

# FINANCIAL PERFORMANCE

Our core financial goal is to be financially viable, well managed and efficient, balancing worker and employer needs.

## Financial results

WorkCover's operating profit for 2016-17 was a strong financial result.

Financial results	2016-17 \$M	2015-16 \$M
<i>Statement of comprehensive income</i>		
Net premium revenue	1,416	1,357
Net claims incurred	(1,264)	(1,479)
Underwriting expenses (net of claims handling)	(32)	(27)
Net investment and other income	413	90
Income tax equivalents	(152)	21
Operating result for the year after income tax equivalents	381	(38)
<i>Statement of financial position</i>		
Total assets	5,086	4,511
Total liabilities	2,971	2,785
Net assets	2,115	1,726
<i>Statement of changes in equity</i>		
Reserves	1,518	1,169
Contributed equity	3	-
Accumulated surplus	594	557
Total equity	2,115	1,726

## Premium revenue

Our net premium revenue was \$1.416 billion for the year, increasing from 2015-16 on the back of improved wages growth across Queensland.

The premium rate for 2016-17 remained unchanged at \$1.20. This rate continues to be the lowest average premium rate for worker's compensation insurance in Australia.

### Average premium rate per \$100 of wages

	2016-17	2015-16	2014-15
Queensland	1.20	1.20	1.20
Victoria	1.27	1.27	1.27
New South Wales	1.40	1.40	1.40
Western Australia	1.53	1.48	1.56
South Australia	1.80	1.95	2.75
Comcare	1.30	2.04	2.12
Tasmania	2.27	2.33	2.30

Note: Figures are based on information from individual workers' compensation entities.

## Net claims incurred

Net claims incurred were \$1.264 billion (2015-16: \$1.479 billion) for 2016-17.

Net claims costs decreased in 2016-17 reflecting improved claims experience throughout the year, with this improved experience also having a positive effect on the outstanding claims provisioning.

## Underwriting expenses

Underwriting expenses include WorkCover's management and operational expenses and the annual levy payable to the Workers' Compensation Regulator and Workplace Health and Safety Queensland. To meet disclosure requirements under accounting standards, the claims handling expense portion of underwriting expenses is added to gross claims expense to reflect the total cost of administering claims during the year.

## Investment portfolio

WorkCover's investment portfolio is managed by QIC. The net market value in funds invested as at 30 June 2017 was \$4.409 billion (30 June 2016: \$4.010 billion).

The net return on our investment portfolio was 9.96% (2015-16: 2.02%). This is strong result and we will continue to work with our investment fund manager to effectively manage our investment risk to ensure our portfolio achieves its long term objectives.

## Capital adequacy

The [Workers' Compensation and Rehabilitation Act 2003](#) and [Workers' Compensation and Rehabilitation Regulation 2014](#) outline specific requirements WorkCover must meet to be considered fully funded. As with other workers' compensation schemes in Australia, WorkCover is fully funded if total assets are at least equal to its total liabilities. WorkCover is currently achieving both our legislative requirements and management's aim of maintaining a funding ratio of at least 120%.

## Looking to the future

We will continue to use prudent financial management to ensure a balanced, financially viable scheme for all customers and stakeholders. Part of this continuing prudent financial management entails a focus by WorkCover in continuing to operate within budget, achieving value for money, and more generally, ensuring WorkCover continues to minimise its costs and risks in relation to its liabilities. Premiums will be set, claims and operational expenses carefully managed in order to deliver this balance and we will continue our long term investment strategy built around a balanced portfolio.