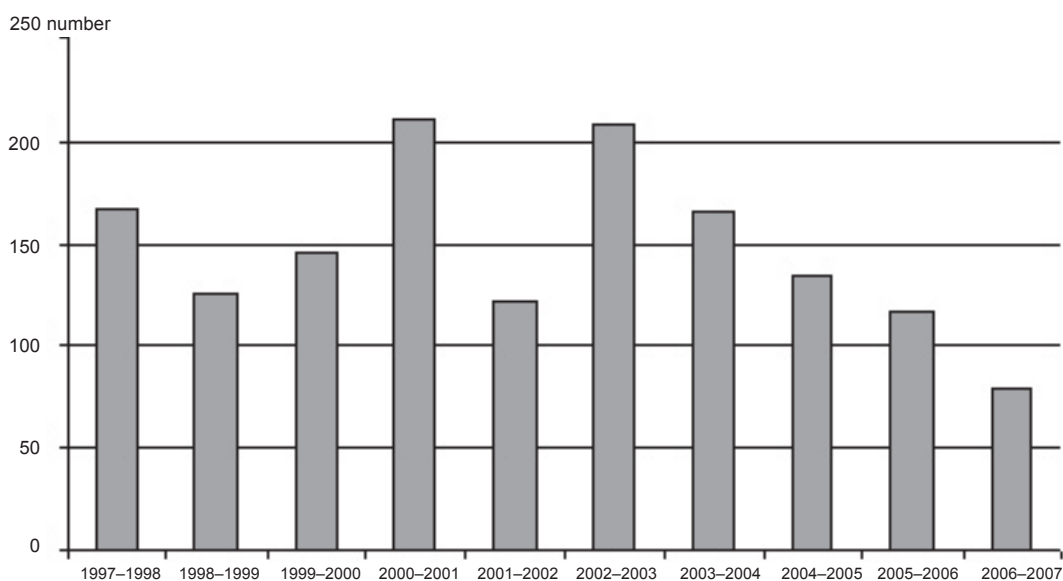
- Australian Standard ASISO10002–2006 Customer Satisfaction—Guidelines for complaints handling in organisations
- the Australian equivalents to International Financial Reporting Standards
- Risk Management standard AS4360 for information technology.

Complaints

The implementation of an improved complaints and compliments system allowed WorkCover Queensland to further improve the service they offered to their customers. Based on the Australian Standard—Guidelines for complaints handling in organisations—the model was clearly defined with a major focus on staff accountability and empowerment to resolve issues. Since implementation in July 2005, all complaints have significantly decreased, including those to the Queensland Ombudsman (refer to Figure 2).

Figure 2: Complaints to the Queensland Ombudsman about WorkCover Queensland

Source: Queensland Ombudsman



Risk management and emerging trends

A risk management policy, based on the Australian Standard AS/NZS 4360:2004 Risk Management, was implemented to ensure key risks associated with workers' compensation activities are appropriately and systematically identified, analysed, treated, monitored, and communicated.

In 2005–2006 WorkCover Queensland outsourced the internal audit function to achieve a more efficient allocation of resources, further independence from management, and access to a broader range of audit, risk, and internal control frameworks. The role of internal audit is to help the WorkCover Queensland Audit Committee meet its charter, and to provide independent, impartial advice to executive managers and the Board. This is achieved through systematic and disciplined evaluation of the effectiveness of WorkCover Queensland's risk management, controls, and corporate governance process.

The emerging trends working party was formed in 2006–2007 from the corporate governance working party and is made up of members from each of the business divisions. The working party is responsible for identifying and responding to external influences that may affect WorkCover Queensland or its stakeholders. This includes all aspects of corporate governance, risk management, and compliance. They meet regularly to discuss corporate governance developments, updates to legislation that apply to WorkCover Queensland, compliance with government standards, and are responsible for maintaining risk registers.

A reputation as an insurer of excellence has given credibility to the views of WorkCover Queensland's Board and management on national issues. The WorkCover Queensland Board believes its active participation in national issues and monitoring of emerging trends is an important element in creating better understanding of the needs of the workers' compensation sector.

Corporate planning

WorkCover Queensland annually produces a three year corporate plan, that sets the strategic direction of the insurer, and also a statement of corporate intent. The statement of corporate intent outlines in more detail the objectives and performance targets. Both documents are approved by the Minister in accordance with the *Workers' Compensation and Rehabilitation Act 2003*, and specifically outlines WorkCover Queensland's:

- vision, values, and goals
- business divisions
- key corporate drivers
- business projections.

Today, WorkCover Queensland is a successfully structured and operated workers' compensation model. The rigorous planning process undertaken by WorkCover Queensland has enabled them to be distinctly different from and, in a number of respects, superior to any other insurer of its type in Australia or overseas.

Employers and premium

In order to provide the lowest possible premiums for employers, WorkCover Queensland restructured the insurance side of its business—introducing a number of initiatives, including EBR premium calculation, customer feedback, assessing, and compliance.

In the 1990s, the State Government recognised that the Queensland's workers' compensation scheme was in a critical financial position with premium rates among the highest in Australia, and a continuing massive financial deficit. A significant recommendation of the Kennedy Report was that the scheme must run like a commercial business with fairness in premium setting.

The experience based rating system

The introduction of the EBR system of calculating premium addressed this recommendation by providing greater financial incentives for employers to improve their risk and claims management.

Under this system, employers with no or few claims are rewarded with reduced premiums. The average net premium rate for the first year of EBR was \$2.145 per \$100 wages. At the time EBR was introduced, WorkCover Queensland commissioned actuarial assessments for over 200 of the largest employers and it was identified that approximately 73% of those employers could expect to pay lower premiums under the new EBR system.

To coincide with the introduction of the new system, an extensive communication program, including state wide seminars and a direct mail campaign, was launched to inform Queensland businesses and regular consultation took place with employers who would be most affected by the change.

Three years after its introduction, Mr Kennedy undertook a review of recommendations made by WorkCover Queensland and the industry to change EBR (refer to Appendix 3). As part of the review, a number of changes were considered. Mr Kennedy's review of EBR resulted in the implementation of several significant changes, including the use of common law actuals rather than estimates to calculate premium and premium rate capping at twice the industry rate.

WorkCover Queensland recognises the success of this system can only grow with further enhancements. WorkCover Queensland will continue to listen to feedback and remains committed to continual review of the EBR formula. In October 2003, through consultation with industry, WorkCover Queensland further simplified the way that premium was calculated. The simplified method brings WorkCover Queensland in-line with best practice and other private insurers.

For the first time in 2003–2004, employers were charged a premium for insurance based only on the difference between the estimated wages and actual wages declared for this period. The premium rate for 2004–2005 and future periods is based on claims experience up to the date it is set and is not retrospectively adjusted for new claims experience.

This new method also used the latest industry rates and F factors in the calculation of premium. F factors are used to estimate the final cost of claims for the year corresponding to the injury. They are calculated at a scheme level each year and are the same for all policies. Previously, industry rates and F factors set 18 months earlier were used in the calculation of the premium rate for a period of insurance.

The maximum common law claim cost used in the EBR formula for an individual claim was also reduced from \$250 000 to \$150 000. This change reduced the impact large common law claims costs had on premium, especially for small to medium enterprises.

The EBR system is successful because it allows the actual premium collected to reflect the costs of claims. This system provides an incentive for employers to manage their claims by implementing appropriate workplace health and safety measures and facilitating rehabilitation. WorkCover Queensland can then pass the benefits of successful claims management directly back to those employers. Employers continue to enjoy the lowest average net premium rate of any Australian state, having reduced from \$2.145 at inception to the current \$1.15 per \$100 wages (refer to Figure 3 and 4).

Figure 3: WorkCover Queensland's average premium rate per \$100 of wages

Source: WorkCover Queensland Annual Reports

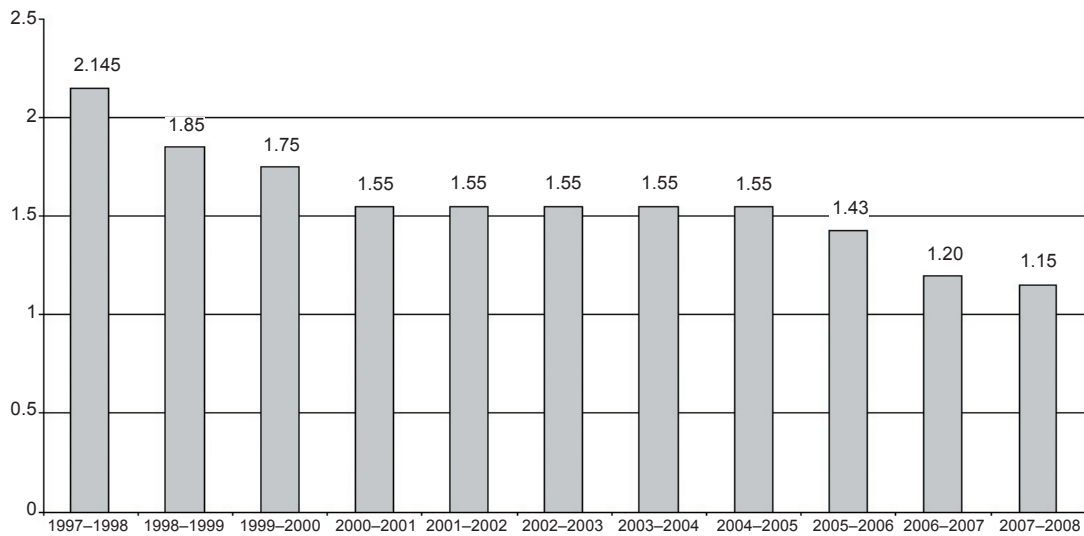


Figure 4: Comparative average premium rate

Source: Australian Safety and Compensation Council

	2007	2006	2005	2004	2003
Queensland	1.20	1.43	1.55	1.55	1.55
New South Wales	2.17	2.44	2.57	2.57	2.80
Victoria	1.62	1.80	1.99	2.22	2.22
South Australia	3.00	3.00	3.00	3.00	2.46
Western Australia	2.12	2.32	2.25	2.34	2.47
Tasmania	1.92	2.19	2.46	2.78	3.12
Australian Capital Territory	na	3.32	3.58	3.53	3.58
Comcare	1.77	1.77	1.67	1.43	1.13

Premium assessment

WorkCover Queensland understands that employers want stability in their premium setting and collection. A big step to reaching this goal was the introduction of automatic assessment for premium renewal. Over 11 000 policies were automatically assessed for the first time in 2004. The automatic process enabled these employers to obtain their premium renewals in a timelier manner. Over the next few years, WorkCover Queensland continued to trial the automatic assessment process. In 2007, as a result of these trials and in response to stakeholder feedback, WorkCover Queensland introduced a new assessment process for employers. Premiums were assessed in one of two ways—by automatic assessment or by providing wages information to WorkCover Queensland. Over 68 000 policies were automatically assessed in 2007–2008.

Employers with a premium of less than \$1000 are automatically assessed and sent a *Premium Notice* (automatic assessment). If the assessment is accurate, the employer can simply pay the premium by the due date. If the information used is significantly different from their actual wages, the employer needs to provide this information to WorkCover Queensland. Employers with premiums over \$1000 are required to provide wages information, however this process has also been streamlined. Wages information is due by 31 August, and employers can now provide this information over the phone, online, or by using a simplified form. WorkCover Queensland also accepts the harmonised declaration of wages form for multi state employers.

Increased payment options for employers

Feedback from stakeholder forums indicated that employers want flexibility when paying their workers' compensation premium. As a result of this feedback, to help Queensland employers with cash flow and business planning, WorkCover Queensland introduced flexible premium payment options.

In 2007–2008, a 3% discount was offered to employers who paid their annual premium early (minimum premium of \$150). Employers with a premium over \$1000 can now also choose to pay by direct debit, either monthly or quarterly, at no extra charge.

Single point of contact

WorkCover Queensland developed the customer advisor role in 2007, to help build beneficial relationships with employers. Employers now have a single local point of contact for both premium and claims. This clearly outlined approach ensures regular communication between WorkCover Queensland and Queensland employers.

Compliance

In order to achieve a level playing field for all Queensland businesses, WorkCover Queensland has further enhanced its compliance activities, with a dedicated compliance team, which focuses year round on identifying uninsured and underinsured employers.

WorkCover Queensland's compliance focus ensures that employers are paying a fair premium by declaring the correct amount of wages paid to their workers, and identifying Queensland employers who do not have a WorkCover Queensland policy. A five year strategic plan was developed and implemented in 2001–2002 to address these objectives. Activities carried out include:

- educating and auditing those industries most affected by the change in the definition of 'worker', in particular the building and construction industry
- creating a team dedicated to compliance, with relevant industry experience, to undertake onsite inspections
- trialling the use of external audit consultants to work with insurance people on audits of larger employers
- increased cooperation with other government agencies to assist in identifying employers with the highest probability of being uninsured or under declaring wages paid to workers
- continuous improvement of WorkCover Queensland's audit program and training of staff to maximise the effectiveness and efficiency of audits.

From 1 February 2003 to 14 March 2003, WorkCover Queensland provided an amnesty for those in the building and construction industry, who were unsure of their insurance status. The amnesty campaign was a highly successful employer communication initiative, resulting in contact with more than 2 400 employers. Other employer compliance activities plus the amnesty campaign resulted in an additional \$4 million in premium during the 2002–2003 financial year.

Another campaign focusing on small business and household worker employer awareness was launched in July 2004. More than 2 500 new policies were established and more than 3 000 calls were taken during this time.

A number of initiatives are now used to identify potential non-compliance, namely the use of data mining and analysis. This tool allows WorkCover Queensland to identify potential compliance risks. During 2006–2007, WorkCover Queensland conducted 851 compliance audits. WorkCover Queensland continues to use penalties for late or non-payment of premiums.

WorkCover Queensland balances the lowest possible premiums for employers with the best possible benefits for injured workers. The following section details WorkCover Queensland's initiatives for injured workers, including claims and rehabilitation.

Injured workers, claims, and rehabilitation

Statutory claims

Before the Kennedy inquiry, the statutory claims handling system had multiple inefficiencies, leading to increased processing time, 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.

A key factor in the breakthrough in claims handling was the establishment of an in-house assessing and case management model. The claims handling system used new technology and advanced workflows. WorkCover Queensland continues to streamline claims management processes and assessment, including the implementation of a dedicated team of professionals to decide all claims. WorkCover Queensland remains the only state insurer to manage all claims in-house.

To maintain financial stability in premium setting and an appropriate balance between the needs of employers and injured workers, it was clear from inception that simply managing and assessing claims was not enough. There needed to be much greater focus on rehabilitation to ensure that workers returned to work both quickly and safely.

WorkCover Queensland encourages proactive industry involvement in the rehabilitation process, with the aim to increase availability and use of host employers, and aid employment for injured workers after participation in the host program. The host employment program became part of the core business process in 2003. The program has been running for five years and during that time over 2 000 people have undertaken a host program. Of these, 86% were fit for work at the end of their claim, with 25% returning to work with their original employer.

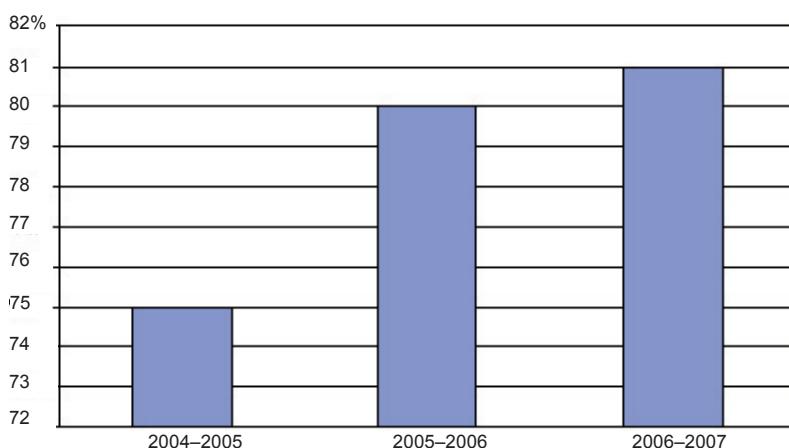
To focus on communication and ongoing consultation with unions and industry groups, WorkCover Queensland appointed an industry advisor—this was a significant step forward. Industry forums, regular liaison with peak industry groups and unions, and processes that integrated return to work objectives into core claims handling procedures all helped to strengthen the commitment to injured workers' rehabilitation.

WorkCover Queensland focuses on encouraging early lodgement of claims and making quick decisions, to give injured workers the best opportunity to start rehabilitation and return to work programs as soon as possible.

In 1999, about 55% of all claims were being decided in a period of five days. WorkCover Queensland currently manages over 87 000 statutory claims for compensation. In 2006–2007, 63% of all claims were decided in five days or less. In the future, WorkCover Queensland will work towards a high benchmark of 95% of all workers' compensation claims to be decided within ten days of lodgement (refer to Figure 5).

Figure 5: Percentage of statutory claims decided in ten days

Source: WorkCover Queensland Annual Reports

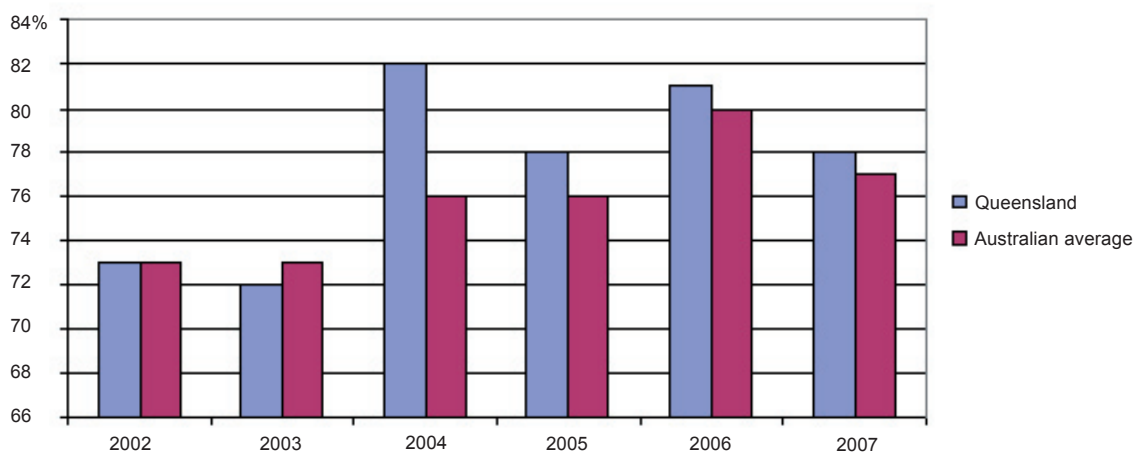


The implementation of the doctor fax fee initiative in 2006 has allowed injured workers to lodge a claim for workers' compensation at the doctor's surgery where they are treated for their injury. Over 30% of all new claims are now received by fax, with 22% received within one day of the injury. The fax fee initiative also benefits employers as fax claims come in more quickly and are shorter in duration. On average, the cost of a fax fee case managed claim is \$1 500 less than a non-fax fee claim, and is also seven days shorter in duration. WorkCover Queensland introduced online and phone lodgement for injured workers to further encourage early lodgement of claims to allow prompt rehabilitation for injured workers.

In support of this rehabilitation and return to work focus, WorkCover Queensland developed the role of customer advisor to manage claims proactively, fairly, expeditiously, and cost efficiently. The single point of contact for injured workers and employers builds strong relationships through open communication. In 2006, WorkCover Queensland streamlined administrative functions in the customer service centres to allow customer advisors to spend more time helping injured workers return to work. WorkCover Queensland now returns over 95% of injured workers to work following their claim. WorkCover Queensland also has a durable return to work rate above the national average of 78%.

Figure 6: Durable return to work rate

Source: *Australian and New Zealand Return to Work Monitor Report*



Common law claims

At WorkCover Queensland's inception, one of the major challenges to the future success or failure of the organisation was the common law process. The process was entrenched in a stand alone culture, combining an apparent lack of empathy toward injured workers with poor service provider arrangements.

A key factor was to reduce the number of open common law claims—injured workers and employers were waiting an average of three years for claim outcomes.

It was also vital to bring common law service providers in-line with WorkCover Queensland's own standards of customer service. As a result, WorkCover Queensland overhauled all of its common law service provider arrangements. Formal tender processes were undertaken with solicitors, barristers, injury management providers, and factual investigators. All of the new panel providers were required to meet service level standards set by WorkCover Queensland. These service level standards are designed to assist with the delivery of quality claims outcomes and, as always, aimed at improving the delivery of customer service to injured workers and employers. The overhaul was not well received by some long standing providers, such as factual investigators, who were required for the first time to be licensed. WorkCover Queensland remained focused during this time, as customers were the prime consideration.

The benefits of fewer open claims have appeared today, with outstanding claims reduced from 7 500 (in 1999) to less than 2 400 (2006–2007). In addition, the time taken to achieve an outcome for all parties to a common law claim has been reduced from an average of three years to one year.

During 2002–2003 a restructure of the Common Law division was implemented to capitalise on available skills and resources. The major changes revolved around the establishment of a separate claims management team, which involves in-house teams settling common law claims. The restructure has shown savings in legal costs alone in excess of \$3 million annually.

In 2006–2007, WorkCover Queensland performed an end-to-end review of the way common law claims were managed. The outcomes were of benefit to both employers and injured workers—a single point of contact and a dedicated team to handle common law claims. A new role of inhouse claims manager was also created to manage claims without a lawyer.

Compliance

Injured worker compliance and investigation continue to be issues of significance for WorkCover Queensland. The past few years have seen steady growth in completed investigations and reduction in claims leakage as a result of compliance strategies.

Overall, WorkCover Queensland's in-house case management, streamlined claims handling process, and the unchanged focus on returning injured workers to work quickly and safely has allowed WorkCover Queensland to become a leader in the workers' compensation field.

Appendix 1—Kennedy Report recommendations

The recommendations from the Kennedy Report tabled in Parliament in 1996.

Key	
✓	recommendation implemented
✗	recommendation not implemented
WCQA 1996	WorkCover Queensland Act 1996
WCRA 2003	Workers' Compensation and Rehabilitation Act 2003
ch	chapter
sch	schedule
s	section
ss	sections
r	regulations

	Recommendation		Narration
1	That this Report be published and copies be available on request for an appropriate charge.	✓	The Kennedy Report was tabled in Parliament on 10 July 1996. Copies were made available to all major stakeholders, CEO's of other workers' compensation authorities and interstate industrial relations Ministers.
2	That a discretionary power be included in the WorkCover Queensland Act for the WorkCover board, on the recommendation of the General Manager, to decide that workers' compensation cover not be extended to Queensland employers and workers in circumstances where cover is already provided under some other Act. In making a decision on an application by an employer in this regard, the WorkCover board should have a duty to ensure that workers are not significantly disadvantaged by such a decision and that the decision is in the interests of the overall Queensland scheme, employers and workers. This duty should be included in the WorkCover Queensland Act.	✓	s53 of the WCQA 1996, then later s49 WCRA 2003.
3	That this be a general power to ensure effective management of all similar anomalies as they arise.	✓	s53 WCQA 1996, then later s49 WCRA 2003 allows such a general power.
4	That all action by the government to return the Workers' Compensation Fund to balance, be predicated on an unfunded liability at 30 June, 1996 of \$290 million.	✓	WorkCover Queensland (WorkCover) brought itself back into the black during its second year of operation. Introduction of an investment fluctuation reserve and other sound financial management initiatives meant WorkCover has been fully self-funded since 1999-2000.
5	That the full package of reforms recommended in this Report be adopted now so as to return the Workers' Compensation Fund to full funding by 30 June, 1999	✓	The majority of Kennedy's recommendations were implemented. The recommendations not implemented relate to: <ul style="list-style-type: none"> • common law threshold and the changes to the irrevocable election • abolition of journey and recess claims • the corresponding increase in the statutory maximum • breaking the nexus between weekly payments and the statutory maximum payable.

	Recommendation	Narration
6	<p>That the government accept the package of changes recommended in this review and needed to return the Fund to surplus within three years, including accepting foregoing government taxes and duties until the Fund returns to surplus.</p>	<p>✓</p> <ul style="list-style-type: none"> • 1996–1997: \$32.5M refund of tax equivalents and \$35M capital injection received. • 1997–1998: \$51M in tax equivalent refunds and \$35M capital injection received. • 1998–1999: \$74.452M refund in tax equivalents and \$35M final capital injection received. • \$111M of capital was repaid during 2000–2001, and the final \$60M capital injection was repaid during 2001–2002. WorkCover Queensland is now a standalone insurer.
7	<p>That the objects of the workers' compensation legislation should be as follows:</p> <ol style="list-style-type: none"> a. to provide an injury insurance system which maintains balance between benefit adequacy for injured workers and premium levels for employers; b. to provide adequate and suitable cover for workers who suffer injury in the workplace and for dependants of workers whose death result from such injury; c. to make provision for employers and injured workers to participate in effective return to work programs; d. to provide flexible insurance arrangements suited to the particular needs of industry; e. to protect the interests of employers in relation to claims for damages because of injury to a worker; f. to establish and maintain a fully funded scheme which meets minimum insurance industry solvency standards; g. to provide for the efficient and economic administration of the system of injury insurance referred to in paragraph (a). 	<p>✓</p> <p>ch1 part 2 of the WCQA 1996, then later ch1 part 2 of the WCRA 2003.</p>
8	<p>That the Workers' Compensation board be abolished and in its place should be established a fully independent statutory authority to be known as WorkCover Queensland.</p>	<p>✓</p> <p>WorkCover was established on 1 February 1997 under the WCQA 1996.</p>
9	<p>That the board of WorkCover Queensland shall consist of nine people appointed by the Governor in Council on the recommendation of the Minister with skills and qualifications as outlined in the Report.</p>	<p>✓</p> <p>s381 to 398 of the WCQA 1996, then later s424 to 428 of the WCRA 2003. s381 of the WCQA 1996 originally stated that the board should consist of at least seven members. At the time of WorkCover's inception there were nine directors. When the Labor government came to power a further two directors were appointed. s424 of the WCRA 2003 states that the board should consist of not more than seven members. In accordance with this legislation, there have been seven board members since 1 July 2003.</p>

	Recommendation		Narration
10	That the board of WorkCover Queensland have the authority, subject to direction in writing by the Minister to set premiums and benefits and to operate workers' compensation in Queensland.	✓	s384 of the WCQA 1996. The board was given the power to set premiums subject to written direction by the Minister as detailed in s377 of the WCQA 1996 and ss481 to 484 of the WCRA 2003. Benefit setting was considered to be a government policy issue, however there is provision in both the WCQA 1996 and the WCRA 2003 for WorkCover to make recommendations in this regard.
11	That the position of General Manager to WorkCover Queensland be created under the Act, and the present Chief Executive of the Division, Mr John Hastie and his senior staff, be retained in their present executive positions for 12 months to assist the new board of WorkCover in the implementation of recommendations of this inquiry.	✓	s399 of the WCQA 1996 established the position of Chief Executive Officer. s404 of the WCQA 1996 covered Appointment of Senior Executives. The former executive remained with WorkCover for the first 12 months. These sections are now contained in ch8 of the WCRA 2003.
12	That WorkCover Queensland and its staff not be subject to the Public Service Management and Employment Act, or any successor to this Act.	✓	s404 to 409 of the WCQA 1996. This later became ss447 to 452 of the WCRA 2003.
13	That appropriate policies be put in place so that staff not offered equivalent employment with WorkCover Queensland be given opportunities of redeployment within the Queensland Public Service.	✓	ch11 Part 2 Division 1 of the WCQA 1996 contained transitional provisions for the transfer of staff to WorkCover. For a period of three years, WorkCover staff were able to transfer back to the state public service.
14	That Medical Assessment Tribunals be located independently from the WorkCover Queensland Brisbane offices; with their own Secretariat and identity.	✓	Medical assessment tribunals were relocated to Wickham Terrace. Since the separation of Q-COMP as part of the WCRA 2003, MATs were subsequently located at Q-COMP's office.
15	That the workers' compensation scheme be reviewed in three years time in the light of the requirements of National Competition Policy and that this review should also examine: <ul style="list-style-type: none"> • the financial performance of the Fund; • the extent to which the unfunded liability has been retrieved; • the benefits and premiums structures; and • the changing needs of employees and employers. 	✓	National Competition Policy Review 2000 – please refer to Appendix 8.
16	That the findings and recommendations relating to rehabilitation services, and contained in the Knight Performance Audit of the Workers' Compensation board of Queensland, be considered for implementation by the proposed new board of WorkCover Queensland.	✓	The Knight Report recommended closure of the South Brisbane Centre. The board resolved to try to make the centre a going concern. This was achieved to a degree. From 1 July 1997, the South Brisbane Centre became an independent commercial unit of WorkCover and was released by the board to provide services to customers other than WorkCover referrals. The centre later became known as 'ProActive Injury Management'. This business and the building that housed it was sold on 1 April 1999.
17	That the government workers' compensation scheme remain the sole insurer and regulator of Workers' Compensation in Queensland at least until the Fund is brought into balance.	✓	s335 of the WCQA 1996, then later s385 of the WCRA 2003. Refer Appendix 4 recommendations from the National Competition Policy (NCP) Review.
18	That damages claims should be determined within the existing court system and not by a dedicated court system.	✓	No action required.

	Recommendation		Narration
19	That the review of workers' compensation in 1999-2000 recommended in this report should include in its terms of reference consideration of National Competition Policy; the return of the Fund to balance by that time; the possibility of establishing a fully competitive market for workers' compensation insurance in Queensland.	✓	Please refer to Appendix 4.
20	That Queensland replace the current premium rating system including the merit bonus system with a premium setting system based more on direct experience.	✓	The EBR premium setting system commenced on 1 July 1997.
21	That common law claims costs be taken into account in the experience based premium rating system.	✓	Common law claims costs have been incorporated into the calculations of premium payable under the EBR system.
22	That in establishing any new premium rating scheme consideration should be given to its effects on small business and adjustments made appropriately to ensure fairness and equity.	✓	Experience based premium rating has been adjusted using a sizing factor to maintain fair and equitable premiums for small business together with stability of premium charges.
23	That self insurance be allowed for employers that meet conservative prudential standards with respect to size, financial stability, capability, viability and audit.	✓	ss98 to 131 of the WCQA 1996 then later s68 to 104 of the WCRA 2003. There are currently 25 self-insurers regulated by Q-COMP.
24	That in implementing self insurance the WorkCover board ensure adequate solvency of self insurers which may necessitate a reserve or secondary Fund.	✓	s113 of the WCQ Act 2003, then later s84 of the WCRA 2003. Regulation of self-insurers is now the responsibility of Q-COMP.
25	That the WorkCover Queensland Act make provision for group self insurance for suitable employers which might include the Australian Sugar Milling Council and the Local Government Association of Queensland on the same prudential requirements as for large self insurers.	✓	s102 of the WCQA 1996, then later s72 of the WCRA 2003.
26	That self rating insurance including group self rating for workers' compensation be allowed subject to strict regulation regarding eligibility.	✓	ss72 to 97 of the WCQA 1996. Self-rating was later removed.
27	That the new Workers' Compensation Act define a worker, who is covered by the Act, as one who is subject to the PAYE scheme and Group Tax deductions are paid or payable by the employer at the time when the injury occurred or as one who is otherwise eligible and has sought to take out personal injury insurance cover with WorkCover Queensland. Eligible workers would include sub-contractors, working directors and self-employed persons.	✓	ss12 to 28 of the WCQA 1996. Different governments have made changes to the definition of worker over the years, including deletion of the PAYE tax requirement to refer to just contract of service on 1 July 2000, and the introduction of the results test to clarify the definition on 1 July 2003. The current definition of worker is detailed in ss11 to 26 of the WCRA 2003.
28	That WorkCover Queensland as a matter of priority undertake the investigation and consultation to address premium avoidance which is occurring.	✓	Penalties for uninsured and underinsured employers were introduced in the WCQA 1996, then later continued in the WCRA 2003. WorkCover has a significant employer compliance focus to address this issue.
29	That common law claims for damages be permitted only where the work related impairment level exceeds 15% WRI.	✗	Following the announcement by the Member for Gladstone that she would not support the introduction of any impairment threshold for common law access, or extension of the current irrevocable election provisions, the government made a decision not to progress with those recommendations.
30	That injured workers with greater than 15% WRI be required to make an irrevocable election within 42 days of being offered a statutory lump sum compensation, between accepting either a statutory lump sum payment or pursuing damages at common law, once their injury is 'stable and stationary'.	✗	The irrevocable election remained at 20% WRI as introduced on 1 January 1996.

	Recommendation		Narration
31	That Courts be required to award costs on the scale of costs applicable had the proceedings been commenced in a lower Court which would have had jurisdiction to make the award.	✓	s327 of the WCQA 1996. s318 of the WCRA 2003 contains the same provision.
32	That gratuitous care awards (i.e. G v K Griffiths v Kerkemeyer) be abolished as a head of damage at common law, and that a statutory lump sum payment of a maximum of \$150,000 (in lieu of gratuitous care awards in common law) be available for more seriously injured workers who are in need of ongoing special care assistance on the following basis: <ul style="list-style-type: none"> the lump sum payment to be made when the statutory claim is finalised; that it be available to workers with an impairment level exceeding 15%WRI; and that WorkCover Queensland be able to pay a reasonable lump sum in this regard and give consideration to such matters being determined by the Medical Assessment Tribunals against a graduated scale within the Regulation. 	✓	s315 of the WCQA 1996 was enacted to prevent the court from awarding damages for gratuitous care. s211 of the WCQA 1996 provides for the payment of a lump sum under the statutory claims system for gratuitous care. The scale of awards and the scale for assessing dependency can be found in the regulations. These sections later became s308 and s193 respectively in the WCRA 2003. The Karanfilov case allowed a gratuitous care damages payment, showing the section was not effective. This was clarified in the 1 July 2005 amendments.
33	That to avoid ambit claims for future economic loss/impairment of income earning capacity, that the Courts not award damages unless the injured worker can show at least a 51% likelihood (i.e. on the balance of probabilities) of the worker actually sustaining that future loss.	✓	s317 of the WCQA 1996. This section was repealed on 1 July 2001 and the scheme reverted to the principles established at common law.
34	That interest on general damages (i.e. for pain and suffering and loss or impairment of the enjoyment of the amenities of life) be abolished.	✓	s318 of the WCQA 1996. This section was repealed on 1 July 2001.
35	That awards of interest on other heads of damage be limited to circumstances where there has been unreasonable delay on the part of WorkCover and/or where WorkCover has failed to accept an offer of settlement made by the worker which is later found to have been reasonable (i.e. by the worker receiving an award for damages greater than the offer made).	✓	s318 of the WCQA 1996. This section was later repealed on 1 July 2001.
36	That consideration be given to making employers directly responsible for exemplary or punitive damages.	✓	s319 of the WCQA 1996. s328 of the WCRA 2003 contains this provision amended to apply to self-insurers.
37	That a definition of contributory negligence should be defined in a special provision of the new Act.	✓	s312 to 314 of the WCQA 1996, then later s307 of the WCRA 2003.
38	That caps not be placed on any damages.	✓	No action required.
39	That if investigations of either a statutory or common law claim lead to a successful fraud prosecution, the injured worker would be precluded from the payment of common law damages.	✓	s486 of the WCQA 1996 extinguishes the worker's right to access common law where fraud has been proven. This later became s537 of the WCRA 2003.
40	That the changes outlined in this Report to facilitate pre-proceeding processes be adopted.	✓	ss279 to 291 of the WCQA 1996, then later s273 to 293 of the WCRA 2003.
41	That the Courts must give consideration to the steps that have been taken by the injured worker to mitigate their damages.	✓	s275 of the WCQA 1996. ss267 to 269 outline this area in greater detail.
42	That the onus of proving that all reasonable steps have been taken to mitigate damages should be placed on the injured worker.	✓	s275 of the WCQA 1996, then later s267 of the WCRA 2003.
43	That the defendant be allowed to give the plaintiff notice suggesting relevant mitigating actions.	✓	s275 of the WCQA 1996, then later s267 of the WCRA 2003.

	Recommendation		Narration
44	That a requirement be placed on Courts to document their findings to ensure greater accountability and improved grounds for appeal against decisions.	✓	The requirements for assessment and calculation of damages will cause courts to better document their findings.
45	That the definition of injury be clarified so that injury means 'personal injury arising out of or in the course of employment where the employment is the major significant factor causing injury'.	✓	s34 of the WCQA 1996. This was later amended in to require employment to be 'the major contributing factor', then later amended again to read 'a significant contributing factor', which is what it was originally as per previous amendments.
46	That amendments occur in relation to stress claim provisions as outlined in this Report.	✓	s34 of the WCQA 1996. The 'reasonable person test' s34(4)(b) was later removed from this Act.
47	That the threshold and deductible for industrial deafness claims be increased to 5%.	✓	ss151 to 153 of the WCQA 1996. ss124 to 126 of the WCRA 2003 detail the same provisions.
48	That journey claims between the worker's home and work not be covered by workers' compensation.	✗	Following the announcement by the Member for Gladstone that she would not support the abolition of journey claims, the government made a decision not to progress with those recommendations. Provisions relating to journey claims have been tightened with the exclusion of 'at home' injuries by defining the boundary of the journey as the boundary of the land on which the home is situated. Further exclusions have been included if the injury resulted from the worker: <ul style="list-style-type: none"> • voluntarily subjecting themselves to risk • contravening the <i>Traffic Act 1949</i> s16, if the contravention is the major significant factor causing the injury • contravenes the Criminal Code s328A • has a substantial delay, interruption, or deviation from the journey.
49	That recess claims which occur away from the workplace be excluded except where the employer has specifically sanctioned the recess activity.	✗	Following the announcement of the Member for Gladstone that she would not support the abolition of recess claims, the Government made a decision not to progress these recommendations. s36 of the WCQA 1996 then later s34 of the WCRA 2003 contain some limitations regarding recess claims.
50	That the changes to Form 4 outlined in this Report be adopted.	✓	The form 4 injured worker application form was redrafted incorporating Kennedy's recommendations, and is now entitled <i>Application for Compensation</i> .
51	That the WorkCover Act must continue to support and include provision for careful control of the workers' compensation scheme outlined in this Report.	✓	All control mechanisms from the <i>Workers' Compensation Act 1990</i> were retained in the WCQA 1996 (i.e. primary care status for registered medical practitioners only, finalisation by lump sum, controls on private hospitalisation costs, control over medical and allied fees).
52	That any statutory workers' compensation claim, accepted for payment by WorkCover Queensland, which is lodged more than 28 days after the entitlement to compensation arises be paid from the date of lodgment only, unless WorkCover Queensland decides otherwise on the basis that special circumstances exist.	✓	s158 of the WCQA 1996, then later s131 of the WCRA 2003.

	Recommendation		Narration
53	That any statutory workers' compensation application which is lodged more than six months after the entitlement to compensation arises be regarded as invalid. It will be necessary in drafting legislation to include a discretionary power for WorkCover Queensland to allow genuine applications on the basis that special circumstances of a medical nature, determined by a Medical Assessment Tribunal, exist.	✓	s158 of the WCQA 1996, then later s131 of the WCRA 2003. These sections also contain exceptions for special circumstances.
54	That WorkCover Queensland provide the option for employers to insure against the four day excess.	✓	s71 of the WCQA 1996, then later s67 of the WCRA 2003. Employers may elect to insure against the excess period by paying 8.5% of their premium or \$10 whichever is the greatest.
55	That the prescribed amount of excess payable by employers be changed to the first week of entitlement to weekly compensation which better reflects the original intent of the 4 day excess but overcomes some of the difficulties in relation to part time or casual employment.	✓	ss69 and 70 of the WCQA 1996, then later ss65 and 66 of the WCRA 2003. Information is also available in the regulations.
56	That specific provisions be made regarding the calculation of the excess for part time or casual employees to clarify that the amount the employer must pay for the excess is the part of the worker's entitlement that relates to the amount payable to the worker under the contract of service with that employer.	✓	s69 and 70 of the WCQA 1996, then later s65 and 66 of the WCRA 2003.
57	That WorkCover Queensland change the administrative calculation in instances where an employee works under flexible working arrangements so that it reflects the same basis the employee is being paid by the employer ie. eg. 9 day fortnight or 19 day month, Rostered Day Off (RDO) considered as a working day.	✓	This has been incorporated in the statutory claims procedures.
58	That the principles embodied in the draft legislation being prepared under the supervision of Mr Ian Callinan, QC, with the assistance of Mr Ross McConaghy, LLB, be accepted as an essential part of the reform package proposed by this Inquiry and that the ongoing legal team continue to be involved in drafting the final legislation with the Parliamentary Counsel.	✓	Both Mr Ross McConaghy and Mr Ian Callinan QC worked with the Parliamentary Counsel to finalise drafting of the common law provisions.
59	That a new Act of Parliament, to be known as WCQA 1996, be drawn up and passed to replace the Workers' Compensation Act of 1990 and amendments and that the new Act be effective from 1 July, 1996 unless where otherwise stated.	✓	In view of the breach of Fundamental Legislative Principles caused by retrospective legislation, and the preparatory work required to draft the legislation and train staff etc, it was determined that the WCQA 1996 would commence from 1 February 1997.
60	That only normal weekly earnings (NWE) be used as the basis for weekly benefits	✓	ss174 to 179 of the WCQA 1996, then later ss150 to 155 of the WCRA 2003.
61	That no person on workers' compensation benefits be paid more than they would have received had they not been injured and were still at work.	✓	ss171 and 172 of the WCQA 1996, then later ss147 and 148 of the WCRA 2003.

	Recommendation		Narration
62	<p>That the method for calculating Normal Weekly Earnings for purposes of calculating workers' compensation benefits be revised to include:</p> <ul style="list-style-type: none"> • a requirement for overtime, penalties/allowances to be of a regular nature and required by the employer rather than the present situation where all such payments are taken into account in calculating AWE; and • a specific provision related to seasonal workers. Where there is reference under an award or industrial agreement to seasonal variations in employment conditions, the calculation of AWE should reflect the appropriate season under the award or industrial agreement as if the worker were at work and the injury had not occurred. This will mean that the level of Workers' Compensation benefits for any one worker may change over time to reflect the seasonal changes defined. 	✓	s133 of the WCQA 1996, then later s106 of the WCRA 2003. The calculation of normal weekly earnings is described in the regulations.
63	That the nexus between weekly benefits, statutory lump sums and the statutory maximum compensation be broken.	✗	In view of the non-progression of recommendations relating to common law threshold, increases to the statutory benefit structure including the breaking of the nexus between weekly payments were not progressed.
64	That the maximum statutory lump sum benefit be raised to \$130,000.	✗	In view of the non-progression of recommendations relating to common law, increases to the statutory benefit structure including the increase of the statutory maximum to \$130 000 were not progressed. The statutory maximum was later increased to \$150 000 as part of the <i>WorkCover Queensland Amendment Act 2000</i> . The current statutory maximum is \$218 400. This amount increases in line with CPI each year.
65	That the additional lump sum of up to \$100,000 be available to all those injured (i.e. not just spinal cord and brain damage) where there is a work related impairment of 50% or greater.	✓	s210 of the WCQA 1996, then later s192 of the WCRA 2003.
66	That the structure of weekly benefits set out in this Report be adopted.	✓	ss174 to 179 of the WCQA 1996, then later ss150 to 155 of the WCRA 2003.
67	That, where practicable, all employers have in place WPR Policies and Procedures, and that WPR Guidelines be available for small employers to assist in this regard.	✓	ss243 to 246 of the WCQA 1996. Originally, there was a 12 month lead in time for requirements relating to workplace rehabilitation. ss226 to 229 of the WCRA 2003 contains similar obligations for employers with regard to rehabilitation.
68	That employers with > 30 employees be required to appoint a Rehabilitation Co-ordinator.	✓	s243 of the WCQA 1996, then later s226 of the WCRA 2003.
69	That Rehabilitation Co-ordinators attend a Workplace Rehabilitation Course provided by or approved by the WorkCover Queensland within 6 months of appointment. (12 months lead time on introduction of legislation and thereafter 6 months).	✓	s245 of the WCQA 1996, then later s226 of the WCRA 2003.
70	That employers review WPR Policy and Procedures every three years for audit purposes.	✓	s244 of the WCQA 1996, then later s227 of the WCRA 2003.
71	That employers provide rehabilitation/return to work opportunities on individual claims where the employer's business allows for such opportunities. Penalties to exist where such opportunities are not provided on request by WorkCover Queensland.	✓	s245 to 246 of the WCQA 1996, then later s228 and 229 of the WCRA 2003.

	Recommendation		Narration
72	That benefits be made contingent upon participation in a rehabilitation program including workplace based rehabilitation programs.	✓	s247 to 249 of the WCQA 1996, then later s230 to 232 of the WCRA 2003.
73	That the proposals to amalgamate the Division of Workplace Health & Safety and the Workers' Compensation board be rejected.	✓	No action required.
74	That the Minister give consideration to commissioning Mr Des Knight, FCA, to work with the Division Head, Mr John Hodges, to implement necessary changes as a matter of urgency.	✓	Review undertaken.
75	That the key legal professional bodies review their Codes of Conduct to establish a more professional standard for advertising for workers' compensation cases.	✓	The Law Society undertook a general review in relation to all advertising. Legislation was enacted recently which restricts the types of advertising lawyers can do.
76	That the Minister establish an Implementation Task Force to ensure that the recommendations of this Report are implemented forthwith.	✓	An implementation task force was established with cabinet's approval on 22 July 1996 following consultation with Mr Kennedy as to composition.
77	That a Legislative Working Group be established with Mr Ian Callinan, QC, as Chair.	✓	A legislative working group was established headed by Mr Ian Callinan QC to overview the draft legislation.
78	That the Task Force consider any outstanding issues of policy and administration arising in submissions not resolvable within the scope of this Inquiry.	✓	Detailed papers were presented to the task force during the 14 meetings held. These papers sought clarification on policy matters not addressed by Kennedy.
79	That copies of all submissions be provided to the new authority for workers' compensation to be an important resource material.	✓	Copies of all submissions to the Kennedy inquiry were available to the task force.

Appendix 2—Legislative amendments

1 July 1997

WorkCover Queensland Act 1996

Source: WorkCover Queensland Bill 1996 Explanatory Notes

- Implemented the majority of recommendations made in the Kennedy Report (refer to Appendix 1).
- Change in the definition of ‘worker’ from anybody working under a contract of service, regardless of their taxpaying status to a PAYE taxpayer.
- Changes to the definition of ‘injury’ from requiring employment to be a ‘significant contributing factor’ causing the injury to be ‘the major contributing factor’ to the injury.
- Provision for large employers to self-insure their workers’ compensation risk.
- Creation of WorkCover Queensland as a commercially oriented, statutory authority to administer workers’ compensation in Queensland.
- Introduced measures to streamline and improve the capacity to manage statutory and common law claims.
- Strengthened employer and worker obligations in a number of areas.
- Ensured employers and workers participate in effective rehabilitation and return to work programs.
- Provided modern and more flexible insurance arrangements for Queensland employers.
- Provided a framework for more effective and efficient management of workers’ compensation.

1 July 1999

WorkCover Queensland Amendment Act 1999

Source: WorkCover Queensland Amendment Bill 1999 Explanatory Notes

- Changes to the definition of ‘injury’.
- Employment must now be ‘a significant contributing factor’ rather than ‘the major significant factor’.
- Removal of the former definition of injury to allow for a work related aggravation of a pre-existing injury.
- For industrial deafness claims the requirement for further diminution of hearing loss was reduced from 5% to 1%.
- The ‘reasonable person’ and ‘ordinary susceptibility’ tests for stress claims were removed.
- Changes to the definition of worker to include all workers under a ‘contract of service’ and remove the PAYE restriction.
- Change to journey claim provisions.
- The previous requirement to use the ‘shortest convenient route’ was removed.
- The requirement excluding compensation for those who voluntarily subject themselves to risk or injury was also removed.
- The time to apply for compensation was amended to allow compensation to be backdated for a period of 28 days.
- WorkCover Queensland or a self-insurer must decide a claim in three months, not six months.
- Coverage for seafarers for voyages outside Queensland.
- Provided a more independent and transparent review process with emphasis on direct contact with applicants, including establishment of a review unit and WorkCover Queensland review council to monitor the review unit and medical assessment tribunal (MAT).
- Strengthened self-insurance licence conditions and criteria by introducing occupational health and safety performance standards, increasing the number of workers required from 500 to 2000, and requiring self-insurers to assume liability for claims tails.
- Removed option of self-rating for employers.

1 July 2000

WorkCover Queensland and Other Acts Amendment Act 2000

Source: WorkCover Queensland and Other Acts Amendment Bill 2000 Explanatory Notes

- Change in the definition of 'worker' from a PAYE taxpayer to a person working under a contract of services, regardless of their taxpaying status.
- The Act also specified certain categories of persons declared to be workers, such as sharefarmers, pieceworkers, or outworkers.
- Allowed the WorkCover Queensland Board to accept applications for self-insurance from group employers who were licensed as self-insurers or who had lodged an application for self-insurance prior to 3 March 1999, in circumstances where as a result of restructuring, they do not meet the criteria for the number of workers as amended 3 March 1999.
- Reduced level of the unconditional bank guarantee for self-insurers who elected a five year reassessment of their outstanding liability.
- Ensured payment to an injured worker on the day of injury.
- Improved the procedural efficiency of MATs.
- Excluded reserves from the determination of solvency for WorkCover Queensland.

1 July 2001

WorkCover Queensland Amendment Act 2001

Source: WorkCover Queensland Amendment Bill 2001 Explanatory Notes

- Increased statutory benefits for workers to ensure that seriously injured workers and their dependants receive greater compensation, including:
 - increase in the lump sum benefit payable to dependants on the death of a worker to \$250 000
 - increase in the maximum statutory benefit able to be received by an injured worker by 24% to \$150 000
 - increasing the amount available for dependants of those fatally injured
 - improved criteria to access statutory gratuitous care.
- Gave courts the discretion to make awards for costs, interest on damages, and loss of consortium.
- Improved common law pre-proceedings processes and administrative arrangements to ensure that claims are resolved earlier.
- Repealed contributory negligence and mitigating loss provisions introduced by previous coalition government.
- Maintained full common law access including the 20% threshold test, while reducing legal costs for those less seriously injured.

1 July 2003

Workers' Compensation and Rehabilitation Act 2003

Source: Workers' Compensation and Rehabilitation Bill 2003 Explanatory Notes

- Establishes the workers' compensation regulatory authority, Q-COMP, as a statutory body to regulate the workers' compensation scheme in Queensland.
- Maintains WorkCover Queensland as a fully commercial statutory body and retains all other provisions from the *WorkCover Queensland Act 1996*.
- Amends the definition of 'worker' to provide greater certainty by applying a 'results test' in addition to the existing legislative criteria for determining whether a person is a worker. Under the 'results test' a person will be considered a 'worker' unless it can be shown that the person meets all the elements of the 'results test'. This change particularly benefited stakeholders in the building and construction industry, and other industries with high levels of contracting arrangements.

1 July 2005

Workers' Compensation and Rehabilitation and Other Acts Amendment Bill

Source: Workers' Compensation and Rehabilitation and Other Acts Amendment Bill Explanatory Notes 2005

- Enhance worker's compensation benefits for injured workers and their families.
- Protect the WorkCover Queensland scheme from the impacts of employers exiting to the commonwealth self-insurance scheme.
- Give effect to aspects of the National Standard for Construction Work and the National Standard for Plant as declared by the National Occupational Health and Safety Commission (NOHSC).
- Recommended greater flexibility in the self-insurance licensing and the workplace rehabilitation requirements and a greater focus on return to work in the legislation.
- Increases benefits for injured workers and their families building on the scheme's focus of providing enhanced compensation to more seriously injured workers and to minimise immediate financial hardship on families if a worker is fatally injured as a result of a work-related injury.
- As a result of the Federal Government's decision to allow eligible corporations to self-insure nationally, the bill is required to protect WorkCover Queensland and employers in general from the impacts of employers exiting the WorkCover Queensland scheme.

1 November 2005

Workers' Compensation and Rehabilitation and Other Acts Amendment Act 2005

Source: Workers' Compensation and Rehabilitation and Other Acts Amendment Act 2005 Explanatory Notes

- Improved worker benefits for injured workers by extending the step down in benefits from 39 to 52 weeks. Compensation to dependent family members on the death of a worker increased and new benefits for totally dependent spouses and non-dependent family members introduced.
- An additional lump sum payable to workers with latent onset injuries that are terminal conditions and, for latent onset injuries, the date of injury changed from the actual date of exposure to the date the injury is diagnosed.
- Introduced more flexible self-insurance arrangements, new requirements relating to workplace rehabilitation and rehabilitation and return to work coordinators and introduced concept of 'high risk industries' (from 1 January 2006).
- Introduced new provisions relating to composition and procedural requirements of MATs.

1 April 2006

Workers' Compensation and Rehabilitation Amendment Act Explanatory Notes 2006

Source: Workers' Compensation and Rehabilitation Amendment Act Explanatory Notes 2006

- Reaffirmed the independent and non-adversarial nature of MAT proceedings by clarifying that an insurer, employer, or any other person, other than the worker or their representative, has no entitlement to be present or heard before the MAT.
- In addition the amendments give all parties an opportunity to comment on written material submitted to a MAT before a MAT at a hearing can consider the material.

1 May 2006

Workplace Health and Safety and Other Acts Amendment Act Explanatory Notes

Source: Workplace Health and Safety and Other Acts Amendment Act Explanatory Notes

- Employment protection for workers who have sustained a work-related injury or disease for a period of twelve months transferred from the *Industrial Relations Act 1999* to the *Workers' Compensation and Rehabilitation Act 2003*.
- Amendments to the *Industrial Relations Act and Other Legislation Amendment Act 2007* in relation to issuing of renewal of licence to a single or group employer and appointment of authorised persons.

1 January 2008

Workers' Compensation and Rehabilitation and Other Acts Amendment Bill 2007

Source: *Workers' Compensation and Rehabilitation and Other Acts Amendment Bill 2007* Explanatory notes

Key amendments covered in the *Workers' Compensation and Rehabilitation and Other Acts Amendment Bill 2007* passed 31 October 2007 to come into effect 1 January 2008:

- reduces the decision making timeframes for all statutory claims to 20 days
- removes the one and two year step down of benefits entitlements and increased the benefit to 75% of normal weekly earnings and 70% of QOTE for the period from 26 weeks to five years
- increases the maximum additional lump sum compensation to \$218 000
- increases access to additional lump sum compensation by reducing the threshold level of work-related impairment from 50% to 30%
- clarifies that death benefits paid will not be reduced by the amount paid at statutory level (weekly compensation, redemption payments, or lump sum compensation)
- clarifies that workers who have received compensation for a latent onset injury prior to their death are not entitled to death benefits (workers with latent onset injuries are entitled to additional lump sum benefits)
- ties claims for damages for injuries over a period of time to a single date by clarifying that the date of injury is the date on which the worker first consulted a doctor about the injury
- allows insurers to recover a reasonable proportion of reasonable costs incurred where a worker has created a legal liability independent of the Act
- amends procedures in relation to assessing additional injuries
- amends sections in relation to an insurer's charge on damages for compensation.

Appendix 3—Excerpt from the Kennedy Review of EBR

The following text is an excerpt from Mr Kennedy's March 2000 review of EBR recommendations made by WorkCover Queensland and industry. The review was commissioned by the Honourable Paul Braddy, Minister for Employment, Training and Industrial Relations at the time.

You requested me, on 1 March 2000, to consider the recommendations of the recent WorkCover Queensland review of the Experienced Based Rating (EBR) formula currently used by WorkCover Queensland to set premiums, and report to you as to the appropriateness or otherwise of those recommendations.

I have examined the recommendations and have discussed them with the Chairman of WorkCover Queensland, Mr Ian Brusasco, the Chief Executive Mr Tony Hawkins, and the actuaries with whom WorkCover Queensland consulted during the course of their review of the EBR.

I have independently considered all aspects of their recommendations and am pleased to present my findings to you. I would like to express my appreciation for the cooperation and frankness I received from the Chairman, CEO and executives, of WorkCover Queensland. The final recommendations approved by the WorkCover Queensland board are the unanimous views of all concerned, including WorkCover Queensland's actuaries. There is a clear understanding by the WorkCover Queensland board and executives of the need to balance commercial realities with financial viability, in the setting of premium rates. Setting fair and reasonable premium rates using EBR is complex. WorkCover Queensland executives have demonstrated to me that they have an expert level of knowledge of EBR, which combined with commonsense, has resulted in recommendations that will be beneficial to business and industry at all levels in Queensland.

Insurance is all about balancing risk and claims and premium levels and investment income and will always require some degree of cross subsidisation. I firmly believe that premiums should be based on a formula that, in part, encourages safe workplace practices and penalises continuing breaches of workplace health and safety. In my 1996 review of Workers' compensation in Queensland, I recommended (No 22) "that in establishing any new premium rating scheme, consideration should be given to its effects on small business and adjustments made appropriately to ensure fairness and equity". Too rigid a policy in implementing an EBR system can result in extreme premium volatility, particularly for a small employer. There has to be a balance between stability and cross-subsidisation, and I believe the recommendations by WorkCover Queensland achieve that balance in a fair and reasonable way.

I attach a WorkCover Queensland board paper supplied to me, with recommendations on five issues raised by WorkCover Queensland, and three issues raised by industry in consultation with them.

My comment on each of the recommendations in that paper follow.

WorkCover Queensland recommendation number one

Premium rate volatility

Changing the sizing factor does not significantly change the apparent volatility; especially for small premium payers. It will also increase cross subsidisation by giving less weight to an employer's own claims experience. This is the opposite of what EBR is designed to do.

Retention of the current sizing factor is appropriate. I am advised that this is in line with most other states. I'm not too sure that this matter requires annual review as suggested by WorkCover Queensland. An annual review will only raise the issue again and again. It should be put to bed "once and for all", or at least for some years.

I recommend the current sizing moderating factor be retained at \$250,000.

WorkCover Queensland recommendation number two

Common Law estimates

This is seen as an important issue by many employers.

It is certainly more fair and reasonable if actuals are used. However, because of the long term settling of common law claims, it is necessary to use estimates initially.

To alter the premium in the next assessing year to adjust for the actual settlement amount is considered an appropriate compromise provided the cost to the scheme is not prohibitive. The actuary has costed this at \$6 million per annum at most. This is not a significant cost to the overall scheme but is a significant matter for some individual employers. Actuals rather than estimates, will improve the credibility of the EBR system will all employers.

This proposal is fair and equitable and should be adopted.

WorkCover Queensland recommendation number three

Impact of common law claims on a small business

In discussions with WorkCover Queensland, concern was raised that the proposal as it stood would not result in fairness and equity in that some businesses may not pay their "fair share" of the costs of the scheme. The actuary commented on two variations. His comments are in the attached WorkCover Queensland board paper.

Capping

I am advised that introducing a new premium rate cap of twice the industry rate will benefit about 1000 small business at a fairly small cost to WorkCover Queensland.

This change will also benefit about 300 larger employers at an estimated cost of \$5 million and it does reduce volatility for those employers who will have significant premium increases through the application of EBR and has the added advantage of also reducing the volatility for new business (see WC4)

The recommended capping change will benefit many small businesses and at little cost to the scheme and is consistent with my 1996 Recommendation No 22. It will also bring benefits to larger employer. It is a sensible proposal and I recommend it be adopted.

Sizing

Increasing the minimum sizing factor will actually be a short term disadvantage to small businesses with common law claims and could put some of them out of business through large premium increases, with the only advantage being a shorter period over which those who survive will return to their previous rate. It will not have any significant benefits or costs to WorkCover Queensland, but its effect on some small employers would be significant.

I agree with the WorkCover Queensland view that this proposal not be implemented and that the sizing factor remain at a minimum of 2%.

WorkCover Queensland recommendation number four

Premium rate stability for new business

Introduction of the new cap of twice the industry rate as discussed in 3 above will minimise premium rate volatility for new businesses, and in my view removes the need for change to any other current practice, proposed to achieve premium rate stability for new business.

To introduce other measures would mean even greater cross subsidisation. New Businesses should be aware of the effect of Workers' compensation claims on their premium rates and do all they can to minimize such claims.

I agree with WorkCover Queensland's view that this proposal not be implemented and that the current system for EBR calculations for new business be retained.

WorkCover Queensland recommendation number five

Effect of provisional premium if common law drops out

I consider this proposal would be contrary to the concept of provisional premiums paying for the estimated premium in the current year (i.e. paying insurance in advance).

Industry recommendation number one

Review the calculation of the F factors

This is a transitional matter which has occurred because of the introduction of the EBR system for setting premiums. Net premiums payable will become more stable as the EBR systems matures. This is already happening. Other changes recommended by the current review will also assist. Retrospective adjustment is considered to be inappropriate, and I recommend no change to the F factors.

Industry recommendation number two

Remedial action

This would also be a retrospective adjustment at a cost estimated to \$100 million.

In my 1996 recommendation I expressed the view that – “Premium rates need to be set at a level that generates sufficient income to ensure that the scheme is fully funded. Premium income for the year must be sufficient to cover all claims costs including outstanding claims liabilities relating to injuries during the period of insurance that may result in claims and additional cost including management expenses and other claim costs”.

This principle has been applied to the 1998-1999 premiums. To make a retrospective adjustment for a small number of premium payers would be completely at odds with the fundamentals of the scheme.

I am unable to support this proposal. Premium rates in Queensland are low in comparison with other states. It is vital that WorkCover Queensland remain solvent. Premium rate setting is not an exact science, but is a matter of some judgement, taking into account many variables. Creating such a precedent of refunding premium for past years would be silly.

Industry recommendation number three

Claim Management issues

I do not see this matter as being within the scope of my brief.

General comment

I would like to suggest that serious consideration be given to charging the “current years” rate on the provisional premium only. I think it may be a suitable time to do it, bearing in mind the current financial position of WorkCover Queensland and the relatively low premiums paid by Queensland employers at present.

Currently, the assessed rate, which is determined in April, replaces the provisional rate determined last year. In effect, premium rates are adjusted, retrospectively.

Adopting the provisional rate as the next year’s assessed rate will be of benefit to business generally in that the premium rate for the next year will be known more than twelve months in advance. This will be a great benefit to the business community, and is in keeping with general insurance practice.

Business will be able to budget Workers’ Compensation premiums with greater certainty, and volatility will be smoothed out without compromising the overall viability of the scheme.

It must be pointed out however, that this proposal will have the effect of increasing “net premium payable” if introduced in a year when rates generally are reducing, and as such the “timing” of the introduction of this suggestion is important.

Conclusion

I have been impressed with the reforms that have taken place and are continuing, under the present administration of WorkCover Queensland. They are a credit to all concerned and Queensland can be proud of its Workers' Compensation scheme, which is a model for all other states. There is a matter I would like to bring to your notice that I believe will further enhance Queensland's Workers' Compensation scheme and ensure its long term financial success and viability and premium stability. I am recommending the creation of an "Investment Fluctuation Reserve" (IFR). As you know, I am the Chairman of the Queensland Investment Corporation, which manages the investment of WorkCover Queensland's funds, and hence I feel that I can speak with some degree of expertise on this matter.

The last decade has seen an extraordinary run of very strong annual investment returns accruing to investors who have held well diversified portfolios of shares, property and bonds. Much of that has been justified by the improved economic performance around the globe; particularly the stability of inflation rates at very moderate levels.

Over the last year or so however, investors have been sent a cautionary signal from financial markets in the form of unprecedented levels of short term volatility in share prices and interest rates, albeit around a still strongly positive trend. In the absence of an appropriate response, this volatility passes through invest portfolios into the business costs of institutional investors and their customers.

That is why I believe it would be a prudent step for the WorkCover Queensland board to authorise the establishment of an Investment Fluctuation Reserve. This could be funded from the recent investment returns which have exceeded long term reasonable expectations. It could be constitute up to 5% of total WorkCover Queensland assets. This initiative would meet two important objectives:

- Firstly, it will enable WorkCover Queensland to shield Queensland employers from financial market volatility and ensure ongoing certainty and stability of premiums. For example, WorkCover Queensland could undertake not to increase premium or the period over which the reserve were constituted and maintained at approved positive levels; or, alternatively WorkCover Queensland could guarantee each year no overall level of premium rate increase for 1, 2 or 3 years, for as long as the IFR was positive and depending on whether it is fully funded or not.
- Secondly, the WorkCover Queensland investment strategy can then continue to be build around a diversified portfolio, with a significant component of growth assets such as shares and property. This is a most effective way to minimise the long term cost of providing workers' compensation insurance, to the benefit of workers, employers and government.

Portfolios of growth assets always reward investors who are patient, and have the capacity to plan and accrue wealth steadily over time, and the financial strength to absorb short term shocks. Such shocks can prove very uncomfortable in the short term, particularly when volatility is high, as it is a proper long term diversified investment portfolio while protecting employers from the inevitable periods of volatility which accompany such a strategy. This in turn, will, enable QIC, to continue to provide WorkCover Queensland with first class investment returns, and investment out performance over time, will pay for the reserves so created. This will foster a more certain environment for business planning, and in my view will make Queensland's fully funded Workers' Compensation scheme even more unique and stand out, in total contrast to any other Workers' Compensation scheme, anywhere in the world, to my knowledge.

If you require any further explanation or discussion on any of the matters raised above, do not hesitate to contact me.

Appendix 4—National Competition Policy Review 2000

The following recommendations were made by the National Competition Policy Review 2000:

1. That the requirement contained in the *WorkCover Queensland Act 1996* that employers must maintain accident insurance for their workers be retained.
2. That the public monopoly for the Queensland workers' compensation system be retained.
3. WorkCover Queensland retain its exclusive claims management role but the issue of claims management be reviewed in three years time.
4. That Q-COMP become a completely separate entity from WorkCover Queensland to ensure independent regulation of the market.
5. That the self-insurance licensing criteria be retained for a further three years at which time the full impact of self-insurance on the Queensland workers' compensation market can be better assessed.
6. That self-insurance licensing criteria be reviewed in three years time.
7. That while maintaining the requirement for self-insurers to maintain workplace health and safety standards, Q-COMP in conjunction with the Division of Workplace Health and Safety, examine alternative methods of achieving workplace health and safety outcomes.
8. That subsection 119(4) of the *WorkCover Queensland Act 1996* be amended to allow self-insurers to outsource their claims management function.
9. That the amount WorkCover Queensland is liable for to pay in the event of private hospitalisation continues to be prescribed by regulation and that this amount be regularly reviewed to ensure it is consistent with current costs.
10. That the capping of benefit levels for medical, allied health, and rehabilitation costs be retained.
11. That Q-COMP and DETIR review the conditions that can be applied to the use of allied health professional and rehabilitation service providers, including the matter of the referral requirement.
12. That the requirement for workplace rehabilitation courses to be approved by Q-COMP continue.
13. That the requirement for employers to participate in effective return to work programs be retained but that a review be undertaken by Q-COMP, with industry input, to examine alternative methods of achieving improved return-to-work outcomes for workers and employers.
14. That the price setting mechanism for premiums and associated costs be retained.

Source: <http://www.dir.qld.gov.au/publications/ncpwcreview.pdf> (Please note that these recommendations have been directly extracted from the text of this report and numbered for convenience).

Appendix 5—Productivity Commission report

During 2003–2004, the Productivity Commission investigated the possibility of a national workers' compensation scheme and occupational health and safety frameworks. Its Interim Report contained unfounded recommendations, which were strongly contested by WorkCover Queensland. The final report, sent to the Federal Government during March, made similar recommendations, however was not supported by the government. The following pages contain the executive summary of WorkCover Queensland's response to the Productivity Commission's Interim Report.

WorkCover Queensland is not a profit-driven insurer. Put simply, its philosophy is the maintenance of low premiums for employers coupled with the best possible benefits for injured workers. WorkCover Queensland has achieved this goal while maintaining a fully-funded scheme.

In 2002-2003 there was a 13% average increase in workers' compensation premiums across Australia (AON Risk Management Survey, 2002-2003). WorkCover Queensland is proud not to have contributed in any way to this increase. Queensland employers continue to enjoy an average premium rate that is the lowest of any Australian state, having reduced from 2.145% in 1998 to a rate of 1.55%. This reduction in the average premium rate has been maintained since 2000. At the same time, statutory claim and common law component benefits to injured workers increased. For example, statutory maximum limits have been increased, injury management initiatives have improved rehabilitation for common law claimants, and single injury assessments have been introduced to simplify access to common law.

When comparing the Queensland average premium rate to other states which include the 9% superannuation guarantee levy in definition of wages, the WorkCover Queensland average net premium rate equates to 1.44%. While the Comcare advertised average rate of 1.13% is lower than the Queensland rate, this rate does not include any heavy industry or the Australian Defence Forces.

Before any changes are proposed to the current workers' compensation systems in Australia, the Federal Government and the Productivity Commission should seriously consider those aspects of the Queensland system which have proven effective and workable. WorkCover Queensland has successfully achieved a balance between the needs of injured workers and employers, while still maintaining an extremely viable insurance business. This fully-funded, commercially focussed State Government organisation should be preserved at all costs.

At this stage, each Australian workers' compensation scheme is at a significantly different stage of evolution, ranging from fully managed in-house (Queensland) to a hybrid, internally underwritten and externally claim managed scheme (New South Wales, South Australia and Victoria), to a fully privately underwritten scheme (Tasmania, the Northern Territory and Western Australia). It is difficult to see how a national framework can be suggested until each of these jurisdictions are able to independently maintain a fully-funded 'level playing field' (McKinsey Review of NSW Workers' Compensation scheme in Interim Report, page 241). When all jurisdictions are operating on a level playing field, fairness and equity between states becomes less of an issue.

Overall, WorkCover Queensland supports the need for consistency and a number of the Commission's recommendations in relation to fundamentals of a workers' compensation scheme. Despite this support, we are strongly opposed to many of the recommendations made, in particular the recommendation to remove common law access, recommendations regarding cross-subsidisation, and recommendations for the Commonwealth development of a national workers' compensation scheme to operate in conjunction with existing state and territory schemes. WorkCover Queensland believes that the introduction of this additional layer of regulation is flawed, does not balance the needs of all stakeholders, will substantially impact on the viability of the Queensland scheme, and is not in the best interests of the public. The problems faced by workers' compensation schemes would be far better overcome by sharing 'best practice' and experience of existing schemes through a formalised version of the current Heads of Workers' Compensation Authorities (HWCA).

There is no doubting the need for consistency in workers' compensation fundamentals such as definition of worker, definition of wages base, definition of injury, premium assessment, statutory

entitlements, access to common law and rights of review. Implementing a framework to provide this consistency will be difficult, so expertise and best practice from existing schemes must be utilised in order to balance benefits for injured workers and employers alike.

The benefits of consistency across jurisdictions include but are not limited to:

- common understanding by all external service providers (medical, allied health, legal) and other stakeholders
- greater efficiencies and lower costs for employers
- certainty and a level playing field for injured workers.

It would appear that the benefits of consistency apply equally to Occupational Health and Safety (OHS) issues. However, OHS is not within the domain of WorkCover Queensland and hence we leave such comments to the appropriate OHS authorities.

There are several aspects of the recommendations that WorkCover Queensland supports, based on the information provided. These include consistency of access and coverage, injury management, statutory benefits structures and dispute resolution. When more in-depth information is provided, WorkCover Queensland believes these recommendations should be subject to further analysis and discussion.

Pleasingly, WorkCover Queensland is already demonstrating success in these areas. Best practice initiatives such as Experience Based Rating (EBR) premium calculation methods, definition of worker results test, new interstate worker legislation and return to work programs have already earned praise from key stakeholder groups. WorkCover Queensland has worked hard over the past six years to achieve success and expertise in these areas. During this time, we have consistently maintained full funding, stable premiums and stable benefits. We would not wish to see our hard-earned industry leader status eroded through implementation of some of the Commission's proposed recommendations.

Notwithstanding our support for consistency across jurisdictions, WorkCover Queensland believes that many of the recommendations made in the report are flawed. Far too many unanswered questions remain for us to have any confidence that implementation of the current recommendations will result in workable and acceptable outcomes for all stakeholders.

The recommendations for self-insurance fail to:

- quantify the relevant thresholds of entry and exit at steps one, two and three
- define the medium and long-term periods
- identify the relevant prudential, claims management, OHS and other requirements at each step.

The introduction of the proposed model will only add an unnecessary layer of regulation to insurance schemes that need to be as close to their customers as possible to be successful.

It would appear that the fundamental premise of the recommendations is that of employer 'choice', with little regard to the injured worker, who would appear to be subject to the whim of employer decisions. While choice is admirable and important in promoting competition, surely the most important aspect of a good workers' compensation scheme is balancing the needs of injured workers and employers. WorkCover Queensland believes that the Commission's suggested scheme is not viable in its current form, and that 'choices' made by organisations opting into the scheme may not necessarily be for the long-term benefit of their injured workers.

WorkCover Queensland can appreciate the desire of larger national companies to self-insure (nominally step one in the Interim Report), and through the Queensland scheme such companies already have the ability to do so. However, a substantial exit of employers from any scheme will detrimentally impact the financial viability of the scheme they have left.

Since 1998, WorkCover Queensland has seen the exit of 24 employers to self-insurance. These employers represented 15% of premium and claims costs. Downsizing and centralisation of regional office functions has been necessary to cope with the financial impact of lost economies of scale. If it had not been for this loss of business, WorkCover Queensland would have been able to deliver

even lower premium rates for employers and more improved service delivery and benefits for injured workers.

To further erode the premium pool potentially jeopardises the medium and long-term viability of the scheme. Despite assertions to the contrary by the Commission, this is made abundantly clear in the actuarial advice of Taylor Fry.

The first area affected by any further loss of business to self-insurance is likely to be WorkCover Queensland's regional presence. WorkCover Queensland maintains regional presence in 24 locations throughout Queensland – something unsurpassed by any other workers' compensation jurisdiction in Australia. WorkCover Queensland continues to enhance the local knowledge acquired in regional areas. We have fostered a regional workforce of skilled people in the areas of premium, claims and case management. Our regional success has been strongly endorsed by external customer surveys of injured workers and employers in remote areas.

There is a limit to the amount of fixed infrastructure that can be eliminated from a commercially driven insurance operation when a significant amount of business exits. WorkCover Queensland's infrastructure provides services in regional offices as well as the Brisbane metropolitan area, and cannot be easily further downsized. Economies of scale and scope will also be lost with a smaller premium pool. The end result will inevitably be increased claims management costs given that WorkCover Queensland is not prepared to diminish its service levels to injured workers and employers. These increased costs will ultimately need to be passed on to employers through premium increases.

There is a perception that private external claims managers deliver a better service than a publicly funded insurer. This is incongruous with the profit-driven requirement of a private company compared to the cost recovery basis of a public entity. The results of the National Return to Work Survey (Campbells, 2003, page 44) prove that WorkCover Queensland is on par with or better than those states that outsource claims management and underwriting.

WorkCover Queensland believes that its service provision on claims management to injured workers is unsurpassed and accordingly has no intention of outsourcing this fundamental and successful component of its business.

The extension to this is the issue of privatised insurance underwriting. In his 1997 Review of New South Wales WorkCover Queensland Scheme, Grellman mentioned concerns that privatisation would encourage cross-subsidisation with other insurance products, resulting in "reckless competition among licensed insurers" (Grellman, 1997, page 69). There is a continued risk that private underwriters will utilise workers' compensation insurance on a loss leader basis to acquire other, more viable business from their customers. WorkCover Queensland prides itself on providing only workers' compensation insurance to its customers. Our people are therefore free to concentrate on providing the best possible service to employers and injured workers, instead of on pushing other product lines.

The Interim Report also recommends that there should be no cross-subsidisation of premiums. This is an unrealistic goal. There will always be some element of cross-subsidisation in any risk-based underwritten insurance scheme. Cross-subsidisation exists in order to protect businesses, particularly small and medium enterprises (SME's) from the effect on their business of unusually high cost claims. While larger businesses pay premiums that closely reflect their claims costs, WorkCover Queensland protects small businesses from massive premium fluctuations through the use of a sizing factor. There are various arguments for and against cross-subsidisation, which exists in most public utilities. For example, to post a letter from Cairns to Kalgoorlie costs 50 cents, the same as the cost of a letter posted from one side of Brisbane to the other. Philosophically, WorkCover Queensland believes there is a social responsibility to ensure that workers' compensation is managed so that costs and benefits are borne equitably by all participating parties.

All schemes provide weekly statutory benefit entitlements. In some jurisdictions, these benefits continue for the balance of a working life. Over the years, respective governments in Queensland

have maintained the provision of common law access for severely injured workers where the provision of statutory benefits is inadequate to compensate the needs of long-term, seriously injured workers.

WorkCover Queensland continues to maintain the view that genuinely, seriously injured workers should retain the right to common law benefits. If access to common law was removed from workers' compensation environments, it would not preclude those genuinely injured workers from seeking similar common law access through public liability forums. This would cause cost shifting and potential increases to already massive public liability premiums.

WorkCover Queensland agrees that consistency is a major problem for Australia's current workers' compensation system. The Interim Report successfully identifies this problem, but fails to evaluate possible solutions before making recommendations. WorkCover Queensland believes that the problem of consistency across jurisdictions could be addressed through the formation of a small, professional committee to address such issues. The nucleus of this committee could emanate from the Heads of Workers' Compensation Authorities (HWCA) or the Workplace Relations Ministers. Ideally, legislation could be enacted to formalise HWCA, which currently has neither the formal mandate nor the power to make recommendations and implement. Clearly this committee would need fair representation from each state, and should not be driven solely out of the New South Wales or Victorian arenas.

In summary, WorkCover Queensland reiterates that there are far too many unknowns and unanswered questions to rely on many of the recommendations in this Interim Report, in particular unilateral movement to a national workers' compensation framework. WorkCover Queensland would defy any other Australian workers' compensation jurisdiction, private underwriter or claims manager to categorically and quantifiably demonstrate delivery of better service to all of its stakeholders by way of premium and claims management – all while maintaining a level of solvency that satisfies all prudent financial requirements.

Source: available at <http://www.pc.gov.au/inquiry/workerscomp/subs/subir205.pdf>

Appendix 6—Financials

Financial summary 1998–2007

Year ending 30 June	2007	2006	2005 *	2004	2003	2002	2001	2000	1999	1998
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income statement										
Premium revenue	814 514	861 042	782 770	717 528	671 816	546 267	515 413	531 764	586 283	662 894
Net claims incurred	(1 096 625)	(231 316)	(923 728)	(682 153)	(570 429)	(500 807)	(280 016)	(376 500)	(435 415)	(607 810)
Operating expenses	(41 814)	(53 489)	(65 825)	(45 522)	(119 743)	(112 004)	(103 693)	(103 667)	(102 832)	(108 237)
Underwriting result	(323 925)	576 237	(206 783)	(10 147)	(18 356)	(66 544)	131 704	51 597	48 036	(53 153)
Investment income	411 293	373 888	323 021	278 534	(28 424)	(64 641)	133 388	275 410	226 287	191 265
Grossed up tax equivalents	0	0	0	0	0	0	0	0	74 452	17 475
Operating result from ordinary activities before income tax equivalents	82 063	945 615	112 488	268 387	(46 780)	(131 185)	265 092	327 007	348 775	155 587
Income tax equivalents (expense)/benefit relating to ordinary activities	(17 305)	(276 511)	(25 757)	(75 424)	24 608	57 819	(73 142)	(107 561)	(126 524)	(55 969)
Operating result after income tax equivalents	64 758	669 104	86 731	192 963	(22 172)	(73 366)	191 950	219 446	222 251	99 618
Balance sheet										
Total assets	3 235 007	3 171 560	2 878 894	2 539 279	2 148 539	2 163 077	2 443 502	2 547 403	2 410 616	2 229 698
Total liabilities	1 764 873	1 779 911	2 160 249	1 903 583	1 704 238	1 696 627	1 843 686	2 027 959	2 110 618	2 186 951
Net assets	1 470 134	1 391 649	718 645	635 696	444 301	466 450	599 816	519 444	299 998	42 747
Equity										
Capital	0	0	0	0	0	0	60 000	171 578	171 578	136 578
Reserves	986 046	899 256	285 928	296 276	111 081	137 450	270 716	92 850	0	0
Accumulated surplus	484 088	492 393	432 717	339 420	333 220	329 000	269 100	255 016	128 420	(93 831)
Total equity	1 470 134	1 391 649	718 645	635 696	444 301	466 450	599 816	519 444	299 998	42 747

*Income statement and balance sheet have been restated for the 2005 year in accordance with the Australian equivalents to International Financial Reporting Standards. Reference should be made to Total Assets and Total Liabilities for a reconciliation and explanation for this change.
Source: WorkCover Queensland Annual Reports

Premium

For year ending 30 June	2007**	2006	2005	2004	2003	2002	2001	2000	1999	1998
Declared wages* (\$b)	69.4	62.5	52.6	47.5	42.9	39.9	37.1	36.4	34.0	29.5
Average premium rate (per \$100 of wages)	1.20	1.43	1.55	1.55	1.55	1.55	1.55	1.75	1.85	2.145
Premium revenue (\$m)	814.5	861.0	782.8	717.5	671.8	546.3	515.4	531.8	586.3	662.9
Investment income (\$m)	411.3	373.9	323.0	278.5	(28.4)	(64.6)	133.4	275.4	226.3	191.3

*Sourced from WorkCover Queensland internal documents

**Estimated wages for 2006–2007

Source: WorkCover Queensland Annual Reports

Statutory claims

For year ending 30 June	2007	2006	2005 *	2004 *	2003 *	2002 *	2001 *	2000	1999	1998
Number of new claims	87 310	76 309	74 213	73 286	72 864	72 989	73 090	69 620	72 031	79 686
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Weekly compensation payments	203.9	180.2	156.6	141.7	140.2	139.7	132.4	93.4	77.7	85.8
Medical/rehabilitation payments	123.5	100.6	79.4	73.6	71.8	69.5	60.4	42.3	37.3	37.2
Lump sum payments	114.8	99.4	88.7	78.6	74.4	60.7	46.6	37.5	39.7	35.6
Hospital payments	33.5	30.6	12.3	10.6	11.0	10.5	11.2	8.5	8.1	8.1
Travel payments	6.4	5.4	4.1	4.0	4.2	4.6	4.3	2.6	2.2	2.1
Legal payments	3.3	4.1	5.0	2.7	1.0	0.5	0.7	1.4	1.4	0.9
Funeral payments	0.7	0.7	0.6	0.5	0.5	0.4	0.3	0.2	0.2	0.2
Total statutory claims	486.1	421.0	346.7	311.7	303.1	285.9	255.9	185.9	166.6	169.9

*As a consequence of accounting standards disclosure requirements, statutory claims payments for the years 2001–2005 have been restated to gross of claim recoveries (previously net of claim recoveries).
Source: WorkCover Queensland Annual Reports

Common law claims

For year ending 30 June	2007	2006	2005 #	2004 #	2003 #	2002 #	2001 #	2000	1999	1998
Number of new claimants*	2 405	2 110	2 395	2 952	2 640	2 396	1 634	1 612	1 911	2 197
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Settlement out of court	268.6	260.9	236.6	225.5	222.6	196.3	181.2	176.2	154.8	151.9
Settlement in court	1.5	0.7	1.8	1.8	1.6	2.1	4.2	12.4	14.3	17.7
Legal costs for defendants	23.2	30.7	34.7	35.5	34.6	26.3	20.7	22.5	22.5	19.3
Outlays for defendants	6.9	3.6	3.3	3.3	3.3	6.4	8.4	9.0	10.3	10.2
Legal costs for plaintiffs	2.0	1.8	2.8	2.0	2.7	3.8	8.1	13.0	14.5	13.2
Outlays for plaintiffs	0.6	0.2	0.5	0.5	1.0	2.4	6.1	9.9	10.7	9.7
Total common law payments	302.8	297.9	279.7	268.6	265.8	237.3	228.7	243.0	227.1	222.0

*For years 2005–2007 WorkCover Queensland is reporting on total number of new claimants instead of total number of new claims.

As a consequence of accounting standard disclosure requirements, common law claims payments for the years 2001–2005 have been restated to gross of claim recoveries (previously net of claim recoveries).
Source: WorkCover Queensland Annual Reports

Total assets

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
For year ending 30 June	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Total assets	3 235.0	3 171.5	2 878.9	2 539.3	2 148.5	2 163.1	2 443.5	2 547.4	2 410.6	2 229.7
Allocated from total liabilities		3.0		160.0						
Total assets (prior disclosure)	3 235.0	3 168.5	n/a	2 379.3	2 148.5	2 163.1	2 443.5	2 547.4	2 410.6	2 200.9

Total liabilities

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
For year ending 30 June	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Total liabilities	1 764.9	1 779.9	2 160.2	1 903.6	1 704.2	1 696.6	1 843.7	2 027.9	2 110.6	2 187.0
Allocated to total assets		3.0		160.0						
Total liabilities (prior disclosure)	1 764.9	1 776.9	n/a	1 743.6	1 704.2	1 696.6	1 843.7	2 027.9	2 110.6	2 158.2

Prior to 2005, the outstanding claims provision was reflected as a liability net of claims recoveries. As a consequence of accounting standards disclosure requirements, the claims recoveries component has been separated and reflected as an asset from 2005 (with 2004 also adjusted for comparative purposes only as per the 2004-2005 Annual Report). Figures may be different from annual reports due to changes in accounting treatment.
Source: WorkCover Queensland Annual Reports

Operating expenses

For year ending 30 June	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating expenses (pre-claims handling expenses)	156 054	157 399	153 414	128 334	119 743	112 004	103 693	103 667	102 832	108 237
Claims handling expenses allocated to gross claims paid	(114 240)	(103 910)	(87 589)	(82 812)						
Operating expenses	41 814	53 489	65 825	45 522	119 743	112 004	103 693	103 667	102 832	108 237

Net claims incurred

For year ending 30 June	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net claims incurred	1 096 625	231 316	923 728	682 153	570 429	500 807	280 016	376 500	435 415	607 810

Prior to 2005, claims handling expenses were classified as an operating expense. As a consequence of accounting standards disclosure requirements, the expense has been separated and reflected as part of net claims incurred from 2005 (with 2004 also adjusted for comparative purposes only as per the 2004-2005 Annual Report).
Source: WorkCover Queensland Annual Reports

