Vision

All South Australians working together for the safest workplaces.

Mission

To help employers and employees get the best results from the health, safety, rehabilitation and compensation system.

We will achieve this through an effective and efficient enterprise that makes a key contribution to building, sustaining and delivering that system on behalf of all stakeholders.

How to **read** this annual *report*

This report is divided into sections.

The first section contains the summary points made by the Chair and the Chief Executive Officer. It then examines the strategic directions and core focus of the Corporation and what it was seeking to achieve in injury and illness prevention, claims management and scheme viability in 1998-1999. This section also discusses management of the business, interaction with customers and stakeholders, and corporate governance.

The second section, commencing on page 47, focuses on the financial results for 1998-1999.

1998-1999 in focus

How has the Corporation, working with its stakeholders, made progress towards its vision by enacting its mission? Key achievements indicating progress include:

Financial highlights

- Scheme unfunded liability reduced from $79 million to $29 million (96 per cent funded)
- Investment return of 9.5 per cent on Scheme funds invested of $614 million
- Target average levy rate maintained at 2.86 per cent for sixth consecutive year
- Total claims down 5.5 per cent to 30,710

For details, refer:

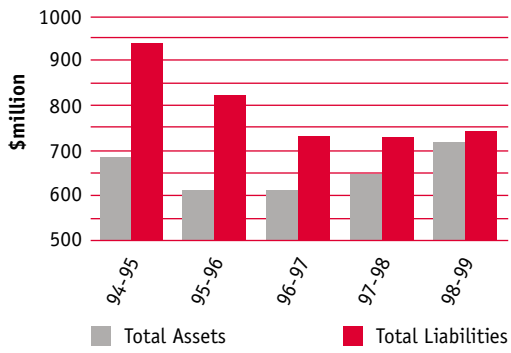
From the Chair
From the CEO
Scheme review
Financial report

'With 50,000 workplace injury and illness claims and an estimated cost of $2 billion annually to the State economy, we believe prevention of workplace injury and illness is the key to improving the economic and social well being of this State.'

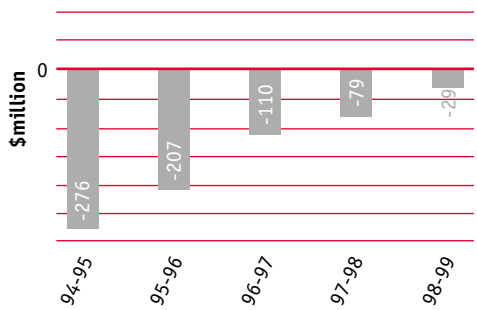
Keith Brown
Chief Executive Officer

Summary of trends
five year comparisons

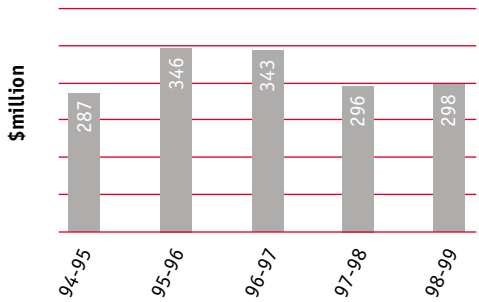
Assets and liabilities



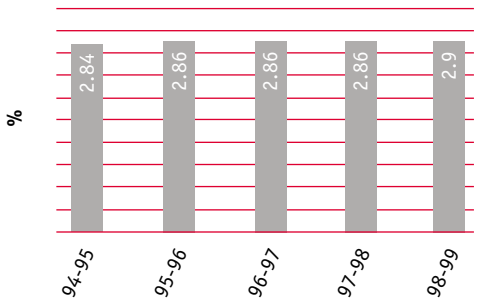
Funding status



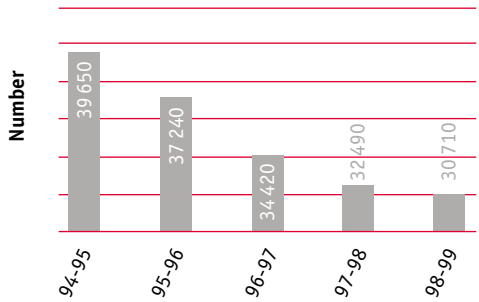
Total claim payments (non-exempt employers)



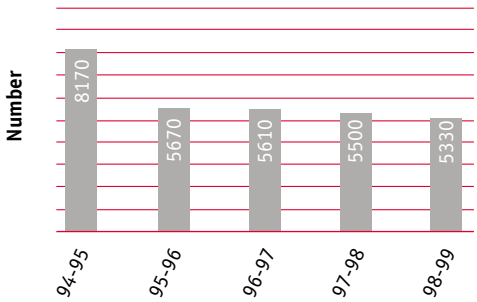
Average levy rate (non-exempt employers)



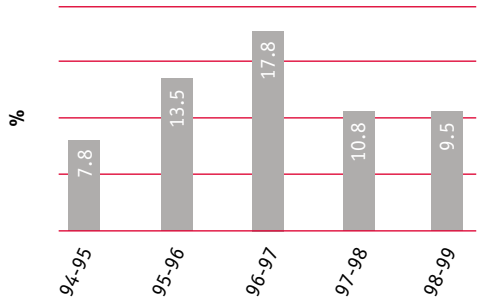
Total claims incurred by injury year (non-exempt employers)



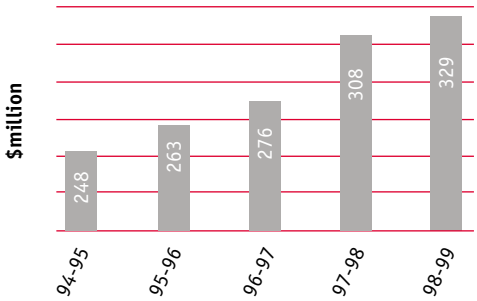
Total income compensated days lost claims by injury year (non-exempt employers)



Investment return (over one year period)



Levy collections (1998-99 dollars)* (non-exempt employers)



**Average weekly earnings adjustment*

From the **Chair**

The 1998-1999 financial year has been one of considerable development and change for WorkCover Corporation.

Some two and a half years ago the Board and management committed the Corporation to a more commercially focused path.

As we prepare for the new millennium we are seeing the benefits internally of this focus; in our external relationships and in the outcomes we are achieving.

Fundamental change has occurred in the way we plan our business and budget, the way we relate to our customers and stakeholders and the way we manage our resources – human, financial and technological.

These changes have been made with a clear focus on improving outcomes for our customers and stakeholders in managing the workplace health, safety, rehabilitation and compensation system and the business.

The Board believes the changes that have been made and the strategies we have in place fundamentally support the Corporation's economic and social role and provide a strong platform to achieve our vision of 'all South Australians working together for the safest workplaces.'

During 1998-1999, we also welcomed the Scoping Review of the Corporation conducted for the State Government to examine the potential for sale or restructuring of WorkCover Corporation. We believe the Government's decision following the review, to reject the sale option and not to proceed with any major change, confirmed the direction the Board has taken in restructuring and refocusing the Corporation's activities.

In closing, I would like to thank all members of the Board, the management team and staff for the contributions they made in 1998-1999.

Perry Gunner
Chair

CEO *Report*

The 1998-1999 financial year was a very significant one for the Corporation.

It was a year in which we reinforced the crucial economic and social role that we play in helping South Australians work to live.

Our contribution touches every South Australian, either directly through contact with more than 65,000 employers and 650,000 employees, or indirectly through their families, friends and community.

How we help South Australians work to live is based on the three key roles we have – in workplace health and safety to prevent illness and injury; claims management aimed at returning people to work; and managing the system and business to achieve the best results for our customers and stakeholders.

In 1998-1999, we have continued our focus on our vision, mission and strategic directions – improving the way we go about our business with a strong emphasis on outcomes in these key areas.

Most importantly, we understand that we can't do it all, nor are we at the centre of the workplace health and safety universe. Our focus, which is supported by the Government, is on helping employers and their employees work together for the safest workplaces.

With 50,000 workplace injury and illness claims and an estimated cost of $2 billion annually to the State economy, we believe prevention of workplace injury and illness is the key to improving the economic and social well being of this State.

Our focus is on making the broad framework of legislation and regulation relevant to business today and working with employers and employees in industry to find solutions to specific issues.

In this context, the continued fall in non-exempt claim numbers of 5.5 per cent to 30,710 experienced in 1998-1999 is very pleasing.

When people are injured or made ill by their work, the aim is to get them back to work as soon as appropriate. This is a key focus of our approach to claims management. While we are behind our challenging Corporate Plan targets in this area, a great deal of headway has been made in refocusing the rehabilitation/compensation system to improve outcomes.

The third key element of our efforts is the financial status of the Workers Rehabilitation and Compensation Scheme.

Most significantly, we have recovered the financial position of the scheme to such a degree that, at 30 June 1999, actuarial assessment indicates the scheme was 96 per cent funded, within the 90 - 110 per cent range targeted in our Corporate Plan.

In dollar terms, we have a current funding shortfall of just $29 million, reduced from the deficit of about $276 million in 1994-95.

This outcome has been achieved through Board and management strategies to contain administration and scheme costs, as well as continuing pleasing results from our investments. It also has been achieved within a stable levy environment, as the target average levy rate has been held at 2.86 per cent since 1993-1994.

Overall, I am confident that the changes that have been made have us well placed as we move into the new century.

But we also are looking further into the future than that.

In 1998-1999, we have looked beyond state and national boundaries to examine leading edge practices in health and safety and workers compensation systems. We have found much that is commendable, but also reinforced our view that the general direction we have set for the Corporation and the workplace health, safety, rehabilitation and compensation system in South Australia is correct.

We also have begun to explore what our organisation, the world of work and the workplace health and welfare system might look like at the end of the next decade.

In doing this, we can be in a position to ensure South Australians continue to work to live.

Keith Brown
Chief Executive Officer

The context

This section of the annual report is intended to give readers a general understanding of the directions being taken in the three core areas of our business and how WorkCover Corporation is being managed.

The Corporation, which commenced operations in 1987, is constituted under the *WorkCover Corporation Act, 1994.* It is charged with managing the occupational health, safety, rehabilitation and compensation system in South Australia.

The Corporation has primary responsibility for the administration of two Acts of Parliament – *the Occupational Health, Safety and Welfare Act, 1986* and the *Workers Rehabilitation and Compensation Act, 1986.*

The Corporation's responsibility for the administration of the *Occupational Health, Safety and Welfare Act* encompasses policy development and promotion of prevention. Enforcement relating to breaches of the legislation is managed by the Workplace Services division of the Department for Administrative and Information Services (DAIS).

Under the *Workers Rehabilitation and Compensation Act,* South Australia has a no-fault workers rehabilitation and compensation scheme in which there are non-exempt (including self-managed) and exempt employers.

- **Non-exempt employers**
  WorkCover Corporation is responsible for managing any workers compensation claims that arise and holds the claims liability (that is, pays income to the employee and pays medical and associated bills related to the injury or illness). About 60 per cent of South Australian employees are employed by non-exempt employers.

  The non-exempt group includes self-managed employers (SMEs). In this category, although WorkCover Corporation continues to hold the claims liability, the employer is responsible for managing any claims lodged by their employees. Only a small number of organisations currently participate in this program.

- **Exempt employers**
  Exempt employers are responsible for their own claims liability and managing any claims lodged by their employees. These employers employ some 40 per cent of the SA workforce.

All employees, whether they are employed by exempt or non-exempt employers are protected in that they are able to access all the benefits and protections provided under the *Occupational Health, Safety and Welfare Act* and the *Workers Rehabilitation and Compensation Act.*

The *Occupational Health, Safety and Welfare Act* also provides protection to members of the general community in a variety of circumstances, such as when they visit workplaces.

The strategic focus

The Corporation has made a conscious effort to focus its operations on a more commercial approach to administering the occupational health and safety, rehabilitation and compensation system.

The Corporate Plan is reviewed annually and sets our vision, mission, strategic directions and how we will measure our success through key performance measures.

Strategies were separated in 1998-1999 into two streams. One focused on managing the occupational health, safety, rehabilitation and compensation system and the other related to managing WorkCover Corporation – the organisation that administers the system.

These strategies relate to the three core areas of the business – prevention of workplace injury and illness, claims management and scheme viability (covering levy collection – investment of funds and fraud prevention).

Strategies for managing the system encompass:

- achieving an equitable system encompassing best practice
- making workplace health, safety, rehabilitation and compensation a community issue
- promoting prevention as the key to reducing the human and economic costs of workplace injury and illness
- focusing on claims management practices and return to work outcomes
- ensuring the long-term viability of the fund.

Strategies for the Corporation include:

- building consultative relationships and strategic partnerships
- encouraging joint employer and worker involvement
- facilitating different industry and business sectors to seek innovative solutions to their needs
- building a competent, service-focused Corporation that pursues a commercial and strategic approach
- aligning individual staff performance with the Corporation's business objectives.

The Corporation's key performance measures focus on:

- the number, severity, cost and duration of claims
- levels of dispute over claims management
- funding ratio and cash flow
- measures of competitiveness against other systems
- the ratio between costs that benefit the worker and administration costs
- indicators of organisational health
- measures of community awareness of workplace health and safety and behaviour change.

Achievements against these measures, as at June 30, are set out in the tables on pages 9-11.

'The Corporate Plan is reviewed annually and sets our vision, mission, strategic directions and how we will measure our success through key performance measures.'

Summary of Performance against Corporate Plan (1998-1999 to 2001-2002)

Method of Measurement	Target set for 30 June 1999	Result Required	Result Achieved
1. Number of claims			
Total number of claims incurred - registered employers.	6% reduction on 1997-1998 claim numbers.	30 524	30 710 (5.5% reduction)
Total number of claims incurred - self insured employers.	6% reduction on 1997-1998 claim numbers.	13 614 (Dec 1996-Dec 1997)	12701 (Dec 1997-Dec 1998) (12.3% reduction)
Total number of income compensated claims incurred - registered employers.	6% reduction on 1997-1998 claim numbers.	5 252	5 330 (3.1% reduction)
Total number of income compensated claims incurred - self insured employers.	6% reduction on 1997-1998 claim numbers.	1 692 (Sept 1996-Sept 1997)	1739 (Sept 1997-Sept 1998) (3.4% reduction)
Total number of workplace deaths incurred in South Australia.	Continue downward trend in workplace deaths (rolling 3 year average).	Downward trend	Increasing trend (raw numbers)
Rate of workplace deaths per million hours worked in South Australia.	No target set		Downward trend (rate)
Total number of income compensated major trauma injuries incurred.	6% reduction on number of major trauma injuries incurred in 1997-1998.	505	463 (13.8% reduction)
2. Claim rates			
Claim rate per million hours worked in South Australia.	7% reduction on 1997-1998 claim rate.	Total claims 0.50 Days lost claims 0.078	0.49 (9.3% reduction) 0.078 (7.4% reduction)
Income compensated claim rate per million dollars remuneration.	7% reduction on 1997-1998 claim rate.	0.456	0.443 (9.6% reduction)

Footnote: (It should be noted that because of the nature of the system, some of these figures in the table will change as claim numbers and outcomes related to 1998-1999 change over time).

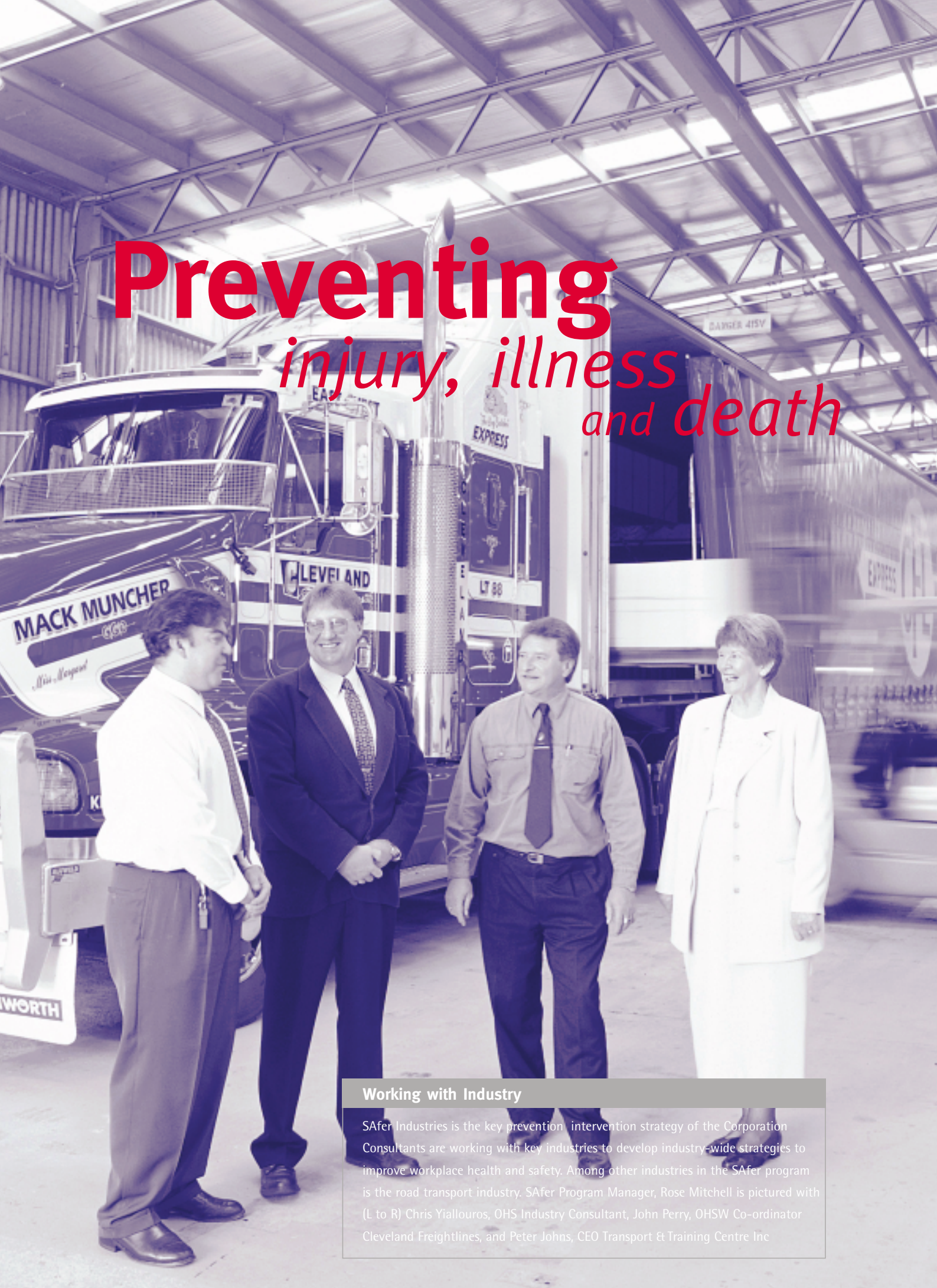
Method of Measurement	Target set for 30 June 1999	Result Required	Result Achieved
3. Claim severity rate			
Number of claims accepted with ongoing incapacity for registered employers, compared with the average hours worked by employees in South Australia.	No target set		0.059
Number of claims for registered employers accepted with an incurred value (paid & case estimate) of greater than $10,000 for each injury quarter.	No target set		294 (at March 1999) (Downward trend)
Percentage of major trauma claims for each injury quarter, compared with the number of income compensated claims for registered employers.	No target set		8.53% (at March 1999)
4. Cost and duration of claims			
Total cost of all claims for registered and self insured employers (in current dollars), comparing current experience with an historical average at various durations.	Total costs for 1998-1999 injuries are 10% below the historical average.	$39.74m (first 12 mths development)	$41.56m (5.8% below)
Short term duration rate - Percentage of claims that have received weekly benefit payments for more than 20, 65 and130 days duration.	10% improvement in short term duration rate.	>20 days 56.9% (1997-1998 average) >65 days 28.1% (1997-1998 average) >130 days 19.1% (1996-1997 average)	62.8% (1/98-12/98 ave) (0.6% improvement) 31.1% (1/98-12/98 ave) (0.3% improvement) 24.6% (1997-1998 ave) (16% deterioration)
Average cost of income maintenance per time lost claim at six and 12 months development.	10% reduction on 1997-1998 average income maintenance costs.	at 6 mths $3 567 at 12 mths $6 441	$4 053 (1/98-12/98 ave) (2.3% increase) $7 157 (1997-1998 ave) (0% reduction - steady)

5. Level of claims management dispute			
Disputation rate - number of disputes lodged compared with number of open claims.	No target set		3.47% (1998-1999 average)
Overturned rate - number decisions overturned compared with number disputes lodged.	No target set		3.45% (1998-1999 average)
Percentage of decisions upheld, overturned and varied at arbitration.	No target set		Upheld 34.8% Overturned 41.7% Varied 23.5%
Method of Measurement	**Target set for 30 June 1999**	**Result Required**	**Result Achieved**
6. Funding ratio and cashflow			
Comparison of total assets to total liabilities.	Funding ratio of 90%.	90%	96.3% (estimated result)
Ratio of income to expenditure. Examination of financial summary for the year to date.	The average net cash flow to be positive.	> 0%	+4%
7. Unit cost of labour for workers compensation			
Average weekly earnings in each state multiplied by the average levy rate in each state.	Unit cost for SA employers is in the lower quartile when compared with other states.	Between $11.41 and $15.63	$16.44
Volatility index of average levy rate in each state.	No target set.		Stable
8. Balance between costs that benefit the worker and administration costs			
Total System expenditure split into costs paid directly to and for the benefit of the worker; administration and other costs.	5% reduction in total costs each year.	$335 million (based on 1997-1998 results)	$352 million (0.3% reduction)
	5% reduction in the proportion of administration and other costs each year.	23.3%	21.0% (14.5% reduction)

Footnote: (It should be noted that because of the nature of the system, some of these figures in the table will change as claim numbers and outcomes related to 1998-1999 change over time).

Preventing

injury, illness and death



Working with Industry

SAfer Industries is the key prevention intervention strategy of the Corporation Consultants are working with key industries to develop industry-wide strategies to improve workplace health and safety. Among other industries in the SAfer program is the road transport industry. SAfer Program Manager, Rose Mitchell is pictured with (L to R) Chris Yiallouros, OHS Industry Consultant, John Perry, OHSW Co-ordinator Cleveland Freightlines, and Peter Johns, CEO Transport & Training Centre Inc

South Australia has an employed workforce of some 650,000 people. They work in a broad variety of workplaces and occupations including agriculture and forestry, mining, manufacturing, community services, wholesale and retail.

On average each year in the 1990s, more than 50,000 South Australians, employed by exempt and non-exempt employers, made a claim for compensation for workplace-related injuries and illnesses.

At time of going to print, 23 South Australians were determined to have died in 1998-1999, specifically due to their work. The status of a further 15 fatality claims was yet to be determined. These predominantly involved heart attacks and motor vehicle accidents claimed to be workplace-related.

The total figure is likely to significantly understate the true death toll, as statistics are not captured for fatalities resulting from workplace-related diseases that do not result in a claim.

While the rate of claims for death, injury and illness has been falling, the social and economic cost to the State remains a concern. Based on national estimates, the cost of workplace injury and illness in South Australia is about $2 billion annually – representing a significant drain on our economy.

The impact on the lives of South Australians, their families and communities is unacceptable, particularly when it is recognised that we have the knowledge and technology to avoid most deaths, injuries and illnesses in our workplaces.

The Corporation regards the prevention of workplace-related injury, illness and death as the key to reducing these costs.

In promoting prevention, the Corporation recognises that workplace health and safety is both an individual and community responsibility.

It is a workplace-specific issue in which employers and employees ultimately will make the difference in their own workplaces. However, because the human and economic cost affects more than individuals, it is a community issue.

The Corporation also recognises that achieving a reduction of death, injury and illness in our workplaces requires a multi-faceted approach, in the same way that successive governments have tackled road deaths.

Workplace fatalities in South Australia by industry and year (including self employed and self insurers)*

Industry	93-94	94-95	95-96	96-97	97-98	98-99	Total	Last 6 years %	Last 6 years Total	Last 5 years %
Agriculture, forestry, fishing & hunting	5	9	7	6	4	8	39	23	34	26
Mining	3	1	2	0	1	0	7	4	4	3
Manufacturing	5	5	1	2	3	3	19	11	14	11
Electricity, gas & water	0	0	2	0	0	0	2	1	2	2
Construction	4	2	3	1	2	1	13	8	9	7
Wholesale & retail trade	3	2	2	7	6	1	21	12	18	14
Transport & storage	3	2	5	7	2	5	24	14	21	16
Communication	0	0	0	0	0	0	0	0	0	0
Finance, property & business services	2	3	2	0	3	2	12	7	10	8
Public administration	2	0	2	1	0	0	5	3	3	2
Community services	6	0	1	1	5	1	14	8	8	6
Recreational, personal & other services	4	0	2	1	2	0	9	5	5	4
Unknown	0	2	1	0	1	2	6	4	6	5
Total	37	26	30	25	29	23	171	100	133	101
Additional Undetermined	**0**	**1**	**0**	**3**	**4**	**15**	**23**		**23**	
Last year's reported figure	32	25	23	25	24		(6 years)		(5 years)	

Reason for changes in figures due to 'undetermined' claims which are excluded being determined, late reported claims amd improved system for interogating the data picking up additional fatalities (mainly heart attacks).

*It must be noted that figures for 1998/99 may be understated due to timelags in reporting of cases to WorkCover. In addition, undetermined claims arising from heart attacks, suicide or motor vehicle accidents on the open road have been excluded. Figures also include fatalities reported to the Department for Administrative & Information Services ie self-employed, children and visitors to workplaces. *Source: Department for Administrative & Information Services (DAIS)*

This means workplace and industry-specific interventions; legislation, regulation and enforcement; and education and information that encourages improved health and safety behaviour in our workplaces.

Where prevention fails and responsibilities are ignored, there are penalties under the *Occupational Health and Safety Act.*

In 1998-1999, the Corporation worked on a number of prevention initiatives. These focused on:

- the broad occupational health and safety regulatory framework
- specific issues in industry and individual workplaces
- support for research and innovation through grants funding
- industry education interventions
- information products
- marketing to make workplace health and safety a community issue.

These are discussed in more detail on the following pages.

Industry-specific strategy

SAfer Industries is the key prevention intervention strategy of the Corporation.

It focuses on industries that have been responsible for more than 60 per cent of workers compensation costs in South Australia in recent years and has significant potential to influence future injury and illness statistics and claim patterns.

SAfer is a strategic partnership program between these high cost industries and WorkCover Corporation. It involves a joint approach with key players in selected industry groupings, is industry-driven and aims to develop strategic, industry-wide approaches to health and safety.

This year, 14 industries participated in the SAfer Industries strategy. They were:

Road Transport, Aged Care, Building Construction, Civil Construction, Meat, Hospitality, Horticulture, Cleaning and Property Services, Labour Hire, Plastics and Rubber Products, Vehicle Components, Motor Traders, Builders Hardware, Furniture Manufacture.

A further six industries – Food and Drink Wholesale, Baking, Concrete Products, Structural Steel, Industrial Machinery Manufacture, Casting and Foundries – are due to commence with the program by the end of 1999. Each industry has developed its own industry-specific strategic plan to identify the key issues affecting them.

Among the key issues identified are manual handling, rehabilitation and return to work, induction for new workers, hazardous substances and security.

A significant achievement in 1998-1999, was the formation of industry committees to represent and provide input from employers and employees. These committees are central to the development of strategic partnerships and to the effective implementation of the aims of the SAfer Industries program.

It is anticipated that major outcomes from SAfer will become visible in the claims performance of targeted industries in the next two to three years.

Table: What are the big dollar injuries in South Australia in particular industries?

Analysis of the injuries in 1995-96 to 1997-98 and their costs as at the end of June, 1998.

Industry	Agency of Injury/ disease	Principal Interaction	$ million
Nursing Homes	Patients/residents	Manual handling	12.1
Road Freight Transport	Trucks	Falls and crashes	6.8
Hospitals	Patients	Manual handling	6.2
School Education	Non-physical	Stress	6.0
Meat Products Manufacturing	Carcass and Animal parts	Manual handling	3.7
Motor Vehicle Manufacturing	Arc Welding Equipment	Body stressing repetitive handling	2.8
Motor Vehicle Manufacturing	Metal	Manual handling	2.7
Fabricated Metal Products Manufacturing	Metal	Manual handling	2.4
Wood and Wood Products Manufacturing	Timber	Manual handling	2.3

Project grants

The WorkCover Corporation Grants Scheme is a major contribution by the Corporation to support strategic and consultative partnerships and innovation. It does this through promotion and funding of external research, initiatives and other activities in health, safety, rehabilitation and compensation.

The scheme was reviewed in 1997-1998 and changes based on recommendations from that review were implemented in 1998-1999. A key change was the concentration of funding into two main streams – Targeted Grants, focused on high-risk industry sectors, and Small Grants, for projects less than $20,000 taking no longer than 18 months.

Together with the existing Extension Grants Scheme, over $870,000 in funding was provided to 34 projects in 1998-1999.

The scheme has provided a great deal of support to the SAfer Industries program. Of the 34 new projects funded during the year, 24 were based in SAfer Industries with funding of over $480,000.

Small business

To help small businesses improve their health and safety outcomes, the Corporation developed a small business health and safety program. This was done in consultation with stakeholders, small businesses, health and safety and union representatives.

The Corporation participated in the first national Small Business Health and Safety Workshop, hosted by the National Occupational Health & Safety Commission (NOHSC), at which a national network was established to facilitate an exchange of information and ideas to assist small business with health and safety issues. And, in collaboration with NOHSC, the Corporation contributed to the national publication titled 'Integrating OHS Competencies into Small Business Management Training - Guide for Educators and Trainers.'

Partnership with Rotary International (SA) enabled the Corporation to extend the small business health and safety program into the community. The Corporation also formed partnerships with other agencies to support small businesses and participated in the development of a vision and strategy for the South Australian small business sector.

In 1999-2000, the Corporation will extend the reach of the small business strategy through a targeted direct mail program.

Industry education

The Corporation believes the most significant contribution it can make to occupational health and safety training in the workplace is to support external training providers and authorities.

The strategy is to monitor and influence the degree to which industry groups engage in training in safe workplace practices and the management of OH&S and to impact on the quality of training available to industry.

The various 'layers' of this strategy include:

- working at the national level with the development of guidance documents in relation to industry training, and assisting industry groups to develop the OH&S component of their national training packages
- providing a consultancy service to SAfer Industries groups and developers of training courses, on the development of effective OH&S training strategies and materials
- advising the Accreditation & Registration Council SA on the adequacy of OH&S content of courses submitted for accreditation
- working with high schools and the tertiary education sector to better prepare students for the hazards they are likely to encounter in the workplace
- developing quality OH&S training guides for general release, and tailoring these materials to the needs of industries targeted under the SAfer Industries Program
- training external training providers in the effective use of these training guides, and developing guidance material for employers to assist them select the most appropriate training provider for their purpose (eg '*How to Select an OHS Trainer*' and *'How to Select and OHS Consultant - A Guide to Managers.*'

Promoting prevention

During 1998-1999, the Corporation significantly extended its marketing activities to promote prevention.

Work to live campaign

The Board approved funding of the 'Work to live' campaign as part of its marketing strategy, which has a key goal of supporting the Corporation strategy to make workplace health and safety a community issue.

The phrase 'Work to live' captures the nature of what the Corporation is trying to achieve. It acknowledges that we all have a relationship to our work – whether we live for work, or work for our life outside our jobs – but most importantly that either way, we all should work to live.

The WorkCover Corporation 'Work to live' campaign, which will continue through 1999-2000, has two key aims:

- awareness raising – to build awareness of workplace health and safety as a community issue and to make people believe that injury and illness in the workplace is preventable; that while every job has its hazards, hazards can be avoided; and
- point to solutions – lead people to solutions by getting them talking about health and safety in their workplaces and providing sources of support and information to help them make a difference.

The campaign used a range of media, including outdoor billboards, television, cinema, newspapers, radio and direct mail to reach target audiences.

Tracking research has been positive, with strong awareness of the campaign among employers and employees who report that there have been improvements in their workplaces in the past year because they are talking about health and safety in their workplaces.

The Corporation subsequently received an Australian Institute of Marketing Award for the campaign.

Reaching the Community

The Occupational Health, Safety and Welfare Act aims to secure the health and safety of all people at workplaces, including self-employed people and members of the public who visit workplaces, such as people doing their shopping, or children on farms. We have also been keen to spread the message of prevention to future workers.

Apart from the 'Work to live' media campaign, these activities and programs have had an impact on the broader community:

- newspaper advertisements and publications highlighting the safety implications of the 'millennium bug'
- the increasing number of prevention publications on the WorkCover Corporation website, to improve access to information
- funding a grants project which uses country lawyers as a source of prevention information for their clients
- involvement in a variety of activities promoting the safe design of buildings, machinery and equipment.

The 'Child safety on farms' project was a key focus in previous years. This has now been carried on through Kidsafe, the Child Accident Prevention Foundation, which launched a farm safety program this year. The main message of the campaign is 'See it, Assess it and Fix it'. The Corporation has remained involved with farm safety through:

- displays at rural field days
- providing funding for a grants project aimed at farm safety at the local level, managed by the Farm Injury Reference Group
- producing a hazard alert information sheet on all-terrain vehicles (in conjunction with Workplace Services).

The issue of violence in the workplace has broad community implications. The Corporation has been involved in this key area through:

- release of its 'Violence Guidelines', with supporting industry-specific brochures
- providing grants funding for a project aimed at preventing violence towards community workers
- funding an 'Armed Hold-up Kit' for small business, produced and distributed by the SA Police Force.

Education strategies have also been an important part of reaching the community. Taking the prevention message to schools has been successful and the program will increase in future. In the past year, this program has involved:

- continued use of the internet 'Smart Moves' package, which quizzes students on their knowledge of workplace prevention strategies. It produces a certificate signed by the Minister upon completion of the quiz.
- a continued partnership with Life Be In It to promote prevention in schools, which includes distribution of a teacher's resource guide
- primary school poster competitions during Health and Safety Week
- exploring the use of live theatre to convey the prevention message.

Public relations and media strategies

Marketing of prevention also has included an effective public relations and media strategy, which has helped lift the profile of health and safety, rehabilitation and compensation issues in the media and community.

The Corporation also created its own focus through substantial expansion of Workplace Health & Safety Week, held in November 1998. Staged in conjunction with other organisations, the week included over 70 workshop presentations on health and safety and broader community participation events. Research found a high level of awareness of the week and a particularly pleasing outcome in terms of intention to use information gained to improve health and safety in the workplaces of participants.

The Corporation's Safety Awards also were expanded and revised to focus on best practice and continuous improvement in health and safety, as well as safe design. The awards were presented at a major business dinner staged on Friday 13 November 1998 as the culmination of the week. The date allowed a highly visual marketing message that workplace safety is not a matter of luck.

This new direction and investment in the expansion of Workplace Health and Safety Week and the Safety Awards increased their visibility and significance to such a degree that the Corporation was able to secure the support of Network Ten, Adelaide for the 1999 events.

The WorkCover Corporation OHS Information Update and Forum sessions continued during 1998-1999 with great success, along with the quarterly publication of the Health and Safety Bulletin, which has more than 16,000 direct 'subscribers'. Research of readers showed support for changes to the publication and confirmed it was a useful tool for assisting with health and safety in SA workplaces.

Prevention publications

The Corporation continued to produce a range of publications during 1998-1999 to assist employers and employees manage and/or improve occupational health and safety.

A range of brochures and support materials were produced, covering topics such as violence at work, the millennium bug, first aid, and a summary of employer and employee OHS responsibilities.

The Corporation's internet site at *www.workcover.sa.gov.au* has become a substantial and growing source of information for the public. The number of visitors to the site has almost doubled since it was promoted as a source of information as part of the 'Work to live' campaign.

A full range of information links, sources and publications is available from the site, most of it downloadable. The internet site now has all Codes of Practice and Guidelines available to Corporation customers. The relevant acts and other regulations also are accessible via the Corporation's site.

The Corporation provides information and resources through its Customer Information Centre. Its activities are reported in the section 'Working with customers and stakeholders' on page 32.

Regulatory framework

South Australia's *Occupational Health, Safety and Welfare Act* and regulations provide the framework for how employers and employees should work together to meet their workplace health and safety obligations.

Employers have a 'duty of care' responsibility to provide a safe workplace and safe work, while employees have obligations to ensure they work safely.

In late 1998, a discussion paper was developed in consultation with the Department for Administrative and Information Services (DAIS), to seek public comment on suggestions for improvement to make the regulatory system more focused on and effective at the workplace level.

As a result of the review, the Minister for Government Enterprises announced a vision for safety in South Australia and foreshadowed plans to amend the *Occupational Health, Safety and Welfare Act* to remove unintended consequences and inconsistencies it has with other legislation.

The Minister also announced an intention to pilot industry-based workplace safety arrangements.

Policing breaches

During the year, the Minister for Government Enterprises announced a review of penalties for breaches of the *Occupational Health, Safety and Welfare Act, 1986,* by the Department for Administrative and Information Services (DAIS), which carries responsibility for enforcement of the Act. This resulted in the Minister foreshadowing, in June 1999, legislative amendments to substantially increase penalties for breaches.

For employers who fail to make efforts to improve their health and safety performance, WorkCover Corporation also has some power in terms of sanctions.

If an employer fails to comply with certain conditions under the *Workers Rehabilitation and Compensation Act, 1986,* WorkCover Corporation may impose a supplementary levy of an additional 20-50 per cent of their industry levy rate. Payment may be suspended, provided the employer is willing to participate in programs that will help them address their occupational health and safety responsibilities. If, after the period of suspension, the employer's occupational health and safety record has shown no improvement, the supplementary levy is implemented. In 1998-1999, 35 employers were identified as having claims costs and numbers considerably higher than their industry's average.

Managing **claims**

Return to work strategies

Once injured, returning workers to work is the prime objective of the Corporation. Suzanne McNaney is one of the success stories of the RISE program, which provides incentives for employers and assistance in returning injured workers to work.

Where prevention fails and an injury or illness occurs at work, South Australian workers have access to a no-fault claim system that has rehabilitation and return to work as its priority.

Benefits include income maintenance for time lost (the employer pays the first 10 days off work), medical and rehabilitation costs and associated expenses.

In simple terms, workers who suffer an injury or illness through their work should report it to their employer. A claim for compensation must be lodged with the worker's employer (and be forwarded by the employer to their claims agent in the case of non-exempts). Management of a claim may include rehabilitation and return to work support in addition to compensation payments for lost income, reimbursement for medical and other costs and lump sums.

WorkCover Corporation has established a delivery framework to provide an effective and efficient service for injured or ill workers and employers. This has resulted in a mix of internal and external (outsourced) service provision and management, which is continually reviewed to ensure cost effective services are delivered to employers and workers in South Australia.

Services delivered by parties external to the Corporation are:

- Claims management - five private sector agents are contracted to manage claims for work-related injuries lodged by workers employed by the majority of non-exempt employers. (A small number of employers manage their own claims as part of the Self-managed Employer pilot program).
- Injury treatment and rehabilitation - more than 7,000 providers deliver medical, occupational, vocational and rehabilitation-related treatment and services to injured workers.
- Dispute resolution - legal providers, union and community advocates deliver legal advice and services to workers, employers, agents and the Corporation.
- Miscellaneous support services.

Services delivered by the Corporation are:

- Management of external service providers, including establishing fees, service schedules and packages, reviewing provider service levels, costs and outcomes, as well as education programs.
- Claims management training, policy development and advice.
- Re-employment Incentive Scheme for Employers (RISE).
- Scheme-critical investigations to identify fraudulent behaviour and, where appropriate, proceed with prosecutions.
- Statistical and performance monitoring and analysis.
- Development and maintenance of a computer-based system for claims management.
- Assisting employers and claimants with enquiries regarding operation of the workers rehabilitation and compensation system.

In 1998-1999, the Corporation implemented a number of initiatives to ensure the system worked effectively. These included return to work, case management and provider management strategies, and a self-insured project.

Return to work strategies

Once injured, returning workers to work is a prime objective of the Corporation. The case management process is focused on assisting the worker and employer so that a sustainable return to work can be achieved.

In 1998-1999, there has been a particular focus on improving return to work rates in the first twelve months of a claim.

The Corporation, in cooperation with the agents and self managed employers, has reinforced the strategy that brings all relevant parties (worker, employer, doctor and case manager) together in the early stages of a claim so that a return to work plan can be agreed as early as possible. This strategy has proved successful and is being extended to include other critical stages in the life of a claim.

The Corporation continually reviews return to work performance to identify emerging areas of risk and ensure appropriate strategies are in place to address them.

To ensure return to work outcomes improve further as we move into the 21st century, the Corporation is planning an ambitious program to develop an enhanced injury management framework, with implementation to begin in the 1999-2000 financial year.

Where workers are unable to return to their pre-injury employer, the Corporation's Re-employment Incentive Scheme for Employers (RISE) operates as a job placement service.

Since its inception in 1991, more than 2,700 workers have been placed into jobs with the support of the service, which provides protection and subsidies for new employers, transitional support through training and workplace modifications and a strong focus on follow-up monitoring of placements.

In some instances, RISE assists rehabilitated workers to develop the skills and experience necessary to return to work. RISE staff also provide special attention and assistance to workers who are interstate or in remote locations.

During 1998-1999, more than 400 people found work through RISE, compared with 364 in 1997-1998. Significantly, 82 per cent of these 400 people remained off income maintenance as at 30 June 1999, with an estimated positive impact of $19 million on the Corporation's claims liability over the next three years.

'During 1998-1999, more than 400 people found work through RISE'

Case management for non-exempt employers and workers

For three years from 1995, the Corporation operated with nine claims agents. After a competitive bidding and selection process held in the first half of 1998, the Corporation commenced the 1998-1999 financial year with five claims agents:

CGU Workers Compensation (SA) Ltd (formerly Commercial Union)

HIH Workers Compensation (SA) Ltd

MMI Workers Compensation (SA) Ltd

Mercantile Mutual Insurance (SA Workers Compensation) Ltd

Royal & Sun Alliance Workers Compensation (SA) Ltd

The transition from nine to five agents was carried out without any major difficulties, despite a number of employers having to select new agents.

A revised contract was put in place that focuses on the key obligations of claims agents. As part of this, agents are required to satisfy minimum standards of service and outcomes, measured by a set of 28 performance standards. These standards cover a range of claims management issues including compliance with legislation, clearly documented decisions, accurate and timely weekly payments, rehabilitation and return to work, consultation with employers and workers, as well as claims costs and discontinuance.

A comprehensive suite of monitoring reports is used to review scheme and agent performance on a regular basis. The focus for these reports is on areas of key risk for the system, which helps highlight areas where action needs to be taken.

Self-managed employers pilot

The Self-Managed Employer (SME) pilot program continued through 1998-1999. Amendments to the relevant acts and regulations have been passed by Parliament, with implementation planned for 1999-2000. The Corporation also has completed drafting a Self-Managed Employer Agreement, which will be similar to the Claims Management Agreement signed with claims agents.

Recoveries

The recovery function was outsourced to claims agents on 1 December 1998. They now are responsible for identifying and pursuing all possible recoveries, which include overpayments to claimants and claims where a third party is either solely or partially responsible for the claimant's injury or illness. A total of $14.9 million was recovered during the 1998-1999 financial year.

Provider management

The Corporation works closely with medical and rehabilitation service providers and claims agents to develop fee and service packages and case management strategies that aim to achieve safe and sustainable return to work outcomes for injured workers. The focus has been on identifying clear medical, occupational and rehabilitation goals and strategies as well as appropriate services that can be integrated into the case management approach.

At the end of 1998-99, fees for physiotherapy services were being negotiated. This included a proposed service and fee package with value-added strategies, such as:

- the development and implementation of injury management guidelines for providers
- a physiotherapy education module and performance measures
- methods to facilitate communication with claims agents and general practitioners.

Similarly, the Corporation participated in fee discussions regarding psychology services. It has been agreed that existing fees will be maintained for a period of three years with the implementation of an extensive value-added package for the scheme.

A new service and fee package was approved for qualified medical practitioner services that is directly linked to strategies that will 'add value' to stakeholders and the scheme. These strategies focus on improving communication between doctors and other key parties involved in a workers compensation claim, including a review of the Prescribed Medical Certificate to promote the provision of information to assist in managing the claim.

Contracts with rehabilitation and return to work providers

The Corporation implemented a number of initiatives to improve alignment between rehabilitation, provider performance and scheme outcomes. These include:

- Contracts for rehabilitation and return to work service providers that are aligned with claims agent obligations under Contract 98 (the WorkCover Corporation's contract with its claims agents). The aim of the provider contracts is to ensure timely, appropriate and high quality rehabilitation services are delivered to injured workers.
- New service standards that focus on the outcome of the service provided.
- Provider performance reports, which are given to claims agents and providers. These reports are intended to improve the focus on achieving safe and sustainable return to work outcomes by allowing agents to better manage provider performance.
- Review of the provider performance evaluation system with the aim of increasing provider accountability for return to work outcomes and reasonable costs.

The Corporation also is reviewing other workers compensation schemes around Australia and the world to ensure effective case management initiatives are in place to achieve safe, sustainable and prompt return to work outcomes for injured workers in South Australia.

The Corporation pays for the services of legal providers in relation to workers compensation and other matters.

Contracts are in place for legal providers engaged by agents, self managed employers and the Corporation for claims-related matters. As the current contract expires on 31 December 1999, the Corporation is reviewing the contract to ensure future arrangements further reinforce the focus on cost effectiveness and value-added services.

Exempt employers

Exempt (also called self-insured) employers employ about 40 per cent of the South Australian workforce. This includes the public sector, local government and many of the State's larger private sector employers.

The Corporation's primary responsibilities in relation to self insurance are to ensure:

- the financial security arrangements for self insurers are adequate to mitigate the risk arising from a self insurer's liability falling onto the Corporation
- workers employed by self insurers are treated in the same way as employees of non-exempt organisations covered by the South Australian workers rehabilitation and compensation legislation.

During the year, the Corporation conducted a review of most aspects of self insurance, including the eligibility criteria, renewal process and financial guarantees. At the end of the financial year, the results of the review were being discussed with self insurers and other stakeholders with a decision on the proposal expected in 1999-2000.

The Board determined that any new applications for self insurance would be delayed until reviews of entry and on-going criteria for exempt status and levy rates payable were finalised. This meant that in 1998-1999, four employers commenced self insurance:

- Britax Rainsfords Pty Ltd
- Kimberly-Clark Australia (SA) Pty Ltd
- Resthaven Incorporated
- WMC (Olympic Dam Corporation) Pty Ltd.

A further four employers were approved to commence self insurance from 1 July 1999:

- Elderly Citizens Homes Inc
- Royal Automobile Association Inc
- South Australian Co-operative Bulk Handling Ltd
- Speakman Stillwell & Associates Pty Ltd.

Metro Meat International Pty Ltd ceased to be a self insurer after closing down its abattoir operations in South Australia.

In 1996, the Board required that all self insurers achieve Level 3 under the performance standards by 30 June 1998. Most private self insurers achieved this level by 30 June 1998. The remaining private self insurers achieved compliance by 31 March 1999.

The South Australian public sector (known under the *Workers Rehabilitation and Compensation Act* as Crown employers) has embraced the same Level 3 goals as were set for the private sector self insurers and a majority of Crown employers have achieved the same high standards. Due to the size, complexity and nature of work of some public sector employers, some will require additional time to achieve Level 3 performance.

Self insurers are required by legislation to provide the Corporation with claims data so the Corporation can monitor trends across the occupational health and safety and rehabilitation and compensation system in South Australia. The Corporation is working with the self insurers on technical and other issues to facilitate improved Electronic Data Interchange (EDI) arrangements to enhance analysis and reporting of self insurer performance.

A list of private self insurers in South Australia as at 30 June 1999 is provided on page 23.

Scheme Regulation

Regulations in any South Australian Act of Parliament expire after ten years. As a result, WorkCover Corporation began the process of review of regulations of the *Workers rehabilitation and Compensation Act* that are due for expiry. This process will continue in 1999-2000.

Dispute Resolution

In any workers compensation system, disputes over decisions will arise from time to time. *The Workers Rehabilitation and Compensation Act* provides a dispute mechanism covering decisions made by claims agents, self managed and self-insured employers.

Disputes are usually lodged by a worker or employer, but can also be lodged by the compensating authority or another relevant party depending on the circumstances.

Most decisions made regarding a claim for compensation can be disputed. Examples include the acceptance or rejection of a claim, the amount of average weekly earnings or a lump sum for non-economic loss, or a decision to adjust or discontinue income maintenance payments.

The independent Workers Compensation Tribunal assumed jurisdiction over workers compensation disputes in 1996.
The Tribunal process consists of initial reconsideration, conciliation, arbitration, and judicial review (by a single presidential member or a Full Bench). The Full Bench of the Tribunal can refer a dispute to the Supreme Court on a question of law. It is more cost and time effective for decisions to be resolved through conciliation rather than proceed to arbitration or beyond.

Disputes under sections 4 (average weekly earnings), 30 (compensability), 36 (discontinuance of weekly payments), 38 (review of weekly payments) and 43 (lump sum compensation for non-economic loss) of the Workers Rehabilitation and Compensation Act comprise about 80 per cent of all disputes.

Conciliation, Arbitration and Review Hearings

1 July 1998 to June 1999

	Conciliation	Pre Arbitration	Full Arbitration	Review	Total
Non-exempt	6 323	918	236	132	7 609
Exempt	2 113	329	100	66	2 608
Total	8 436	1 247	336	198	10 217

Exempt employers as at 30 June 1999

Adelaide Brighton Cement Limited

Advertiser Newspapers Ltd

Amatek Limited

Arnotts Biscuits Ltd

Arrowcrest Group Pty Ltd

Australia & New Zealand Banking Group Ltd

Balfour Wauchope Pty Ltd

Boral Energy Holdings Ltd

Brambles Industries Ltd

Bridgestone Australia Limited

Britax Rainsfords Pty Ltd

Broken Hill Pty Co Ltd

BTR Aust Pty Ltd

C P Detmold Pty Ltd

Carter Holt Harvey Australia Pty Ltd

Catholic Church Endowment Society Inc

Coca-Cola Amatil (SA) Limited

CSR Limited

David Jones (Adelaide) Limited

Department for Administrative and Information Services

Department for Education, Training and Employment

Department for Environment, Heritage and Aboriginal Affairs

Department of Human Services

Department of Industry and Trade

Department of Justice

Department of Premier and Cabinet

Department of Primary Industries and Resources

Department of Transport, Urban Planning and the Arts

Department of Treasury and Finance

Email Limited

ETSA Corporation

Flinders University

G H Michell & Sons (Aust) Pty Ltd

Healthscope Limited

Hendersons Industries Pty Ltd

Hills Industries Limited

Holden Limited

Inghams Enterprises Pty Ltd

Kimberly-Clark Australia (SA) Pty Limited

Levi Strauss (Aust) Pty Ltd

Local Government Association Inc

Mayne Nickless Limited

Mitsubishi Motors Australia Limited

Mobil Oil Australia Limited

Monroe Australia Pty Ltd

National Australia Bank Limited

National Foods Milk Limited

Optima Energy

Orlando Wyndham Group Pty Ltd

Pasminco Port Pirie Smelter Pty Limited

Philmac Limited

Pivot Limited

Resthaven Incorporated

SA Health Commission (130 agencies)

SA Ports Corporation

SA Water

Samuel Smith & Son Pty Ltd

Santos Limited

Sola International Holdings Limited

Southcorp Limited

St George Bank Limited

The Broken Hill Pty Co Limited

The Smith's Snackfood Company Limited

The South Australian Brewing Company Ltd

United Water International Pty Ltd

University of Adelaide

University of South Australia

WMC (Olympic Dam Corporation) Pty Ltd

Walker Australia Pty Ltd

Westpac Banking Corporation

Woolworths (South Australia) Pty Ltd

Scheme performance

The 1998-1999 financial year continued the decline in claim numbers experienced since 1993-1994.

Total non-exempt claims incurred by injury year	
1992/93	39 420
1993/94	40 850
1994/95	39 650
1995/96	37 250
1996/97	34 420
1997/98	32 490
1998/99	30 710

In addition, the proportion of claims that incur income maintenance has also fallen.

Number and percentage of non-exempt claims that incur income maintenance costs

Period	Number of claims incurring income maintenance	Percentage of total claims
1992-1993	9 250	23
1993-1994	9 670	24
1994-1995	8 170	21
1995-1996	5 670	15
1996-1997	5 610	16
1997-1998	5 500	17
1998-1999	5 330	17

Total claim payments for 1998-1999 were marginally higher than the payments made in 1997-1998. The major differences in claims payments for 1998-1999 were:

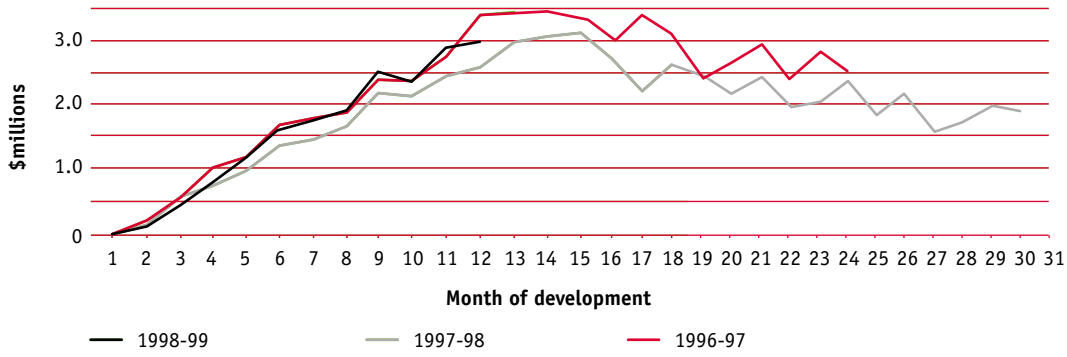
- higher payments due to claims receiving income maintenance benefits for longer periods
- an increase in redemption payment
- a decrease in legal payments.

Since its introduction in 1995, redemption activity has become an integral part of the system. About 7,000 income-related redemptions have been agreed since their introduction.

Number and amounts of weekly and Loec (Loss of Economic Capacity) Redemptions

	1995/96	1996/97	1997/98	1998/99
Number	1 913	2 263	1 199	1 305
Amounts Paid	$73.9 mill	$87 mill	$42.5 mill	$59.9 mill

Income maintenance payments
1996/97, 1997/98 and 1998/99 injuries in the same development months



Total paid at 13 months:

1997-98: $22.5 million
1998-99: $21.7 million

(-$0.8 million or 3.6% decrease)

Total paid at 24 months:

1996-97: $45.6 million
1997-98: $53.5 million

(+$7.9 million or 17.4% increase)

The actuary has estimated the scheme's net outstanding claims liability, as at 30 June 1999, to be $638 million. This represents a three per cent decrease (prior to GST) on the forecast made at 30 June 1998. The outstanding claims liability represents the future payments expected to be made for claims incurred by non-exempt employers up to 30 June 1999.

The increase in claims remaining on the scheme is a serious concern in terms of future scheme costs. The Corporation is committed to improving claims performance, in particular achieving early and durable return to work outcomes.

The 1997-1998 annual report discussed the increase in 1997-1998 injury year claims staying on the system. As a result, through its short-term duration strategy, the Corporation focused on ensuring this did not escalate further in 1998-1999.

It is pleasing to report that the increase in costs was arrested for 1998-1999 injury year claims. This is a significant achievement and reflects the Corporation's commitment to taking action where needed to ensure scheme performance continues to improve.

The challenge of bringing injury year costs down to pre-1997-1998 remains a firm commitment of the Corporation. Existing health, safety and return to work strategies are continually monitored to ensure they are achieving improved outcomes. Where strategies are no longer delivering effective outcomes, they are modified or replaced.

Scheme data

WorkCover Corporation has a significant advantage in managing the occupational health, safety, rehabilitation and compensation system in South Australia. Claims experience can be analysed by many factors such as injury, body location, disease, industry, occupation and gender.

The depth and range of data collected from workers, employers and providers facilitates timely and targeted responses to changes in claims experience. The following tables highlight key issues.

'The Corporation is committed to improving claims performance, in particular achieving early and durable return to work outcomes.'

Top Eight Areas *of injury* 1998/99 (non exempt)

Injury types	Number of claims	%	Average cost per claim ($)
Sprains & Strains	10 772	45	1 716
Open wounds	4 906	21	532
Contusion	2 541	11	620
Foreign body on eye, ear	1 555	7	158
Fractures	1 040	4	4 080
Burns	795	3	615
Superficial injuries	758	3	257
Other & unspecified injuries	373	2	1 488

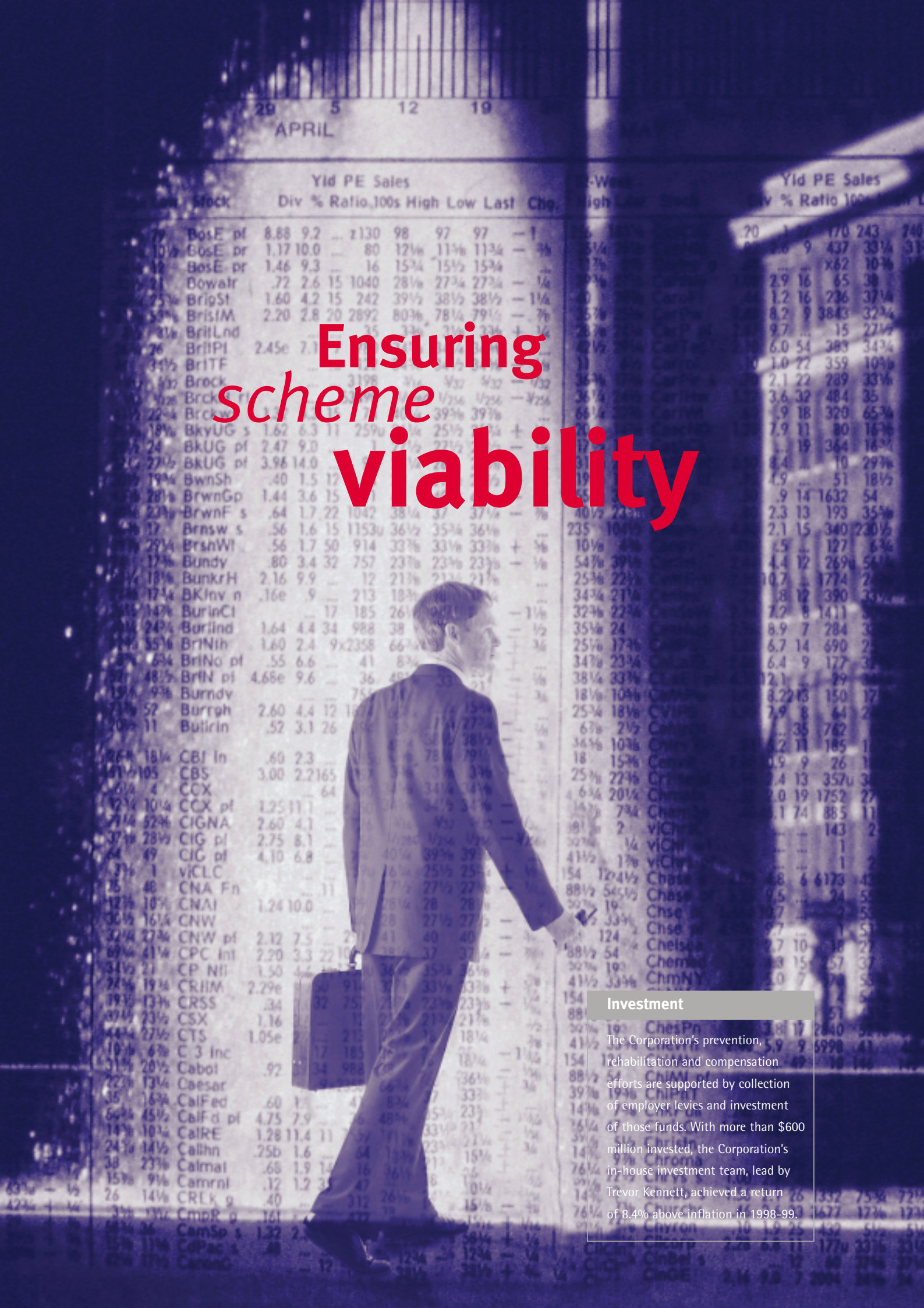
Disease types	Number of claims	%	Average cost per claim ($)
Musculoskeletal	2 091	44	3 255
Nervous system/sense organs	1 025	22	1 959
Skin/subcutaneous	646	14	767
Mental disorders	489	10	3 972
Digestive system	265	6	3 360
Respiratory system	70	1	1 704
Circulatory system	38	1	2 349
Other diseases	50	1	1 918

Occupation	Number of claims	%	Average cost per claim ($)
Storepersons	1 271	4.4	1 180
Heavy Truck Drivers	865	3.0	3 528
Motor Mechanics	776	2.7	909
Fitters	762	2.7	1 033
Commercial Cleaners	680	2.4	1 727
Metal Fabricators	680	2.4	1 640
Product Assemblers	649	2.3	844
Fruit, Vegetable or Nut Farm Hands	548	1.9	1 708

Body Location	Number of claims	%	Average cost per claim ($)
Lower back	4 027	14.1	2 298
Fingers	3 184	11.1	723
Knee	1 617	5.7	2 659
Shoulder	1 530	5.3	2 441
Hand	1 379	4.8	655
Eye	1 483	5.2	158
Wrist	1 295	4.5	2 001
Thumb	1 152	4.0	653

Agency of Injury	Number of claims	%	Average cost per claim ($)
Agency not apparent	2 108	7.4	2 360
Ferrous and non ferrous metal	1 990	7.0	1 030
Knives & cutlery	1 168	4.1	450
Other person	865	3.0	2 234
Drums, kegs, barrels	762	2.7	1 321
Food and beverages	645	2.3	1 727
Other equipment	616	2.2	1 479
Grinders	531	1.9	303

What occurred	Number of claims	%	Average cost per claim ($)
Muscular stress while handling objects other than lifting	4 263	14.9	2 102
Muscular stress while lifting, carrying or putting down objects	3 896	13.6	1 944
Being hit by moving objects	3 039	10.6	667
Hitting moving objects	2 960	10.4	496
Falls on the same level	2 923	10.2	1 946
Hitting stationary objects	1 940	6.8	566
Being hit by falling objects	1 129	3.9	1 380
Muscular stress with no objects being handled	1 005	3.5	1 542



Ensuring *scheme* viability

Investment

The Corporation's prevention, rehabilitation and compensation efforts are supported by collection of employer levies and investment of those funds. With more than $600 million invested, the Corporation's in-house investment team, lead by Trevor Kennett, achieved a return of 8.4% above inflation in 1998-99.

While the Corporation is a statutory authority, it receives no funding through government taxation revenue. Instead its prevention, rehabilitation and compensation efforts are supported by levies collected from South Australian employers and the income it earns from investing those funds.

Prudent funds management and tight financial controls are essential to ensuring the long-term viability of the system and the Workers Rehabilitation and Compensation Fund.

In 1997-1998, the Corporation's administration costs represented 0.33 per cent of total State wages. For 1998-1999, administration costs represented 0.32 per cent of total State wages.

There has been significant improvement in the Corporation's underlying budget achieved, while absorbing a wage increase for staff negotiated as part of Certified Agreement discussions and redundancy payments resulting from the outsourcing of the recoveries function to agents in 1998-1999.

The Corporation's Business Process Alignment (BPA) program produced significant savings in the claims management and premiums departments and refocused resources for re-investment of savings in the occupational health and safety and service and communication departments.

The BPA process now is underway in the information management department, will next involve the Chief Executive Officer's department and will conclude with the resources department.

While reducing overall costs, the Corporation has refocused spending on investment in industry interventions such as the SAfer Industries program and marketing of prevention through the 'Work to live' campaign, which are expected to produce longer-term outcomes through reduced injury and illness claims.

Further information on management of the business is contained in the section 'Managing the business and our people' commencing on page 36.

'Prudent funds management and tight financial controls are essential to ensuring the long-term viability of the system and the Workers Rehabilitation and Compensation Fund.'

Levy collection

Employers are required to pay levy to WorkCover Corporation based on their main activity (industry classification) and claims performance. The levy rate for each industry is reviewed annually and adjusted depending on its latest claims experience. The individual employer's claims performance also is considered.

The target average levy rate for 1998-1999 was maintained at 2.86 per cent of the aggregate remuneration paid by employers to workers. This rate has been stable since 1993-1994 and will be maintained again in 1999-2000. It includes a component (0.26 per cent) to help meet the scheme's actuarially-assessed unfunded liability.

During 1998-1999, $339 million in levy payment was collected from 62,565 registered employers. This comprised $329 million in levy from 62,456 non-exempt employers, and $10 million levy from exempt employers.

The average collection rate at day 31 improved steadily during the year, with the average for the final quarter being 99.3 per cent. Outstanding levy is being pursued as part of a debt recovery process.

During 1998-99, a total of 4,192 levy audits were conducted.

Of these, 1,160 were the result of targeted fraud profiling, and the remainder were from referrals by Corporation staff and random compliance sampling. These audits resulted in about $1.56 million recovered in understated levy. The average net return per audit was $300, which indicates the number of audits conducted is within cost effective thresholds. The Corporation also paid back more than $315,000 to employers in overstated levy. Compliance sampling in March 1999 indicated an underlying compliance rate of 71 per cent, which is an improvement in compliance compared with 1997-1998 figures.

In 1998-1999, the Corporation ran a successful education and awareness program for employers in understanding their responsibilities for payment of levy, covering five metropolitan and nine rural seminars plus publication of various material in brochures and on the internet.

A future premium model

The Corporation recognises that levy rates offer a very direct way of influencing the health and safety behaviour of employers.

In January 1998, the Corporation commenced a review of the premium structure and entered into an extensive consultation process with stakeholders. The desired outcomes of change from the proposal are to:

- influence employers to reduce the social and economic cost of workplace injury through signals given by adjustments in levy rates both for industry and individual employers
- create a system that is fairer by linking levy rates more closely with actual claims experience and minimising current cross subsidy
- maintain scheme stability.

The development process continues following feedback from stakeholders received by 30 June 1999. There will be further opportunity for feedback from stakeholders in 1999-2000 as a firm direction for the premium structure is developed.

Investments

WorkCover Corporation manages a significant investment portfolio totalling more than $660 million.

The moderate risk profile of the Corporation's investments and their strategic management is focused on protecting the funds collected from employers to meet the future needs of injured or ill workers.

The Corporation has a small in-house investment team that coordinates the activities of a range of fund managers within tight risk constraints. Investment policy, including asset allocation, is monitored by a committee of the Board.

The major characteristics of the Corporation's investment management are:

- prudent investment strategies tailored to funding the scheme's unique and, in some cases, very long-term claims
- maintaining a moderate risk profile, so that employer premiums are no higher than necessary
- keeping a longer-term investment focus, consistent with business needs.

The key focus of the Corporation's investment program is on ensuring that it is positioned to reliably and predictably meet future claim liabilities.

This requires an investment strategy that takes account of the specific nature and characteristics of the Corporation's claims liabilities, which are clearly linked to movements in inflation. The investment strategy, therefore, aims to protect the Corporation against inflationary cycles and reflects the need to ensure long-term stability and reassurance for employers and employees.

Target strategic asset allocation	
Cash	7.5%
Fixed interest	10%
Index-linked	20%
Domestic equities	17.5%
Overseas equities (hedged)	26%
Overseas equities (unhedged)	9%
Property	10%

'Despite unusually high volatility in investment markets through the year, the Corporation's return on investment over 1998-1999 was 9.5 per cent, or 8.4 per cent above inflation.'

Despite unusually high volatility in investment markets through the year, the Corporation's return on investment over 1998-1999 was 9.5 per cent, or 8.4 per cent above inflation.

The Corporation's investment program completed its eleventh full financial year in 1998-1999, achieving a return over this period of 12.3 per cent per annum, above the internal benchmark and 9.3 per cent per annum above inflation.

When adjusted for the moderate risk profile, this more meaningful longer-term result provides comfort to stakeholders that the scheme's investment approach is both durable and appropriate.

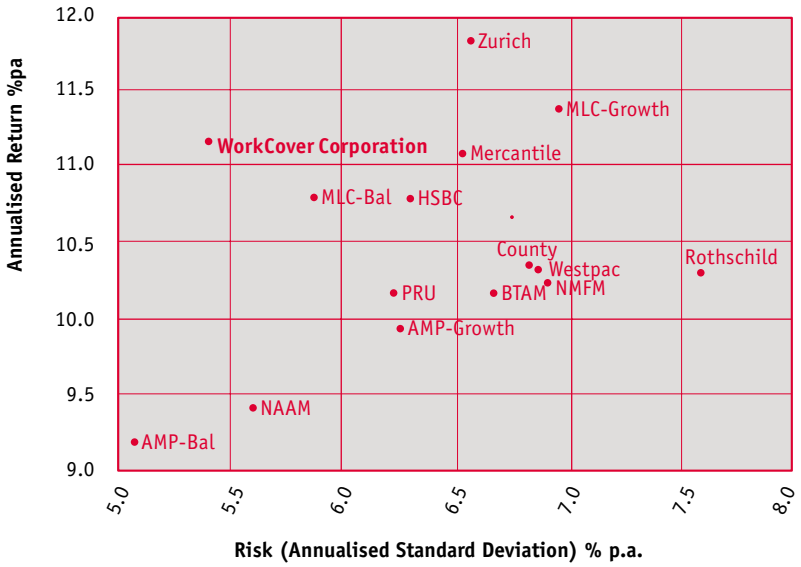
Fraud investigations and prosecutions

Another aspect of protecting the viability of the scheme is the investigation and detection of fraudulent activity by employers, providers and claimants.

Potential offences by claimants relate to dishonestly obtaining or claiming benefits and making false statements. Employer offences include failing to register with WorkCover Corporation, making false statements about remuneration (to reduce levy costs), dishonesty, and deducting workers compensation levy from employee pay. Provider offences relate to overcharging and overservicing or claiming for services not given.

As a result of investigations in 1998-1999, successful prosecutions were completed against 11 claimants, four employers and one medical practitioner.

Risk-return performance comparison
(Large Balanced Pooled funds - Eleven year period ended 30 June 1999)



Note: Results for WorkCover Corporation have been adjusted downwards to approximate the effects of taxes and fees paid by managers in the Russell Balanced Pooled Funds Universe. WorkCover's actual return was 12.3% p.a.

Source: Frank Russell company.

Savings for the scheme are estimated to be more than $1.9 million, achieved from 473 referrals. This was achieved through prosecutions and cost savings from enquiries that did not lead to prosecution, but which reduced the number of claims on the Workers Rehabilitation and Compensation Scheme.

'Savings for the scheme are estimated to be more than $1.9 million, achieved from 473 referrals.'

At 30 June 1999, there were 23 matters in various stages before the Courts and a further five awaiting a legal opinion before proceeding.

To assist the detection of fraud, information can be provided confidentially through a dedicated telephone line (1800 676 145) or the Corporation's internet site at *www.workcover.sa.gov.au*

FOR EMPLOYERS
FOR WORKERS
FOR PROVIDERS
STARTING A NEW JOB
PREVENTING INJURY & ILLNESS
OUR PUBLICATIONS
RETURN TO WORK
OUR GRANTS
FRAUD PREVENTION
YOUTH ZONE
ABOUT US
OUR SERVICES
WHAT'S NEW
OUR CAMPAIGN
NEED HELP
ANY INQUIRIES

Working with customers and stakeholders

Customer Service

Information is a key to all South Australians getting the best from the prevention, compensation and rehabilitation system. Whether it is via the internet, by telephone or in person, staff are committed to providing quality and timely information that helps all South Australians work to live.

One of the strategic directions of the Corporation is to build a competent service-focused Corporation.

A key component of that is the commitment of Corporation staff and contracted service providers, such as claims agents, to quality service for customers.

Customers have contact with the Corporation in varied circumstances and ways. Some through telephone contact, others through direct face-to-face contact in workplaces and in committee settings, some through exposure to information papers and various electronic and hard copy publications. Wherever there is customer contact, staff are committed and accountable for the service they provide.

In 1998-1999, the Corporation adopted a Corporate Service Strategy that sets out how it will provide responsive, timely, flexible and accountable service to meet changing customer expectations.

The service commitment recognises the commercial requirement to balance what customers want and what the Corporation can provide in meeting their diverse needs.

The strategy ensures consistent and reliable service; includes external and internal performance standards that are measurable; and provides customer feedback and complaint handling systems.

The service standards cover precise and measurable response times for telephone and written enquiries, complaint handling, confirmation of employer registrations, and payment of accounts. They include provision of easy-to-understand information for customers and the resolution of issues at first point of contact.

A complaints handling system was introduced in April 1998. A 'Mystery Shopper Survey' conducted in May reflected a consistent effort on the part of Corporation staff to provide pleasant, helpful and relevant service to incoming callers.

In 1999 a range of customer feedback processes will be implemented. These will include a satisfaction and expectations survey, feedback cards and customer focus groups.

The Corporate Service Strategy was introduced late in the financial year. Performance against measures will be tracked and reported in future annual reports.

Due to the outsourcing of claims management, relationships with a considerable number of 'customers' of the workers compensation system are handled through claims agents. External providers are expected to comply with the Corporation's service expectations.

Customer service

WorkCover Corporation provides a full range of customer interface services, ranging from switchboard and telephone information services to internet and walk-in assistance at the Corporation offices at 100 Waymouth Street, where we have an extensive collection of OHS and workers compensation resource materials.

More than 25,000 thousand calls regarding enquiries about workplace health and safety; workers rehabilitation and compensation; and levy matters were handled by the Corporation's information officers. A further 9,000 people took advantage of the ground floor services at 100 Waymouth Street.

During 1998-1999, a new PABX system was brought on line. This has greatly improved the ability of the Corporation to meet and track customer enquiries.

In conjunction with the 'Work to live' campaign, a new telephone number (13 18 55) was introduced for customers to immediately access information officers who are trained to handle general enquiries regarding occupational health and safety and workers rehabilitation and compensation.

The Corporation also worked in partnership with the Workplace Services division of the Department for Administrative and Information Services to extend availability of WorkCover Corporation products in regional areas. While regional customers have enjoyed a quick turnaround service through telephone, fax and internet, Workplace Services offices in Mt Gambier, Port Pirie, Whyalla and Berri now carry a range of WorkCover Corporation publications and information products that are in strong demand.

'More than 25,000 calls ... were handled by the Corporation's information officers. A further 9,000 people took advantage of the ground floor services at Waymouth Street.'

General publications

The Corporation produces a large range of printed and electronic information for customers and stakeholders.

Information specific to employers and employees relating to the three core areas of prevention, claims management and premiums is readily available.

This information includes a range of material on employer and employee rights and responsibilities, approaches to strategic management of workplace health and safety, various elements of the operation of the claims management system and statistical analysis of scheme, industry and claim trends.

Publications to assist stakeholders and other interested parties understand the directions for the system and how it is being managed also are available. These include the Corporate Plan and the Quarterly Report, which looks at outcomes against key performance measures.

These reports have an important role in ensuring customers and stakeholders are able to take an informed view about what the Corporation does, how it is being done and whether goals are being achieved.

Copies of information products including this report, are available on the Corporation's internet site.

Building stakeholder equity

While the Board and management have ultimate responsibility for setting directions and overseeing performance, the Corporation recognises that it must be genuinely consultative with its stakeholders.

Therefore, a concerted effort has been made to improve and develop the consultation framework with key stakeholders.

Substantial focus and improvement has occurred in management of regular meetings with employer and employee stakeholder groups, leading to open and informed discussions. These groups are made up of representatives of key employer and employee organisations in South Australia and their contribution and input is welcomed.

A range of other meetings and briefings on specific issues also are held with stakeholder representatives, where appropriate, and stakeholders also meet from time to time with senior managers to discuss issues specific to their area of the business.

While, in the end, the Corporation has to make recommendations and decisions based on what can be diverse views, the Corporation has been pleased with the overall feedback from stakeholders and has benefited from a wider understanding of the issues the Corporation and stakeholders have to manage.

Due to this progress, there is a commitment to continue to develop the approach to improved consultation.

Building customer access and equity

Another key strategy of the Corporation is to ensure the occupational health, safety, rehabilitation and compensation system is accessible and equitable for all South Australians.

The Corporation's Access and Equity Program addresses the health, safety and injury management needs of people with a disability, people from culturally and linguistically diverse backgrounds, women and Aboriginal and Torres Strait Islanders.

The program promotes an integrated approach to access and equity principles and practices throughout the system. Consultancy services continue to be provided to employers, employees and their representatives, claims agents, providers and internal Corporation departments.

A major activity of the program during 1998-1999 was to establish consultative structures and relationships with representatives from relevant community, peak and government organisations from each of the four access and equity groups.

The Focus Groups, established as strategic partnerships, provide an opportunity for representatives of these four groups to effectively communicate with the Corporation and participate in the system to improve access to services and appropriate outcomes for their respective sectors.

The groups have participated in several important initiatives.

The Aboriginal and Torres Strait Islander Focus Group applied for and received a Corporation extension grant to undertake a needs analysis of the indigenous worker/employer population and their experiences in relation to occupational health and safety and injury management in SA. This information will form the basis of a plan that will outline strategies to address the needs identified by the study.

The DisAbility Focus Group coordinated the Corporation's participation in the Employer and Employee of the Year awards presented by Disability Action Inc on International Day of DisAbility 1998. To provide assistance to people with hearing/speech impairments, a Teletypewriter (TTY) number (08 8233 2574) also was established during the year.

The Multicultural Focus Group organised an information session for ethnic community workers, ethnic chambers of commerce and business councils to introduce and update them on the various services offered by the Corporation as well as information about the scheme. People from various Aboriginal and Torres Strait Islander, women's and disability groups also attended the session.

A very successful forum was hosted by the Women's Focus Group in March 1999. The forum was attended by more than 50 advocates and community workers. Representatives from WorkCover Corporation, the Industrial Relations Commission and Equal Opportunity Commission provided an overview of their jurisdictions and discussed their procedures and processes.

Specialist Services

As part of its efforts to meet the needs of customers, the Corporation has established a Specialist Services function, which provides three key services:

- independent advocacy assistance for eligible employee claimants
- an independent conciliation and arbitration process for employer appeals under sections 66 and 72 of the act (relating to setting of levy rates and industry classifications)
- responsibility for meeting requests under Freedom of Information legislation.

Employee advocacy

The Employee Advocate Unit is like a mini law office situated within the Corporation. It represents those injured workers who do not have access to a solicitor or their own union representative.

The independence of the unit is underpinned both by Board policy, and the monitoring role of the Advisory Committee of Management, which reports to the Board annually.

In 1998-1999, the unit provided advocacy assistance to 492 claimants.

Freedom of Information

Freedom of Information (FOI), as the name implies, provides a service to people seeking access to information held by the Corporation or its agents.

Under FOI legislation, people can ask the Corporation to provide copies of files, emails, and even videotapes that concern them.

Disclosure occurs in accordance with the Freedom of Information legislation, not the concerns and wishes of the Corporation. The approach taken under the Freedom of Information code is 'what can be released will be released.'

The FOI unit can arrange for incorrect or inappropriate information held on files etc, to be amended or removed.

Among outcomes for the FOI unit were:

- a 30 per cent reduction in the number of internal reviews of decisions over the past year
- six external reviews for the year
- training and active participation of agents in the FOI process.

Levy review

Levy Review is where employers go when they have a dispute about the amount of levy they are asked to pay.

Levy Review runs a dispute resolution system that concentrates its efforts on conciliation. However, if a dispute cannot be resolved, then there is an option for independent review of the reasonability of the Corporation's actions by the Board's Delegate. Should there still be concerns, an employer can apply for judicial review of the decision in the Supreme Court. Again, the unit operates autonomously in deciding the reasonability of the Corporation's actions.

A total of 63 new files were opened in 1998-1999. Including some carried over from 1997-1998, 80 were closed. Of these, 12 per cent of applications made by employers resulted in the Corporation's original decision being upheld. The remaining 88 per cent resulted in either a settlement, withdrawal, or a formal decision in favour of the employer.

The conciliation rate for current files during the year averaged between 75 and 80 per cent. This rate was adversely affected by the large number of carry-over files requiring formal review from the previous year.

Managing *the* business *and our* people

The Corporation was able to hold overall administration budget spending at 1997-1998 levels, while expanding investment in key areas and meeting increased wage and redundancy expenses. The overall strategy in 1998-99 is discussed in detail on page 29.

There have been a number of significant changes in the way the Corporation structures its finances, specifically designed to support cultural change and align financial and strategic management.

In essence, the Corporation is taking an enhanced strategic approach to financial planning.

Budget planning for the year 1999-2000 focused on the key strategies and projects of the Corporation. Department and business unit budgeting was focused on relating planned expenditure back to the key organisational strategies.

This initiative involved detailed financial analysis, with more staff involved in budget development and ensured the alignment of costs with organisational strategy. It also involved a more rigorous approach to project costing.

The significant outcome resulting from this and the introduction of a new performance development system is a greater understanding by staff of their influence on achieving the desired outcomes set out in the Corporate Plan.

Aligning staff outcomes

In 1998-1999, WorkCover Corporation continued, through its human resource framework, to align its employees with its business direction.

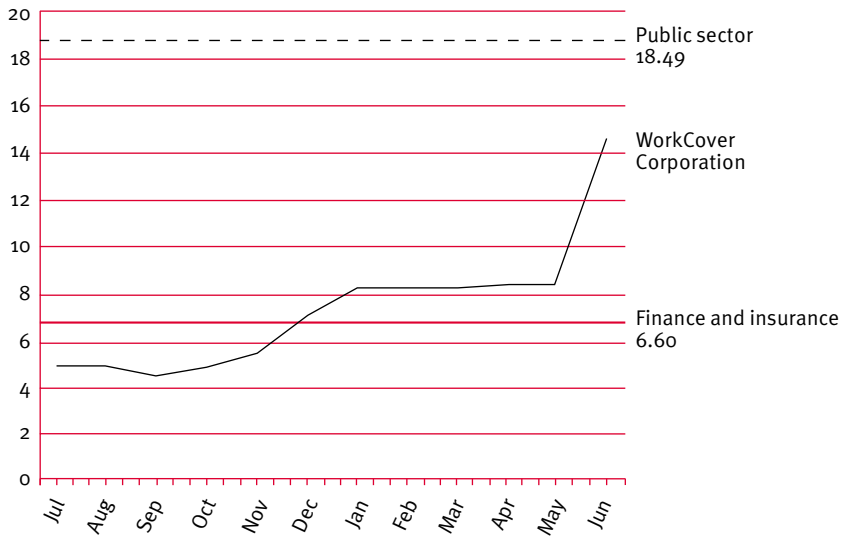
Major initiatives included:

- The implementation and fine-tuning of a new performance development system. The aim of this new system was to provide a framework for supervisors and staff to more clearly align individual job outcomes with the organisational goals and culture set out in the Corporate Plan.
- The introduction of major training and development strategies encompassing basic skills development, team leader and advanced management development programs. These programs have served to fast track managerial expertise.
- Training of managers and supervisors to ensure consistency in people management including staff selection and recruitment; performance management and counselling; and induction.
- The upgrading and enhancement of the Human Resource Information System, guaranteeing Y2K compliance and providing more accurate, timely and relevant people management information to the Corporation.
- The introduction of a comprehensive CD-ROM based induction program designed to help employees understand the Corporation's strategic focus and direction.
- A complete review of the internal occupational health and safety function resulting in a streamlined risk management approach with a focus on reducing organisational hazards and increased training.

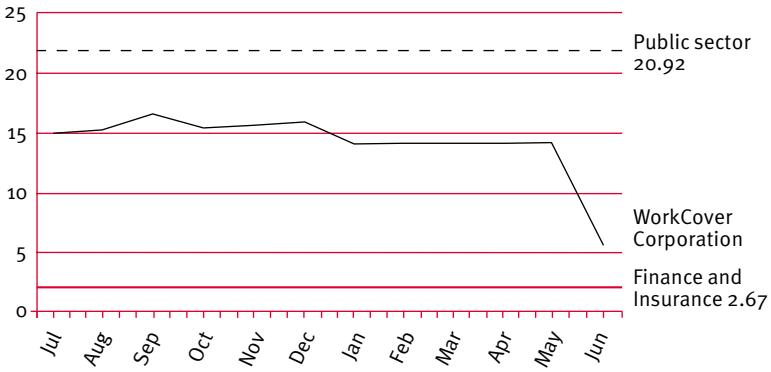
Organisational health

The Corporation continues to strive toward its targets associated with organisational health. Sick days lost and staff resignation levels were within the range expected. Staffing costs as a percentage of total administration costs continued to fall reaching 56 per cent, compared with 60.7 per cent in 1997-98.

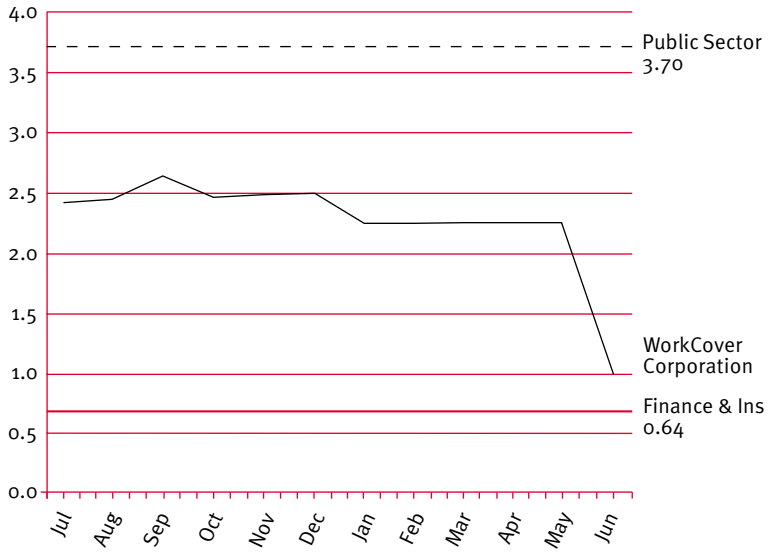
Average Time Lost Rate



Lost time injuries frequency rate



Lost time occurrence incident rate



Occupational health, safety and welfare performance for 1998-99

Number of workers compensation claims lodged	11
Number of time lost workers compensation claims (excludes rejected claims)	4
Workers compensation payments	$74,408
Number of Occupational Health and Safety Representatives	12
Number of Occupational Health and Safety Committees	1

Occupational Health and Safety

The Corporation's occupational health and safety performance also fell within the benchmark range set, being well below that of the public sector, but slightly above the finance and insurance industry average.

Industrial Relations

The Corporation worked closely with its staff to implement a new Certified Agreement that was ratified by the Australian Industrial Relations Commission in November 1998.

The agreement was significant in that, for the first time, future pay rises are linked to performance and achievement of organisational outcomes.

The new agreement also introduced broadbanding of staff salaries, which takes effect from August 1999. Approval was achieved after detailed negotiations in which staff were consulted directly, and through the Public Service Association and Financial Sector Union.

The agreement allowed for an immediate seven per cent wage increase for all award staff. Future increases will be based on individual performance. The initial increase included a catch up to re-establish parity with pay scales in the public and private sector, to ensure the Corporation's competitiveness in its recruitment.

The pay increases were achieved while containing administration costs at 1997-1998 levels.

For employees there are a number of very tangible benefits from the new agreement, including:

- parity with private and public sector remuneration
- an opportunity for further increases through performance-based pay
- a faster job evaluation process, but with all the existing review mechanisms
- continuation of a redundancy agreement with generous severance payments
- the broadening of salary packaging
- introduction of paid maternity leave
- for the first time, a new Consultative Group providing a consultative forum on human resources issues for all Corporation staff.

The consultative group, comprising elected members of staff and union-nominated representatives, is a centrepiece of the agreement. During the course of the year the group worked on a number of issues including:

- a review of the performance development system
- an investigation of the provision of salary packaging
- joint review with the Corporation of its human resource policy structure.

The consultative group provides an active forum for staff and unions to provide input and voice their concerns over Corporation issues.

During 1998-1999, WorkCover Corporation also placed increased emphasis on the development of appropriate internal Equal Opportunity (EO) strategies. This included provision for an EO project officer and the development of the EO plan with phased introduction of its strategies.

A review of EO policies was conducted with the Equal Opportunity Commission, which reaffirmed the direction being taken by the Corporation.

Information management

The Corporation is highly aware of the importance of information management and technology in meeting not only the day-to-day operational needs of the business, but also the informational and strategic management requirements.

To better position the Corporation for the future, there has been an extensive rationalisation of computer infrastructure. This has included the replacement of two mid-range machines, used for finance and human resources management activities, with a more up-to-date machine and rationalisation of database software. Within the data warehouse the first of the decision support 'universes' was commissioned. The claims information now available in the data warehouse is the first of several to meet the informational needs of the Corporation.

Development of future universes is planned to occur during 1999-2000.

Two web-based systems also were developed for the Department of Human Services, Health Area (previously known as the South Australian Health Commission). The IDEAS Reporting system allows health units to produce standard and parameter-driven queries on claims information. The Hazard and Incident Reporting system allows the recording and reporting of hazards and incidents that occur within the health units.

Through the use of remote access PCs, self-managed employers now are able to manage their claims from their own location utilising the power and flexibility of the Corporation's claims management software.

Year 2000 statement

The Corporation has made a significant commitment during the financial year to overcome challenges associated with the Y2K or 'Millennium Bug' to ensure business as usual in the year 2000 and beyond.

All critical business systems were remediated and tested by 30 June 1999, including extensive testing with key external suppliers. A wide range of computer applications, including PC desktop software, payroll and finance functions were upgraded to Year 2000 compliant versions and have been tested. Some internal systems were re-written or decommissioned.

Office systems such as fax machines and photocopiers have been replaced, where necessary, and the building security system upgraded.

Corporation staff attended information sessions regarding Year 2000 issues. End-user computing files have been checked

'The Corporation has assisted the State Government Year 2000 Office and the South Australian Business Centre to raise awareness of Year 2000 issues with South Australian businesses.'

for date-related issues. Files with potential date problems have been modified and those no longer required have been backed up and removed from general use.

The Corporation has assisted the State Government Year 2000 Office and the South Australian Business Centre to raise awareness of Year 2000 issues with South Australian businesses.

Business continuity plans continue to be developed to minimise any adverse effects on customers and stakeholders as a result of potential Year 2000 related failures. Particular emphasis has been placed on those critical business functions outside of the direct control of the Corporation and 'work-arounds' have been developed to address these. The Corporation's existing Crisis and Emergency Management Plans have been used as the basis for the business continuity plans.

The Corporation has met the State Government Year 2000 Office mandated completion dates for the 1998-99 financial year. Work will continue through 1999 to ensure the integrity of the Corporation's state of Year 2000 readiness and to reduce the level of risk to the Corporation and stakeholders to an acceptable level.

This statement is a Year 2000 disclosure statement for the purpose of the Year 2000 Information Disclosure Act 1999. A person may be protected by that Act from liability for this statement in certain circumstances.

Corporate *governance* **statement**

for the year ended 30 June 1999

The purpose of this statement is to outline the corporate governance structure and practices that were in place in WorkCover Corporation during the financial year ended 30 June 1999.

The Board and the Finance and Audit Committee reviewed the operation of internal control through reports by management, internal audit and external audit. While no system of internal control can provide absolute assurance against material error or loss, the Corporation's system is designed to provide stakeholders, the Board and management with reasonable assurance that corporate structure and practices are in place to mitigate risk to the Corporation, Government and stakeholders.

The Board acknowledges its responsibility for the Corporation's system of corporate governance and, in advance of mandatory reporting, sets out the following summary of the key elements of governance responsibilities, structure and practices.

Governance responsibilities in the Corporation

WorkCover Corporation Board

The Board members are the stewards of the Corporation. Under the *WorkCover Corporation Act* they are accountable for overseeing the conduct of the Corporation, monitoring the effectiveness of the Chief Executive Officer, protecting the interests and rights of the stakeholders and ensuring that the objectives of the legislation are achieved.

The Board also is subject to ministerial direction. In 1998-1999, a ministerial direction was issued in relation to the 'WorkCover Scoping Review.'

Issued on 1 July 1998, this directed the Corporation to ensure any activity or matter that may have material impact on the value or potential sale of WorkCover Corporation, be referred to the Minister or his representative for consideration and/or approval.

The direction remained in place until October 1998.

WorkCover Corporation management

The Chief Executive Officer is accountable to the Board for leadership in the following key result areas:

- strategic direction setting
- fund management
- risk management and control
- information management and technology
- operational performance
- legislation administration and compliance
- stakeholder and customer relations.

Claims agents

Claims agents are responsible for the management of claims. Under their respective claims management agreements, agents are required to provide assurance that the Corporation's claims management operations are adequately managed.

The governance framework of the Corporation encompasses the actions of the claims agents to the extent reflected by agent contracts and all relevant law as defined in those contracts.

Governance structure of the Board

Responsibilities

During the financial year, the Board conducted regular meetings and established Board committees to oversee critical aspects of the Corporation's responsibilities. Committees included a finance and audit committee, investment committee, workers compensation committee and occupational health and safety committee.

As part of their responsibilities, Board members received and reviewed monthly financial and management reports to assist in their deliberations.

Board membership

For information on Board members and membership and responsibilities of committees, refer to pages 41 to 43.

Membership eligibility

All Board members were appointed by the Governor, on the recommendation of the Minister, after appropriate consultation with employer and employee associations.

Special skills and/or expertise required of Board members are specified in the legislation.

Board remuneration

Remuneration for Board members is set by the Commissioner for Public Employment in accordance with SA Government policy.

Board members have access to independent professional advice, at the Corporation's expense, to assist them in their roles. Any Board member can obtain professional advice after seeking approval of the Board.

Chief Executive Officer remuneration

The Board determines the remuneration of the Chief Executive Officer after receiving external consultant advice on applicable market rates.

Governance structure of committees

Finance and Audit Committee

The Finance and Audit Committee consists of three Board members and operates under a charter approved by the Board.

The Finance and Audit Committee met four times during the financial year to monitor the effectiveness of internal control – reviewing the activities, reports and findings of the Internal Audit Office and the responses from management. The external auditor's management letters also were reviewed by the committee.

Internal Audit

The Chief Internal Auditor reports to the Finance and Audit Committee at its meetings and has direct access to the Chair of the Board as necessary. The independence of the internal audit function is ensured through its reporting structure and charter.

The Chief Internal Auditor reports functionally to the Chief Executive Officer. All internal audit reports are considered independently of line management.

External Audit

The Corporation contracts two external audit firms to certify annual financial accounts as required by the WorkCover Corporation Act. The Finance and Audit Committee reviews their management letters and management's response in association with the Chief Financial Officer and Chief Internal Auditor to determine if any action needs to be reinforced.

Elements of governance practice

During the financial year the Board of the Corporation has had a governance framework in place encompassing the following Board and management practices:

Board operation and ethics

- standards for Board member, management and staff conduct
- standing orders for Board meetings
- performance agreement with the Chief Executive Officer
- terms of reference for Board committees
- a process for overseeing information and reports
- a professionally competent and independent internal audit function
- joint external auditors.

Strategic direction

- set clear strategies for the Corporation and the occupational health, safety, rehabilitation and compensation system and a process of corporate planning and reporting to assist in their achievement.

Fund management

To maintain the financial viability of the fund and provide for the economic and efficient use of resources the Board has in place:

- a system of financial management and reporting
- an independent actuarial evaluation of the Corporation's liabilities
- an investment strategy endorsed by the Board
- a comprehensive authorisation and control process for the acquisition, management and sale of investments.

Operational performance

In terms of operational performance, the Board has ensured the following:

- establishment and resourcing of programs to help employers and workers get the best results from the occupational health, safety, rehabilitation and compensation system
- a system to provide information on the performance of agent's contracts is supported by provider analysis processes
- processes for fraud mitigation and employer compliance
- organisational alignment to a commercial culture

- a performance management system to provide managers and direct reports with the appropriate level of competence and commitment to the achievement of the Corporation's corporate plan (staff receive the necessary information and training to fulfil their responsibilities)
- a business process alignment program to establish contestability in terms of best practice.

Information management and technology

- information for decision-making and performance review, including statistical and actuarial information provided by a research and analysis function
- an information systems security policy and structure
- risk mitigation project associated with Year 2000.

Stakeholder and customer relations

- processes to maintain stakeholder consultation and customer service at a high level.

Risk management

- a function to identify corporate and business risk at the strategic level.

Legislative administration and compliance

- a formal delegations document to facilitate compliance with ethical standards, laws, policy and fiduciary responsibilities
- the performance management system fixes accountability with management to ensure that the Corporation observes external legislative requirements.

Board members (as at 30 June 1999)

Mr Perry Gunner (Chair)

Mr Gunner was previously Chief Executive of Orlando Wyndham Group Pty Ltd and is currently Chairman. Orlando Wyndham was Australian Exporter of the Year and one of the first wine companies to achieve self insurance status in South Australia.

Mr Gunner has been involved in a number of wine industry bodies, including holding the position of President of the Winemakers Federation of Australia.

He is a director of Simeon Wines and SACBH. Mr Gunner has a number of interests including beef and dairy properties in the Meningie area.

Mr Chris Brown

Mr Brown worked in the heavy engineering, agricultural and automotive industries for 26 years. During this time he served as a shop steward, holding a number of positions and carrying out various roles within the Moulders Union and the Federated Ironworkers Union.

Mr Brown currently is a full-time official with the Australian Worker's Union, holding the position of Joint Assistant Branch Secretary. He also is a United Trades and Labor Council (UTLC) and Australian Labor Party (ALP) delegate. He has served as UTLC representative on the Workers Compensation Advisory Committee.

Professor Dennis Else

Professor Else became Chair of the National Occupational Health and Safety Commission in December 1996. Prior to that, he was Pro Vice-Chancellor responsible for organisation development and change at the University of Ballarat.

He was foundation Director of the Victoria Institute of Occupational Health and Safety from 1984 to 1991 where he currently occupies the Protector Safety Chair of OHS.

He held the position of Dean of Engineering and Science between 1991 and 1994 and was a Commissioner on the Victorian Occupational Health and Safety Commission.

Professor Else has extensive experience working with employers, unions and employer associations at local, State and Federal levels.

Ms Maria Kourtesis

Ms Kourtesis is owner and general manager of Prime Placement (BRW's Fastest Growing Company for SA, 1999), Prime Medical Placements, Prime PC Training and Prime Industrial Placements.

Ms Kourtesis worked in an administrative role and undertook further studies in marketing and personnel to allow her to progress to a research role followed by a position as Communications Manager with a large voluntary organisation.

A previous member of the Multicultural Communities Council, and Public Relations Officer with the Hellenic Chamber of Commerce, she is currently an active member of the SA Employers Chamber of Commerce and Industry and a Justice of the Peace.

Ms Helen Nankivell

Ms Nankivell trained as a hairdresser and managed a hairdressing salon before joining furniture manufacturing company, Nexus, in 1986. She commenced work in the production areas and later took on a managerial role. In 1989, she bought the company, becoming the owner/ managing director.

Nexus has since grown to almost seven times its size and has extended its markets to Japan and, more recently, New Zealand. The company has also been recognised through the Telecom Small Business Awards.

Ms Nankivell is a past member of both the South Australian Development Council and the Adelaide Infrastructure Forum.

Ms Nankivell completed a Diploma in Visual Arts at the Canberra School of Art in 1979 and continues her interest in art as a member of the Fleurieu Biennale Board.

Ms Joy Palmer

Ms Palmer has more than 25 years experience in public administration and industrial relations. The majority of this time has been at senior levels, including Chief Executive and Non-Executive Director.

She spent 13 years as an official in the trade union movement, holding positions of State Secretary, National Secretary and National President of the Public Sector Union before retiring to run her own consultancy service.

Ms Palmer also has been on the management committees of several community groups, including the Working Women's Centre and Adelaide and Elizabeth Women's Community Health Centres.

She currently is concentrating her activities as a non-executive director, holding several positions in the superannuation industry as well as the WorkCover Corporation Board.

Mr Tony Venning

Mr Venning retired as Managing Director of Manufacturers' Mutual Insurance Limited in June 1994. He joined MMI in 1979 as General Manager and was appointed Managing Director in 1984.

He is a Past President of The Insurance Council of Australia Limited, The Insurance Institute of NSW and the Australian Insurance Association.

His past directorships included Pacific Mutual Australia Limited and the WorkCover Authority of NSW.

Mr Peter Wall

Mr Wall was a wine maker and director of private, family-owned company S Smith and Sons (Yalumba) for 35 years.

He worked in the position of Senior Production Executive for the past 20 years and was responsible for general and staff management, procurement and planning.

Mr Wall placed particular emphasis on occupational health and safety within the company, reflected by S Smith and Sons, being named Outstanding Achiever under the Safety Achiever Bonus Scheme, pioneering the Self Managed Employer Scheme and achieving exempt status in July 1996.

Currently a non-executive director of Yalumba, Mr Wall also holds positions on a number of other Boards, including the North Adelaide Barossa Catchment Water Management Board.

Mr Kym Weir

Mr Weir is a chartered accountant who has experience in all areas of accounting practice, including audit, tax and management consultancy. He specialises in insolvency and corporate advisory work.

Mr Weir joined accountancy firm, Price Waterhouse in 1977, becoming a partner in 1980. He remained with Price Waterhouse for 13 years, retiring in 1992 to start his own practice.

In 1997, Mr Weir became Executive Director of Beston Pacific Corporation, specialising in corporate and government advisory work.

Mr Weir has experience across a wide range of industries and is a member of the Board of the Motor Accident Commission, Livestock Markets Limited and several other private companies, sporting clubs and associations.

Board meetings 1998-1999

(Nine meetings held)

Meetings attended:

Perry Gunner (Chair)	9
Tony Venning	8
Chris Brown	8
Helen Nankivell	6
Joy Palmer	9
Maria Kourtesis	8
Dennis Else	8
Peter Wall	8
Kym Weir	8

Board standing committees

Workers compensation

(formerly Claims Management Standing Committee & Employer Registration Committee - seven meetings held)

Chris Bown (Chair)	7
Peter Wall	6
Tony Venning	7
Helen Nankivell	5

Claims Management Standing Committee

(July-October 1998 – four meetings held)

Chris Brown	4
Peter Wall	4
Maria Kourtesis	3

Occupational Health and Safety

(eight meetings held)

Joy Palmer (Chair)	8
Maria Kourtesis	6
Dennis Else	6

Investment

(four meetings held)

Perry Gunner (Chair)	4
Kym Weir	4
Joy Palmer	4

Audit

(four meetings held)

Kym Weir (Chair)	3
Perry Gunner	3
Peter Wall	3

Corporate management (as at June 1999)

Keith Brown
Chief Executive Officer

Keith Brown joined the Corporation in February 1997. His experience spans senior executive roles in the public sector, oil and banking industries as well as small business and industry organisations.

Stan Coulter
Manager, Occupational Health and Safety Services

Stan Coulter has twelve years experience in workers compensation, holding a variety of senior positions in the Corporation and the South Australian office of Comcare.

For the five years before that he worked in human resource management. Stan joined the Corporation in July 1993.

Tricia Cronin
Manager, Service and Communication

Tricia Cronin has more than eleven years experience working in the shipping industry and in senior positions in the public sector. Tricia joined the Corporation in December 1993.

Geoff Davey
Manager, Commercialisation

Geoff Davey has 30 years experience in general insurance and workers compensation in the private and public sector. Geoff joined the Corporation in September 1987, holding a number of senior positions before being appointed to his current position in March 1998.

Gary Dayman
Manager, Government Relations

Gary Dayman joined WorkCover Corporation in October 1987 and has held various senior management positions since that time. Prior to joining the Corporation, he worked for the State Government in administrative and human resource management positions.

Kay Edwards
Manager, Premiums

Kay Edwards joined WorkCover Corporation in 1991 and was appointed to the Corporate Management Team in 1997 as the Manager of Provider Services. Prior to joining the Corporation she worked in a variety of positions in the field of disability-related employment.

Garry Madigan
Manager, Claims Management

Garry Madigan has more than 20 years of management experience in senior operational and policy positions in the public sector and insurance industry. He joined the Corporation in May 1989.

Kay Nolte
Manager, e-business Strategy Development

Kay Nolte has 29 years experience in information technology in Australia, Asia and Europe. Kay worked in a variety of technical, development and management roles in the private sector before joining the Corporation in July 1992.

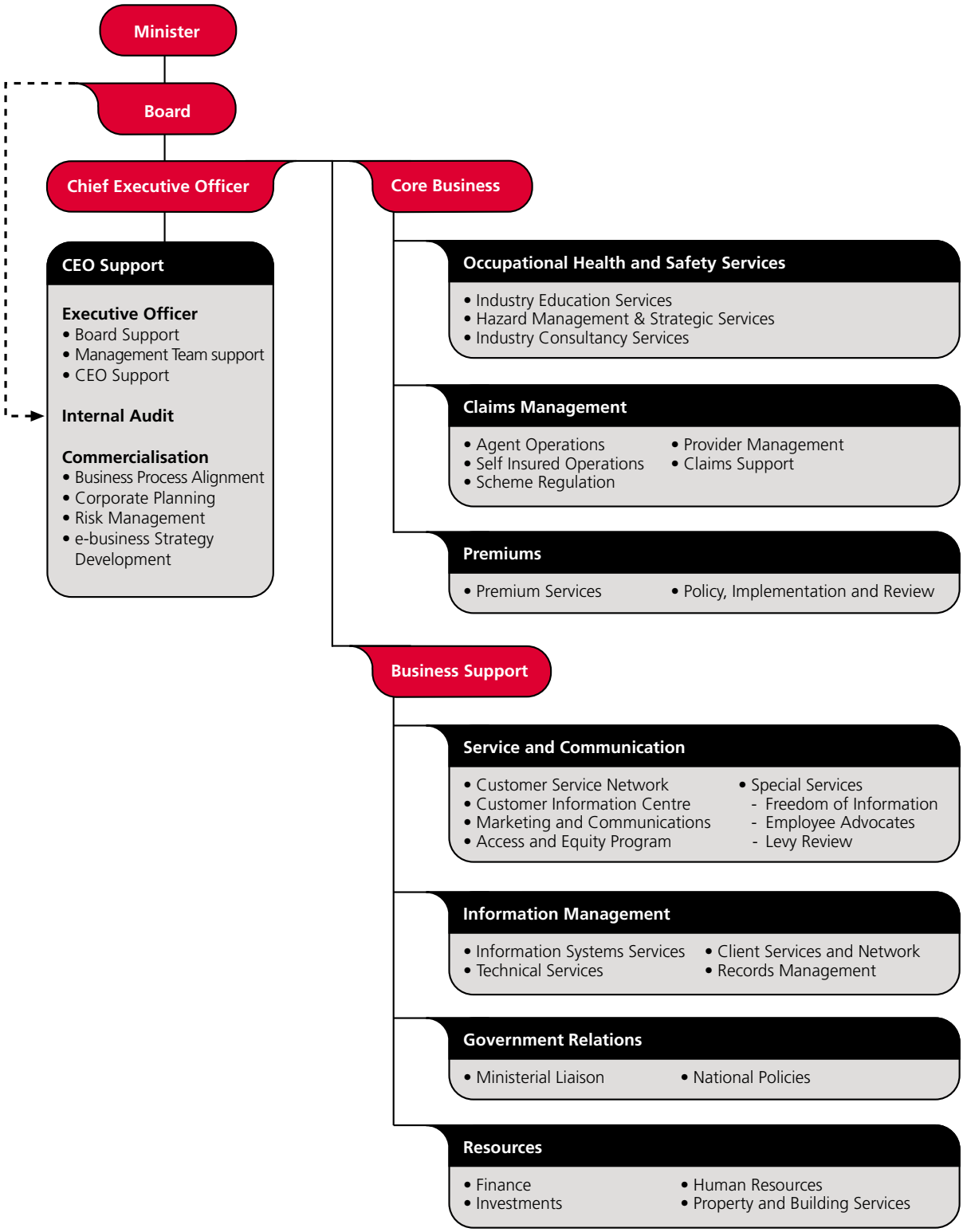
Kathy O'Donnell
Executive Officer

Kathy O'Donnell has more than 10 years experience in the insurance industry in the private sector. Kathy joined the Corporation in September 1987 and held executive support roles before being appointed to her current position in February 1997.

Kym Steer
Manager, Resources

Kym Steer joined the Corporation in September 1997. Prior to this time, he held senior human resources positions in both the private and public sector.

Alan Blasbery
Acting Manager, Information Management

Alan Blasbery has more than 25 years experience in the information technology arena, having worked both in the United Kingdom and Australia. His career has included positions in public and private sector organisations in both technical and management roles. Alan joined WorkCover Corporation in 1991.

Corporate Structure 1998-1999