

Chair and CEO report

A balanced approach in an uncertain environment.

WorkCover is committed to open communication with our customers and stakeholders. This report summarises our results, performance, outlook and financial position for 2020–2021.

Our organisation, like many others, has experienced a challenging year as we learned and adapted to the ‘new normal’ in a COVID-19 environment. We supported our customers by being understanding and flexible to their needs and working with them to achieve the best possible outcomes despite the hardships many of our customers have faced this year.

We have continued to experience growth in the numbers of statutory and common law claims during 2020–2021. This increase is similar to those seen in recent years in other jurisdictions and is, in part, due to changes in the claims mix, increases in mental injury claims, increase in claims durations and increased medical and allied health costs.

This trend has continued from last year, with many industry sectors experiencing changing levels of business activity, job recruitment and losses. For several industry sectors, it has been more challenging for us to help workers to get back to work after experiencing a work-related injury. Nevertheless, we have maintained our strong return to work results—of the claims that have been finalised, 94.4% of workers have returned to work. Our customer experience rating has also remained strong with a score for workers at 7.4, and the score for employers at 7.8 with an average of 7.5¹ out of 10.

Our continuing response to COVID-19

We have continued to provide financial relief to customers with extensions and/or deferral of payment plans beyond the current financial year, where required. Maintaining our average premium rate at \$1.20 for \$100 of wages will also assist businesses with financial certainty in the coming year.

At the start of the pandemic, our workforce shifted to 100% remote working during the lockdown in March through to June 2020. From July 2020, we made a gradual return to one day a week in the office before implementing our new hybrid-working model in February 2021, which helped our people to have flexibility to navigate the uncertain environment and continue to provide high-level customer experiences.

COVID-19 has demonstrated how quickly roles and industries can be severely impacted. We will continue to monitor trends, the factors that will shape the future of work, the workers’ compensation environment and continue to seek feedback from our customers and stakeholders on our approaches.

Our financial and investment performance

WorkCover’s final comprehensive result for 2020–2021 was \$108 million. This positive result was primarily due to strong investment returns.

In contrast, our claims costs have increased. This has been a continuing trend over the past few years—not limited to, but impacted by, legislative changes and an increase in complex claims such as mental injuries. The rising costs are driven by longer claim durations which incur an increase in weekly benefits, medical expenses, and a higher

¹ This is a weighted average.

number of common law claim settlements. While we achieved an investment return of over 10% on our funds under management this year, long-term future returns are expected to be closer to 3.5 – 4.5%. A reduction in investment returns next year, and in future years, is likely to place pressure on our financial performance if these trends continue.

WorkCover’s disciplined financial management over many years has helped us weather uncertain economic environments, build our investment reserves and maintain a strong equity position to face adverse events like the COVID-19 pandemic. We will continue with this approach to minimise any impact on services and support for our customers.

Our premium rate

For seven consecutive years, we have maintained one of Australia’s lowest average premium rates at \$1.20 per \$100 wages without compromising the level of support, compensation, and rehabilitation for injured workers.

The rising claim costs mentioned earlier have put upward pressure on the premium rate charged by WorkCover. Despite this, we have continued to support Queensland employers with premium discounts, flexible payment plans, apprentice discount, and policy reassessments, resulting in \$1.2 billion of subsidised premiums over the past six years, which led to direct savings for Queensland employers.

We understand that any changes to the premium rate will directly impact our customers. While keeping the average premium rate steady at \$1.20 for 2021-2022 is below our breakeven rate, it will provide customers with confidence in planning and budgeting for the coming year. We predict it will result in savings of \$360 million for Queensland businesses in 2021–2022. Below is a breakdown of our \$1.20 average premium rate for 2020–2021.

Common law claims	\$0.29
Settlements	\$0.25
Legal fees	\$0.04
Statutory claims	\$0.67
Weekly compensation	\$0.31
Medical, hospital, rehabilitation	\$0.22
Lump sum	\$0.09
Other*	\$0.05
Operating costs	\$0.09
Safe workplace contribution	\$0.09
Stamp duty	\$0.06
Average premium rate per \$100 of wages	\$1.20

*Other, under statutory claims includes asbestos, NIIS, and scheme amendments.

Claims management and return to work

Tailored care and support is our in-house statutory claims management model. It helps us tailor return to work and rehabilitation strategies to help injured workers get back to work as quickly and safely as possible. This year, we continued to enhance our claims management model with the introduction of evidence-based information gathering tools. These tools help us to identify early in the claims process any risks or barriers to return to work. Our Customer Advisors are now better informed to tailor the care and support required based on individual customer needs.

As mentioned earlier, we have seen delays in return to work due to reduced business activity across several business sectors. We will monitor this and look at ways to support our customers during these difficult periods, and optimise claim durations and return to work outcomes.

Mental injury claims

Presumptive legislation for post-traumatic stress disorder (PTSD)

On 20 May 2021, amendments to the *Workers' Compensation and Rehabilitation Act 2003* received assent in Queensland Parliament. This now means first responders and eligible employees diagnosed with PTSD have a more streamlined pathway to make a workers' compensation claim. They will not need to prove their PTSD was caused by work. Because of the nature of their work, first responders and eligible employees with PTSD (diagnosed by a psychiatrist) will be considered to have a work-related injury unless there is evidence to the contrary.

This ensures first responders and eligible employees are treated with dignity and limits the need to recount every traumatic incident they have endured throughout their careers.

The introduction of these amendments will allow first responders to get faster access to the support and compensation they need.

Mental injury treatment guidelines

Released in November 2020, our mental injury treatment guidelines support our people and providers to facilitate the treatment of mental injury claims within the workers' compensation setting and support improved outcomes for workers recovering from a mental injury.

The guidelines were developed in consultation with psychiatrists and psychologists. It involved gathering insights, data and information, and is used as a roadmap for visibility and transparency when supporting workers.

Optimising treating services and outcomes

We have continued our work to optimise treating services and outcomes to ensure workers receive timely treatment and rehabilitation services to help their recovery and return to good work, and that the treatment is at a fair and reasonable cost to minimise the impact on employer premiums. This work involves several initiatives and those we have progressed this year include:

- the development of a compliance framework to enhance provider behaviours for improved rehabilitation and return to work outcomes, and
- a review of our surgery approval process with improved tools and resources for both surgeons and our people.

Another initiative currently underway is the introduction of a consistent fee structure in the form of a table of costs for private hospital services conducting treatment of patients with a workers' compensation claim. The current fee model for private hospitals is based on individual contracts with these hospitals across Queensland. The variety and complexity of these contracts makes it difficult to achieve consistent pricing and service delivery.

We have undertaken a two-step consultation process with stakeholders, gathering their feedback and working collaboratively to ensure we develop a consistent fee structure that meets their needs as well as helping us meet our challenge of balancing return to work rates, costs and support for injured workers and employers.

Investing and influencing injury risk reduction

We continue to pilot injury risk reduction initiatives in partnership with stakeholder groups, industry bodies/employers and unions, and occupational injury experts including Workplace Health and Safety Queensland.

Our aim is to pilot ways to reduce the risk of injury and associated costs for our customers. Feedback from participants and stakeholders support the efficacy of these initiatives. Other initial measures in the pilots show that they could be ultimately effective in reducing injury risk, cost and number of claims.

Technology

Over the next few years, we are embarking on a digital transformation journey, which includes a transition to cloud and the development of our digital, information, and technology architecture, and supporting capabilities. This will help us deliver better customer experiences and be more responsive to changes in the way we work, accelerated by COVID-19 and the future of work.

In October 2020, we launched a redesign of the WorkSafe website in collaboration with the Office of Industrial Relations. Our dedicated website project team worked closely with customers and stakeholders to ensure the content was easy to navigate and understand for our many audiences. The new website was designed to better support mobile users' needs and complies with [WCAG 2.1 AA standards](#) to make our content more accessible to a wider range of people including those with disabilities.

Outlook for 2021–2022

Controlling weekly compensation costs, balanced with customer outcomes

The uncertainty of the economic climate over the next few years will impact our efforts towards balancing return to work rates, costs and support for injured workers and employers, to maintain a financially sustainable fund.

We're focused on getting the best outcomes for customers, both workers and employers. Our priority is to ensure workers receive timely treatment and rehabilitation services to help their recovery and return to good work, and that the treatment is at a fair and reasonable cost to minimise the impact on employer premiums. Research into the health benefits of good work provides evidence to support returning to work as soon as safely possible after an illness or injury is the best outcome for both worker and employer.

Controlling treatment costs while maintaining customer outcomes

We are working with our partners in the medical and allied health industry to ensure treatment and invoicing is aligned to a nationally recognised clinical framework, and complies with agreed guidelines and tables of costs, without compromising the treatment and rehabilitation of workers. We have extended our discussions with other jurisdictions and we are contributing to the General Practitioner principles in supporting work participation, the Royal Australian College of General Practitioners (RACGP) curriculum (via Heads of Workers' Compensation Authorities (HWCA)) and the HWCA National Capacity Certificate project.

Reviewing our premium rate

We have been able to provide our customers with one of the lowest average premium rates in the country for the past seven years. With the challenging economic environment, disruptions to medical treatment for workers, less return to work opportunities and rising statutory claim and common law costs, we anticipate a premium rate increase will need to occur over the next few years in order for us to maintain a financially sustainable fund.

WorkCover's investment reserves have shielded Queensland employers from the pressure on our premium rate so far, but there is a limit to how long we can do this before it impacts the financial sustainability of our workers' compensation fund. Our administration costs have remained relatively low and stable over the last few years and we will continue to look for opportunities to control these costs to limit their impact on premium rates.

Thank you

Our Board has seen some change throughout the year. In July 2020, we welcomed Michael Clifford and Judy Bertram to the Board and Stacey Schinnerl in October 2020. Michael, Judy and Stacey all bring a wealth of experience across various industries.

WorkCover's Board of Directors proudly has 67% female representation, contributing to our diverse and talented workforce. We would like to thank and acknowledge our Board members, Executive management team and our people for all their hard work throughout the year.

We pay tribute to our former Chair, Ian Brusasco AO who sadly passed away in May 2021. Ian was instrumental in transforming an underperforming insurer to one of Australia's best performing workers' compensation schemes. His work set the foundations to ensure WorkCover would become the strong organisation it is today, delivering the services our customers need and value.

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



Flavia Gobbo

Chair, WorkCover Queensland



Bruce Watson

Chief Executive Officer, WorkCover Queensland