

Fair and balanced



*The Workers' Compensation  
Regulatory Authority*

Annual Report 2003-2004

October 2004

**The Honourable Tom Barton MP**  
**Minister for Employment, Training and Industrial Relations**  
**Neville Bonner Building**  
**75 William Street**  
**BRISBANE QLD 4000**

Dear Minister

I am pleased to present to you the inaugural Annual Report for Q-COMP, the Workers' Compensation Regulatory Authority of Queensland for the year ended 30 June 2004.

The report details the first year of operation of Q-COMP as the newly established Regulatory Authority.

It has been a challenging year for all involved in the establishment of the new Authority, but a very successful year in that a seamless transition was achieved.

In our first year Q-COMP has laid solid foundations for the continued delivery of fair and impartial regulatory services to all stakeholders, with the aim of ensuring a fair and balanced workers' compensation scheme in Queensland.

I commend our first Annual Report to you, which highlights the achievements that have been made in our first year of operation.

Yours sincerely

**Paul Braddy**  
 Chairperson  
 Q-COMP Board

### Communication objective

Q-COMP's objective is to report operational and financial performance and progress in achieving our vision and goals for 2003-2004 to the Minister for Employment, Training and Industrial Relations and other scheme stakeholders.

This inaugural annual report contains a history of the workers' compensation scheme in Queensland, milestones leading to Q-COMP's establishment, and information about our regulatory services and activities.

Q-COMP's fifth annual scheme-wide statistical report features throughout, demonstrating the linkages between claims in the scheme and Q-COMP functions. The statistics have been expanded to report on all aspects of the scheme, including:

- claims information reported by insurers for statutory claims and common law claims; and
- scheme-wide information about the major regulatory services provided by Q-COMP for insurer and medical issues, ie. administrative review, appeals to the Industrial Magistrate and Medical Assessment Tribunals.

All figures reported are as at 30 June of the reporting year. The only exceptions to this are fatalities, which are reported as at 30 June 2004.

Copies of both the annual report and the statistics report are available on our web site at [www.qcomp.com.au](http://www.qcomp.com.au). The reports are also available in hard copy on request to Q-COMP by telephone 1300 361 235.

We encourage your feedback about the reports by post or fax addressed to Business Services or via email to [qcomp@qcomp.com.au](mailto:qcomp@qcomp.com.au).

Postal address: PO Box 13407 George St Q 4003  
 Fax: (07) 3238 3080

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# Q-COMP – HIGHLIGHTS OF OUR FIRST YEAR



- 1. Established the new Authority under a new scheme model

*Page 2*

- 2. Improved quality and breadth of workers' compensation data allowing, expanded scheme-wide reporting and informed decision-making by Q-COMP, stakeholders and Government

*Page 16*

- 3. Introduced a new, comprehensive, performance management program for Queensland workers' compensation insurers, incorporating enhanced reporting mechanisms, self-assessment tools, data profiling and on/off site auditing

*Page 18*

- 4. Facilitated appointment of 158 of Queensland's eminent medical specialists to Medical Assessment Tribunals to provide independent, timely and effective resolution of complex medical matters referred by insurers

*Page 26*

- 5. Efficiently administered a scheme dispute resolution framework that provided 2,470 workers and employers with access to a fair and timely administrative review of insurer decisions. In the same period, 89 matters went on to be heard by the Industrial Magistrate

*Page 22*

- 6. Delivered a statewide, comprehensive workers' compensation education program to over 700 medical professionals and practice staff

*Page 20*

## Financial Summary

	<b>\$000</b>
Levy income	40,068
Other income	738
Operating expenses	15,455
Other scheme expenses	23,492

# Q-COMP AND THE SCHEME



## OUR VISION

To work with insurers, stakeholders and government for the fair, efficient and effective operation of the workers' compensation scheme in Queensland.

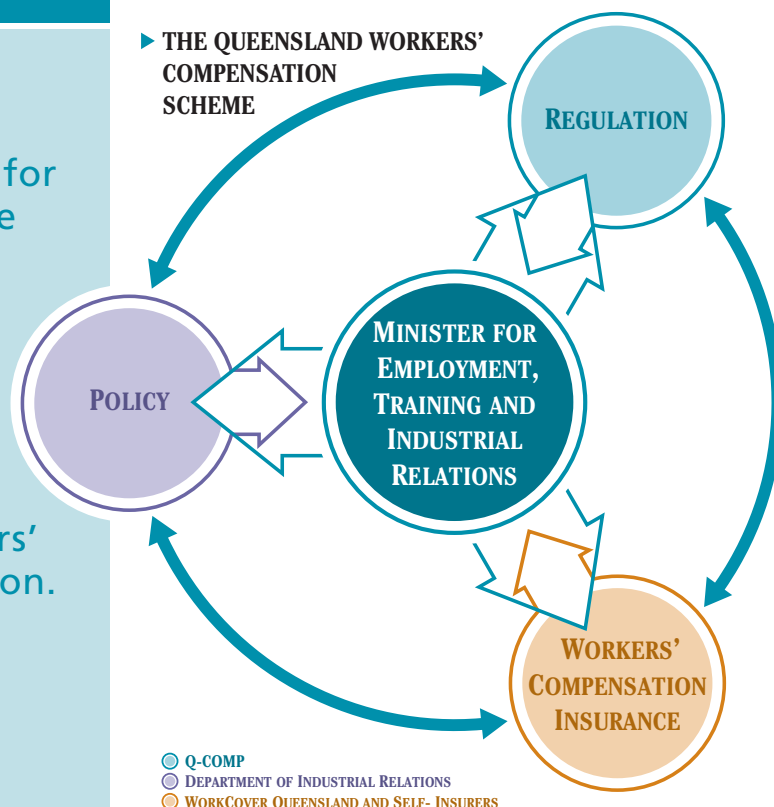
## OUR MISSION

Efficient delivery of impartial, independent, effective regulation of workers' compensation and rehabilitation.

## OUR VALUES

**F**airness  
**A**ccountability  
**I**mpartiality  
**R**esponsiveness

## THE QUEENSLAND WORKERS' COMPENSATION SCHEME



On 1 July 2003, Q-COMP was formally established as the Workers' Compensation Regulatory Authority of Queensland under the *Workers' Compensation and Rehabilitation Act 2003*.

This inaugural annual report is the culmination of Q-COMP's first year of operation as the Workers' Compensation Regulatory Authority of Queensland. Our establishment as a separate entity reinforces our independence and impartiality in maintaining a fair and balanced scheme in Queensland.

### The history of workers' compensation in Queensland

Workers' compensation for injured workers in Queensland dates back to the *Employers' Liability Act 1886*, which permitted the recovery of common law damages in selected instances. The *Workers' Compensation Act 1916* set the foundation for today's workers' compensation scheme, establishing mandatory insurance by employers in Queensland and a State Government monopoly on workers' compensation insurance. (See Table 1)

Prior to the establishment of the current legislative framework, WorkCover Queensland provided both workers' compensation insurance and scheme regulation, including licensing of self-insurers.

### Q-COMP

The *Workers' Compensation and Rehabilitation Act 2003* (the Act) and the *Workers' Compensation and Rehabilitation Regulation 2003* were passed following a full review of the policy, regulation and delivery mechanisms of the workers' compensation scheme. This review identified a potential

conflict between the combined roles of WorkCover insurance service delivery and regulation of the scheme through its Q-COMP Division.

Under the Act, Q-COMP is established as an independent regulatory authority. The Act governs Q-COMP's activities and provides for the appointment of a seven member Board and Chief Executive Officer. Q-COMP employees are appointed under the *Public Service Act 1996*.

### Q-COMP's role is to regulate the workers' compensation scheme

Our functions under the Act are to:

- monitor insurer performance and compliance;
- decide self-insurance applications;
- review insurers' decisions;
- manage appeals;
- support and oversee efficient administration of medical assessment tribunals;
- monitor rehabilitation compliance and accredit workplace policies;
- provide rehabilitation advisory services;
- maintain a scheme-wide database;
- promote education about the scheme;
- collect fees, eg. rehabilitation coordinator registration; and
- administer grants, eg. workers' compensation information services, workplace health and safety programs and specifically commissioned research.

Fairness and equity were at the forefront of the legislation for the first state workers' compensation scheme introduced in 1916.

Year	Milestones	Summary of changes
1886	<i>Employers' Liability Act 1886</i>	Recovery of common law damages in selected instances (eg. machinery defect, foreman negligence).
1905	<i>Workers' Compensation Act 1905</i>	No-fault principle and general coverage of workers. Employers expected, but not compelled, to seek accident insurance for workers through private insurers.
1916	<i>Workers' Compensation Act 1916</i>	Repealed both above Acts and set the foundation for today's legislation, establishing: <ul style="list-style-type: none"> <li>• Mandatory workers' compensation insurance by employers in the state;</li> <li>• State Government Insurance Office (SGIO) - created to transact all classes of insurance (<i>Insurance Act of 1916</i>); and</li> <li>• Provided for the inclusion of journey (travel) claims.</li> </ul>
1916–1978	Various amendments made to improve the system	<ul style="list-style-type: none"> <li>• 1930 Medical reports for compensation claims made mandatory.</li> <li>• 1944 Term "accident" repealed and definition of "injury" inserted.</li> <li>• 1955 First Medical Board established.</li> <li>• 1963 Merit bonus scheme for premium introduced; cover against common law liability made compulsory.</li> <li>• 1972 Introduction of full award wages for injured workers during first 26 weeks disablement.</li> <li>• 1973 Specific provision made under the Act for rehabilitation of injured workers.</li> </ul>
1978	Establishment of WCBQ	Workers' Compensation Board of Queensland (WCBQ) established separate to SGIO.
1990	<i>Workers' Compensation Act 1990</i>	Repealed all previous legislation. Scheme structure retained a basic philosophy of fairness and equity for employers paying premiums and employees with work related injuries. Increases to benefits and services to injured workers introduced.
1994	<i>Workers' Compensation Amendment Act 1994</i>	Amendment to the definition of injury - employment to be "a significant contributing factor".
1995	<i>Workers' Compensation Amendment Act 1995</i>	Queensland public sector agencies moved to a premium-based system in a separate premium pool.
	<i>Workers' Compensation Amendment Act (No.2) 1995</i>	In 1994/95 the scheme had an unfunded liability of \$114.25 million, estimated to exceed \$290 million by 30 June 1996. An increase in the number and cost of common law claims contributed significantly. Reforms to address this included an employer excess and surcharge, an "irrevocable election" to seek common law damages, a comprehensive "Table of Injuries" including whole person impairment scales and changes to many statutory entitlements.
1996	<i>Inquiry into Workers' Compensation and Related Matters in Queensland - Kennedy Inquiry</i>	The Kennedy Report recommended a number of reforms to return the scheme to full solvency.
1997	<i>WorkCover Queensland Act 1996</i>	Implementation of accepted recommendations from the Kennedy Report including: <ul style="list-style-type: none"> <li>• establishment of WorkCover Queensland;</li> <li>• introduction of self-insurance, self-rating, and experience-based premium rating system;</li> <li>• changes to definition of "worker" (excluding non-PAYE employees, working directors and trustees) and "injury" (employment to be "the major significant factor causing the injury"), journey claims and industrial deafness;</li> <li>• pre-proceedings process for common law claims;</li> <li>• establishment of review process; and</li> <li>• strengthened employer and worker obligations for workplace rehabilitation and safety at work.</li> </ul>
1999	<i>WorkCover Queensland Amendment Act 1999</i>	<ul style="list-style-type: none"> <li>• "Restoring the Balance" amendments.</li> <li>• Employment to be "a significant contributing factor" rather than "the major significant factor" contributing to injury.</li> <li>• Definition of "worker" changed to all people working under a contract of service, regardless of taxpaying status, and insertion of schedules on who is and who is not a worker.</li> </ul>
2000	Establishment of Q-COMP - the Workers' Compensation Regulatory Service of Queensland	Separated structurally from WorkCover business functions to reinforce impartiality of regulatory functions.
	Fully funded scheme	Queensland scheme achieved the target 20% solvency level.
2001	National Competition Policy Review	Review of <i>WorkCover Queensland Act 1996</i> in the latter half of 2000. In 2001, the Government announced the decision to formally separate WorkCover and Q-COMP.
	<i>WorkCover Queensland Amendment Act 2001</i>	Increased statutory lump sums and changed a number of common law provisions.
2003	<i>Workers' Compensation and Rehabilitation Act 2003</i>	Formal separation – creation of Workers' Compensation Regulatory Authority of Queensland, operating under the trading name of Q-COMP. WorkCover provides workers' compensation insurance services and the Department of Industrial Relations is responsible for workers' compensation policy and scheme design matters.



## Q-COMP funding and expenditure

Q-COMP is primarily funded through contributions from insurers. No funding is received from the Government's consolidated revenue.

In 2003-2004, Q-COMP received \$40.07 million from insurer contributions and \$0.74 million from other income (eg. interest, rehabilitation coordinator fees, self-insurer application fees). \$38.95 million was expended in 2003-2004 with \$23.49 million (60%) being paid as "other scheme expenses".

Under s364(3)(d) of the *Workers' Compensation and Rehabilitation Act 2003*, payments were made to Queensland Health (\$9.25 million) and Queensland Ambulance (\$2.20 million) for services to injured workers.

The Minister for Industrial Relations instructed WorkCover (pursuant to s416 of the *WorkCover Queensland Act 1996*) on 27 May 2003 requiring WorkCover to contribute \$11.54 million in 2003-2004 to the Department of Industrial Relations for injury prevention programs. This obligation was transferred to Q-COMP following the separation from WorkCover Queensland.

Payments were also made to a number of agencies to undertake research and provide advisory services to injured workers and employers (\$0.50 million).

## Workers' compensation insurers

### WorkCover Queensland's role

Following the separation of WorkCover and Q-COMP, WorkCover's role as a statutory authority is to provide workers' compensation insurance services including premium setting, fund management and administration of claims. In Queensland, every employer of workers, unless licensed as a self-insurer, must have a workers' compensation policy for accident insurance with WorkCover.

The WorkCover Board reports to the Minister for Employment, Training and Industrial Relations. WorkCover Queensland has over 133,000 policyholders and compensates approximately 72,000 injured workers annually.

## 25 self-insurers in the Queensland Scheme

Large employers may be licensed to become self-insurers if they meet certain legislative criteria. The 25 self-insurance licences in Queensland encompass 250 employers and their employees

Self-insurers as at 30 June 2004

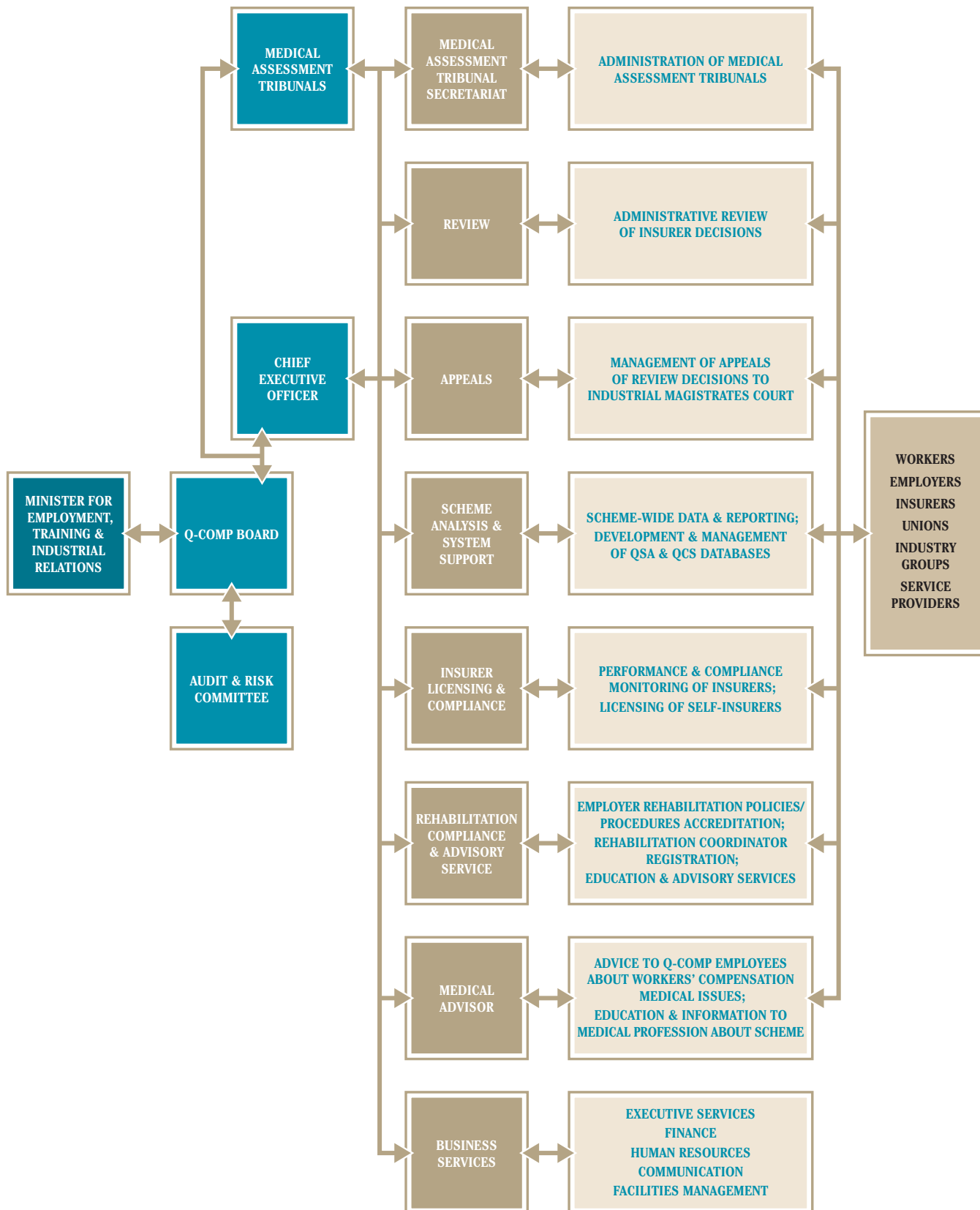
1. Australia Meat Holdings Pty Limited
2. Australia and New Zealand Banking Group
3. Arnott's Biscuits Limited
4. BHP Billiton Limited
5. Brambles Industries Limited
6. Brisbane City Council
7. Commonwealth Bank of Australia
8. Coles Myer Ltd
9. Consolidated Meat Group Pty Limited
10. CSR Limited
11. Council of the City of Gold Coast
12. Golden Circle Limited
13. Jupiters Limited
14. Local Government Association of Queensland
15. Mayne Group Limited
16. National Australia Bank Limited
17. OneSteel Limited
18. Qantas Airways Limited
19. Queensland Rail
20. Redland Shire Council
21. Townsville City Council
22. The University of Queensland
23. Westpac Banking Corporation
24. Woolworths Limited
25. Xstrata Queensland Limited

## Workers' compensation policy development

Matters of workers' compensation policy and scheme design are now centralised in the Department of Industrial Relations. Officers from this Department work closely with Q-COMP, WorkCover and stakeholders in the further development of the scheme.

Q-COMP is primarily funded through contributions from insurers.

► Q-COMP SERVICE DELIVERY



# GOALS & ACHIEVEMENTS OF OUR FIRST YEAR



A busy and challenging year followed the establishment of Q-COMP. We have focused on laying a strong foundation for the future.

## Scheme performance measures

Table 2 Q-COMP performance measures			
Performance measure	2003/04	2002/03	Variance
MAT referrals	3,732	4,305	-13.3%
Review applications	2,470	2,297	7.5%
Appeals lodged with Industrial Magistrate re: review decisions	422	421	0.2%

Table 3 Self-insurer liability		
Performance measure	2003/04	Target
Prudential Risk Factor * Amount of bank guarantees retained by Q-COMP as a percentage of the total claims liability for self-insurers	163%	150%

Table 4 Insurers			
Performance measure	2003/04	2002/03	Variance
New claims	84,950	84,551	0.5%
Common law lodgements	3,115	3,017	3.2%
Statutory claims expenditure	\$358.2M	\$341.8M	4.8%
Common law settlements and costs	\$305.2M	\$299.5M	1.9%
Scheme expenditure	\$663.4M	\$641.3M	3.5%
Average cost of finalised time lost claim	\$8,292	\$8,040	3.1%
Average duration of finalised time lost claims	40.7 days	41.2 days	-1.3%

## GOALS

### → Fair and equitable scheme

⇒ Commitment to scheme objectives including the fair, equitable and consistent treatment of injured workers and dependents by all stakeholders and insurers

### → Stakeholder engagement

⇒ Active engagement of stakeholders

### → Insurer and employer performance and compliance

⇒ Strive to achieve optimal compliance with legislation by insurers and employers

### → Operation of Q-COMP

⇒ Efficient and cost-effective delivery of regulatory services

### → Our people

⇒ Success through leadership, service, expertise and team work



## ACHIEVEMENTS

- • Developed and implemented a system to record and monitor issues raised with Q-COMP by all stakeholder;
  - Captured and reported comprehensive, quality, scheme-wide workers' compensation data allowing informed decision making by Q-COMP, stakeholders and Government;
  - Facilitated selection of 158 of Queensland's eminent medical specialists to Medical Assessment Tribunals to provide independent, timely and effective resolution of complex medical matters referred by insurers;
  - Efficiently administered a scheme dispute resolution framework that provided 2,470 workers and employers with access to a fair and timely administrative review of insurer decisions. In the same period, 89 matters went on to be heard by the Industrial Magistrate; and
  - Reviewed fees payable to Allied Health providers by insurers to ensure fair and affordable fee levels for the scheme.
- 
- • Implemented new Stakeholder Liaison Program with Unions and Industry Groups providing the framework for our ongoing interactions with stakeholders;
  - Developed and implemented education and information exchange opportunities with stakeholders about workers' compensation issues in Queensland;
  - Presented rehabilitation and return to work information sessions to private and public sector organisations across Queensland; and
  - Delivered comprehensive statewide workers' compensation education program to approximately 541 medical professionals and 120 practice staff.
- 
- • Completed all 11 self-insurance licence renewals on time, and approved one new self-insurance licence;
  - Introduced a new comprehensive performance management program for Queensland workers' compensation insurers incorporating enhanced reporting mechanisms, self-assessment tools, data profiling and on/off-site auditing;
  - Evaluated, through an audit program, employer and insurer compliance with rehabilitation obligations and reinforced these obligations through stakeholder education programs;
  - Implemented a framework for improving data quality to enable accurate and timely insurer reporting;
  - Introduced, controlled, and audited online access for insurers to Q-COMP database to assist the claims management process; and
  - Continued extensive program for employer rehabilitation coordinator training and accreditation.
- 
- • Established the Authority under the new scheme model;
  - Formulated and implemented the corporate governance framework, risk management program and documentation of all finance and administration policies and procedures;
  - New insurer levy model approved for implementation commencing 2004-2005;
  - Enhanced quality service provision during the process of reviewing insurer decisions by implementing policies and procedures for appropriate and timely communication with all parties (insurers, workers and employers);
  - Created a new structure that separated administrative review from appeals to the Industrial Magistrate to facilitate proactive resolution of disputed matters;
  - Provided insurer training and guidelines to facilitate appropriate referral of workers to Medical Assessment Tribunals;
  - Worked collaboratively with the Department of Industrial Relations, providing information and statistical analysis relevant to state and federal issues; and
  - Cost-effective management of all programs delivered.
- 
- • Developed comprehensive HR policies and procedures compliant with the *Public Service Act 1996* and Directives;
  - Implemented a diverse training program to further up-skill our people and enhance service delivery to our stakeholders;
  - Piloted *Work and New Family Balance* policy to provide more flexible return to work options for new parents at Q-COMP;
  - Established a Consultative Committee with representatives from Q-COMP and Queensland Public Sector Union; and
  - Created two trainee Review Officer positions providing additional career development opportunities.

# CHAIRPERSON'S REPORT



Paul Braddy  
Chairperson

**It has been a busy and challenging year following the commencement of the *Workers' Compensation and Rehabilitation Act 2003 (the Act)* which formally established the Workers' Compensation Regulatory Authority. The Authority's values of fairness, accountability, impartiality and responsiveness underpin all our interactions with stakeholders of the scheme.**

The separation from WorkCover Queensland was achieved in the context of business as usual. My thanks go to Ian Brusasco, Chairman of the WorkCover Queensland Board for the assistance provided by his organisation in the lead up to separation.

In addition to my position as Chair, Governor in Council appointed 6 other members to the Q-COMP Board who in a short period of time have familiarised themselves with the business operations and functions of Q-COMP and determined its strategic direction. I extend my appreciation to all members for their commitment to Q-COMP and the scheme.

During the year the Board has addressed several significant matters. One of these included Board consideration in December 2003 of the statutory review process. Changes were implemented to the structure and resourcing of both the review and appeals functions. These changes were designed to address the increasing number and complexity of review applications while supporting the application of natural justice principles and quality and timely decision-making.

We can proudly say that this administrative review process provides one of the most timely and cost-effective dispute resolution systems amongst Australia's workers' compensation jurisdictions.

Other matters considered by the Board included the analyses of scheme-wide trends and issues, renewal of a number of self-insurance licences and monitoring the Productivity Commission Inquiry into National Workers' Compensation and OHS Frameworks.

In response to a request from the Minister, the Board also considered the investigation, recommendation and subsequent implementation of a new insurer levy calculation methodology.

Consideration of these issues has highlighted once again, the strengths of the Queensland workers' compensation scheme, including the scheme-wide database. Q-COMP's database is undoubtedly one of the most up-to-date and comprehensive of any Australian workers' compensation scheme. Comprehensive data can be derived from the system to assist with analyses on which Government and decision-makers can formulate policy and legislation.

Q-COMP is a not-for-profit organisation. However, in the absence of dedicated 'seed funding' the Board decided it was prudent to approve a reserving strategy to be achieved over a number of years.

Through sound financial management in 2003-2004 a satisfactory start to this reserving strategy has been achieved. This will allow Q-COMP to accommodate cash flow fluctuations and fund future capital requirements. Most importantly, it will allow Q-COMP to respond quickly to changes in demand and variations in workflows, particularly relating to medical assessment tribunal referrals and review applications. It will also provide the flexibility to implement new initiatives to address emerging scheme issues.

In accordance with section 333(2) of the Act, I am pleased to report that the Board passed a resolution at its August 2004 meeting that the Authority '*will be able to pay its debts as and when they fall due*'.

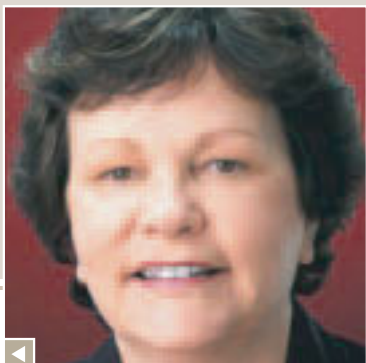
It is no small feat establishing a new organisation and the necessary supporting infrastructure and services. The smooth transition was a credit to all those involved and I would particularly like to acknowledge the dedication and hard work undertaken by Cath Wood, CEO and the Q-COMP team in achieving this goal.

I extend my appreciation to the Minister for Employment, Training and Industrial Relations and officers of the Department of Industrial Relations for their support and cooperation throughout the year.

The Board and Q-COMP have worked closely to develop the Authority's strategic direction and goals for the next four years. I am confident that Q-COMP will achieve these goals and continue to build on its strong stakeholder relationships, efficient service delivery and performance of its regulatory functions.

**Paul Braddy**

# CHIEF EXECUTIVE OFFICER'S REPORT



**Cath Wood**  
Chief Executive Officer

**From its beginnings four years ago as the Regulatory Functions Division of WorkCover, Q-COMP has matured as an organisation recognised by stakeholders as independent, impartial and professional.**

The establishment of Q-COMP as the new independent Authority this year has presented many challenges. These were addressed while continuing to deliver a high standard of service to our stakeholders.

One of the most significant of these challenges has been the development and implementation of our corporate governance and corporate support frameworks and corresponding infrastructure.

Of equal importance was the seamless transitioning of our people from being employed by WorkCover Queensland to being engaged by Q-COMP under the *Public Service Act 1996*. All of the requirements for this transition have been achieved.

Q-COMP's primary role is to regulate the workers' compensation scheme in Queensland. The theme of this annual report, "*fair and balanced*", reflects Q-COMP's approach to undertaking that regulatory role. There is a broad range of functions that Q-COMP is required to deliver as the "regulator". We have moved quickly to ensure that all components of our operations have adopted procedures that are fair and that stakeholders are informed of important and relevant information. As a regulator we have therefore embodied the principles of natural justice within our processes.

In this first year of operation we have focused on laying a strong foundation for the future. Stakeholders' growing awareness of Q-COMP's role as regulator has been accompanied by increased expectations for service delivery, education and advice about workers' compensation in Queensland. Our people have established strong working relationships with both our stakeholders and insurers.

There have also been a number of key program developments to address emerging issues and trends identified during the year. These are outlined throughout this report. Amongst them has been the implementation of a new comprehensive insurer performance management program aimed at promoting and supporting excellence in claims management and rehabilitation. We have also established an Issues Management database to further complement our existing scheme wide database.

Q-COMP has continued to deliver educational programs and advisory services to meet the increased demand from stakeholders for these services, particularly in relation to rehabilitation and the workers' compensation process from the perspective of the worker, employer and the medical practitioner.

Q-COMP's operations are primarily funded by way of levies from insurers. We are conscious of the need to keep the level of contributions to a minimum by efficient delivery of our programs, whilst still maintaining quality service delivery and a prompt response to emerging issues. Q-COMP has therefore developed a comprehensive framework for monitoring its financial performance. This includes regular reporting to the Board and working closely with the audit committee to ensure appropriate financial controls have been established and are adhered to.

I would like to acknowledge the assistance provided by the WorkCover Executive Management Group in helping to prepare for the separation of the regulatory components of the scheme from WorkCover Queensland.

I also express my sincere thanks to the Q-COMP Chairman, Paul Braddy and the Board for their vision and guidance in this first year of operation, and to our many stakeholders who support us in our regulatory role.

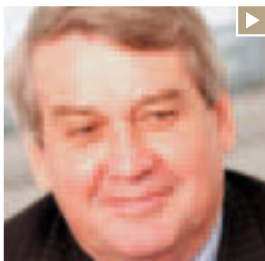
One of Q-COMP's greatest assets has always been our people, their knowledge and expertise and most importantly their ability to work together as a team. I commend our people for their hard work, dedication and commitment.

In 2004-2005 we will meet new challenges with enthusiasm knowing we are making an important contribution to a workers' compensation and rehabilitation scheme that balances the needs of workers and employers.

**Cath Wood**



## Q-COMP Board of Directors



▶ **Paul Braddy – Chairperson**

LL.B – Mr Paul Braddy is the current Chair of the Queensland Education and Training Export Board. He was elected to State Parliament in 1985 and retired from Parliament in 2001. He became Minister for Education in 1989. He was appointed Leader of the House in 1991 and 1992, and also served as Minister for Police, Emergency Services and Corrective Services. Paul served as Minister for Employment, Training and Industrial Relations from 1998 to 2001.



▶ **Peter Henneken – Deputy Chair**



▶ **Graham Cuthbert**



▶ **Grace Grace**



▶ **Garry Ryan**



▶ **Dr Beres Wenck**



▶ **David Whiting**



*In this first year of operation Q-COMP has implemented a comprehensive Corporate Governance Program.*

▶ B.A., B.Bus. (Management) – Mr Peter Henneken is Director-General of the Department of Industrial Relations. He is the current Chair of the QLeave Board, and the National Occupational Health and Safety Commission (NOHSC) Information Committee. He is a Director of the Electrical Safety Board and NOHSC. Peter was previously a Director on the WorkCover Queensland Board.

▶ Mr Graham Cuthbert is Executive Director of the Queensland Master Builders Association, the peak body representing employers in Queensland's building and construction industry. He is also a Director of the Building Union Superannuation Scheme of Queensland, which provides benefits for all employees in Queensland's building and construction industry. Graham is a Board Director of the QLeave Board.

▶ Ms Grace Grace is General Secretary of the Queensland Council of Unions. She is a Director of the Workplace Health and Safety Board and is a Director of SunSuper, Energex and Southbank Corporation. She is a past Director of the Workers' Compensation Review Council. Grace has previously been appointed by the Minister for Industrial Relations to the Selection Panels for the General and Specialty Medical Assessment Tribunals.

▶ Mr Garry Ryan is Queensland Branch President, Southern District Secretary and National Executive Committee Member of the Australian Workers' Union. He is also a Director of the QSuper, AUSTSAFE Superannuation, Workplace Health and Safety and Training and Employment Boards, and a Director of the Queensland Rural Ministerial Advisory Council. Garry has previously been a Director of the Dalby Agricultural College Board, the South West Queensland Regional Electricity Council and the Community Jobs Priority Committee.

▶ MBBS – Dr Beres Wenck is a past President of the Australian Medical Association (Queensland) and is past Chair of the AMAQ Workers' Compensation Advisory Committee. She has previously been appointed by the Minister for Industrial Relations to the Selection Panels for the General and Specialty Medical Assessment Tribunals. Beres conducts a private general medical practice in Milton.

▶ Mr David Whiting currently represents Queensland Industry on a broad range of advisory Boards and statutory organisations, including Industrial Supplies Office (Queensland) Limited – Trading as Industry Capability Network (Queensland) to 30 June 2004; AUST Queensland Pty Ltd (Industry Superannuation Fund); Queensland Training and Employment Board; and Queensland Workplace Health and Safety Board. He is past Chairman and Board Director, Queensland Industry Skills Council. He has 36 years' experience representing and advocating the needs of Australia's manufacturing, engineering and construction industries, as a senior executive and Director of the Australian Industry Group.



## Corporate governance

Q-COMP's enabling legislation, the *Workers' Compensation and Rehabilitation Act 2003*, commits the organisation to good governance principles, as does the *Financial Administration and Audit Act 1977* and *Financial Management Standard 1997*, the *Public Sector Ethics Act 1994*, and various other government standards. Through the implementation of its Corporate Governance Policy, the Q-COMP Board and Management Group have established the framework by which transparency, accountability and adherence to natural justice principles is adopted during Q-COMP decision-making processes.

In this first year of operation Q-COMP has implemented a comprehensive Corporate Governance Program. This program includes a documented series of delegations and significant policies and procedures that are regularly reviewed and communicated to Q-COMP officers. A system of internal audit and risk management was implemented to ensure compliance. The system is subject to ongoing monitoring and review.

## Board of Directors

The Q-COMP Board was established on 1 July 2003 under Chapter 7 of the *Workers' Compensation and Rehabilitation Act 2003*. The seven independent Directors have been appointed by Governor in Council for a three-year term, each for their ability to make a contribution to Q-COMP's performance as the regulator of workers' compensation.

Directors are paid in accordance with their conditions of appointment by Executive Council and the relevant Department of Industrial Relations' guidelines '*Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities*'.

## Role of the Board

The Board's role is to ensure Q-COMP fairly and equitably regulates the Queensland workers' compensation scheme. The Board established Q-COMP's strategic direction and monitors performance of its functions. Accountability for this performance is to the Minister for Employment, Training and Industrial Relations.

The Board has developed a charter outlining its role and responsibilities. It will review its performance against this charter at the end of the first complete business cycle culminating with the tabling of this inaugural annual report.

## Directors' insurance and indemnification

Insurance (including that equivalent to Directors' and officers' liability insurance) has been secured through the Queensland Government Insurance Fund (QGIF). The Minister for Employment, Training and Industrial Relations has provided Directors with an indemnity.

## Board meetings

The new Board met for an induction program within a month of its formal appointment to assist Directors understand their duties, responsibilities and ethics. As part of the induction program, Queensland Treasury presented an information session about good corporate governance principles and practice. A Board strategic planning session was conducted early in its term, with a subsequent session for the 2004-2005 planning cycle.

In addition to the induction and the two business planning meetings, the Board met 11 times throughout the year to consider and determine or note relevant matters.

In 2003-2004, the Board:

- became familiar with the functions and operation of Q-COMP;
- reviewed the strategic direction for 2003-2004 and developed the strategic direction and plan for 2004-2005;
- delegated specified powers to the CEO;
- established an Internal Audit and Risk Management Board Committee;
- endorsed a Board and Q-COMP Code of Conduct;
- reviewed the provision of workers' compensation information services and other payments made by the Authority;
- reviewed and recommended an alternate method of calculating the self-insurer levy to the Minister;
- approved the 2004-2005 budget and corresponding insurer levy rate;
- reviewed issues impacting on the delivery of administrative reviews and management of court appeals;
- monitored the performance and outcomes of the Medical Assessment Tribunals;
- noted nominations to the Minister for Specialty Medical Assessment Tribunal appointments;
- reviewed Allied Health Provider Fees;
- approved 11 self-insurance licence renewal applications and one new application for a self-insurance licence;
- endorsed an insurer performance management program;
- monitored the impact of Industrial Court decisions and of a Supreme Court declaration on the interpretation of a section of the *Workers' Compensation and Rehabilitation Act 2003*; and
- monitored the performance and outcomes of Q-COMP functions and scheme trends.

Q-COMP's Business Services Unit provides an approved Board Secretary to support the Board. The Board Secretary distributes agendas and board papers in a timely manner and ensures outcomes of meetings are accurately recorded and actioned.

## Board Committees

Through the *Workers' Compensation and Rehabilitation Act 2003*, the Board may delegate its powers to a committee of the Board. In August 2003 the Board approved the establishment of an Internal Audit and Risk Management Committee (the 'Audit Committee') to provide it with reasonable assurance that Q-COMP's core business goals and objectives are being achieved in an efficient and economical manner within an appropriate framework of internal control and risk management.

The Audit Committee advises the Board in the effective discharge of the responsibilities prescribed in the *Financial Administration and Audit Act 1977*, the *Financial Management Standard 1997* and other relevant legislation and prescribed requirements. It provides independent comment and counsel to the Board on matters considered by the Audit Committee at its regular meetings.

The Audit Committee comprises Mr David Whiting (Chair – Board Director), Ms Grace Grace (Board Director) and Mr Norm Guy (external member with financial expertise). Other attendees at Committee meetings include the CEO, internal auditor, approved Committee Secretary and external auditors when appropriate.

The Audit Committee met five times throughout the year with significant considerations including:

- the establishment of frameworks and strategic direction for Q-COMP's internal audit and risk management programs (inclusive of a fraud control plan and insurance arrangements);
- establishment of a working relationship and service plan with Q-COMP's external auditor, the Queensland Audit Office;
- monitoring of financial issues following the separation of Q-COMP from WorkCover; and
- monitoring of progress on the *International Financial Reporting Standards*.

Director	Board	Internal Audit and Risk Management Committee	Allowances and Payments \$
Number of Meetings held	14	5	
P Braddy	12		32,868
P Henneken <sup>1</sup>	12		nil
G Cuthbert	9		1,817
G Grace	13	5	3,019
G Ryan	11		2,217
B Wenck <sup>2</sup>	14		5,460
D Whiting <sup>2</sup>	13	5	6,115

<sup>1</sup> As a public servant, no payment was paid or is applicable to Mr Henneken.

<sup>2</sup> Payments are also made to Directors who participate in non-Board activities e.g. Medical Assessment Tribunal selection process.

Directors are paid pro-rata for hours attended. Payments do not include compulsory superannuation payments where applicable.

## Internal Audit

Internal Audit primarily provides independent and professional advice to the Board and management by examining and evaluating the adequacy, effectiveness and efficiency of systems of internal control. It also provides analysis, appraisals and recommendations on the operations reviewed.

The Board approved an Internal Audit Charter, which was developed in line with the Queensland Treasury Audit Committee Guidelines, and appointed an Internal Auditor in March 2004. The auditor is administratively responsible to the CEO for the performance of the internal audit function, while being responsible and reporting directly to the Audit Committee for all internal audit, fraud and corruption matters.

Key achievements for internal audit during the period under review included:

- review of finance receipting and payments from May to June 2004; and
- development of an internal audit plan for 2004-2005 based on analyses undertaken through the risk management program and approved by the Board.

## Risk management

Appropriate management of risks is an integral part of all Q-COMP activities and a core management responsibility. Q-COMP's risk management program was developed in accordance with key guidelines including the *AS/NZ Standard 4360:1999 - Risk Management*, *Queensland Treasury Corporate Governance Guidelines* and the *Financial Management Standard 1997*.

Through the program, Q-COMP is looking to maximise opportunities, minimise adversity and achieve better outcomes and outputs based on informed decision-making.

Formal risk analysis is part of the annual planning process and development of the strategic plan. Outcomes of the analysis also contribute to the internal audit strategic and annual plans as well as the fraud control plan. A risk register was compiled and reviewed quarterly to identify improvements in internal controls and any emerging risks. This provides a sound contribution to achieving Q-COMP's corporate objectives and supporting strategic directions.



## Code of Conduct and ethical standards

The Board has adopted a Directors' Code of Conduct incorporating the principles prescribed by the *Public Sector Ethics Act 1994* and the due diligence expected of Directors.

As well as general adherence to this Code of Conduct, each Director submits an annual declaration of personal interests, maintained by Q-COMP on a central Register of Interests. This assists in avoiding conflicts of interest at Board meetings. As an added precaution, a standing item at Board meetings is the declaration of any real or potential conflict of interest on any matter on the agenda.

Q-COMP established a Code of Conduct for all employees based on the five ethics principles in the *Public Sector Ethics Act (Qld) 1994*. The Minister approved the Code, which was developed consultatively with employees and their union to reflect Q-COMP operational needs. The Code provides a basis for high standards of ethical conduct in the way employees perform their work.

## Business planning

Q-COMP undertakes a business planning process early each year to fulfil requirements of the *Financial Management Standard 1997* and as part of good business practice. The Board, the Q-COMP Management Group and employees are involved in this process of reviewing the mission, values and goals of the organisation. They also identify upcoming issues and contribute to the formulation of a four-year strategic plan and a one-year operational plan.

Once approved by the Board, Q-COMP submits the Strategic Plan to the Minister and reports quarterly on the performance of its functions and progress towards the identified goals. Internal Audit and Information Communications Technology (ICT) Resources Strategic Plans are developed to support the Strategic and Operational Plans.

Each business unit then develops their own plan ensuring scheduled activities meet Q-COMP's strategic and operational goals and key performance indicators. These plans are also reviewed on a quarterly basis to monitor progress.

## Privacy of information

Q-COMP has established a privacy policy and procedures, complying with the Queensland Government's statewide privacy requirement, *Information Standard 42 (IS42)* and its 11 Privacy Principles. The policy and procedures provide staff with guidance on all aspects of handling personal information, balancing the need to collect personal information to deliver effective and efficient regulatory services whilst protecting individuals' right to privacy.

Q-COMP has established a Privacy Contact Officer and our policy is communicated to stakeholders in our forms, brochures, on our web site and in reception signage.

## Release of information and documents

The *Freedom of Information Act 1992* provides members of the community with access to government information or documents. Claimants or their authorised representative may access a copy of their own file under Administrative Release (*Workers' Compensation and Rehabilitation Act 2003, s572*). Certain documents may be exempt from release and these are described in the relevant legislation.

Q-COMP has appointed an Information Officer and established procedures to ensure a consistent and controlled approach to release of information, both administratively and under the *Freedom of Information Act 1992*.

Where the Information Officer makes a decision to refuse or limit access, applicants may request an internal review of the decision by a senior Q-COMP officer and if still unhappy, refer the matter to the Information Commissioner.

In the last financial year, Q-COMP received 71 applications for access to documents under the *Freedom of Information Act 1992*.

## Whistle Blowers Protection Act 1994

Q-COMP is a "public sector entity" as defined by the *Whistle Blowers Protection Act 1994*. No disclosures under the legislation were received during the reporting period.

## Consultation frameworks

Q-COMP has worked throughout the year to build and strengthen relationships with our stakeholders by means of consultative committees and working partnerships on specific projects, including the Q-COMP/Insurer Data Reference Group. Q-COMP has also developed and implemented a Stakeholder Liaison Program to provide strong communication links with our stakeholders and assist in early identification and resolution of any issues.

## Q-COMP Management Team



### Cath Wood

#### CHIEF EXECUTIVE OFFICER

B Occ Thy – In her role as Chief Executive Officer of Q-COMP, Cath builds on 18 years' experience in workers' compensation insurance and regulation in Queensland. The breadth of Cath's experience extends to business administration, injury management, policy development, legislation and scheme regulation, including key roles in implementing workers' compensation programs. Her strong leadership and vision has assisted Q-COMP to achieve recognition as Queensland's impartial workers' compensation regulatory authority.



### Dr Chris Cunneen

#### MEDICAL ADVISOR

RFD; MBBS; FRACGP; CIME; Grad Dip O&EH – Dr Chris Cunneen's focus on better management of all injured workers through education and improved communication, builds on his medical background in General Practice and Industrial Medicine. Chris brings to his role a special interest in occupational medicine and issues relating to injury and permanent impairment assessment. He also has past experience in small business and the Australian Army.



### Cassie Dransfield

#### MANAGER SCHEME ANALYSIS AND SYSTEM SUPPORT

BSc (Stats) Hons; Grad Dip Info Sys Mgmt – During Cassie's involvement with Q-COMP, she has played a strong leadership role in the consolidation of information across all insurers, allowing a better understanding of Queensland's workers' compensation scheme through data consolidation and analysis. Cassie brings a wealth of knowledge and experience from her past 11 years in both commercial and public organisations, in a broad range of industries including market research, management consulting, business development and education.



### Joe Ryan

#### MANAGER REHABILITATION COMPLIANCE AND ADVISORY SERVICE

Grad Dip Bus Mgmt; Grad Dip App Sc (OHS) – Joe brings a unique blend of business and technical expertise to Q-COMP, with over 18 years experience in the management of occupational health and safety and injury management in the private sector. Joe's innate ability to drive workplace rehabilitation within a range of industries through mediation and innovation equips him well for his role as Manager of the Rehabilitation Compliance and Advisory Service.



### Rob Cordiner

#### A/MANAGER LICENSING AND INSURER COMPLIANCE

Assoc Dip Rehab Counselling – Rob has taken on a broad range of professional and executive roles in workers' compensation and personal injury insurance and rehabilitation in SA, NSW and Queensland. He has substantial management and professional experience in both public and private sectors in claims/rehabilitation/fund management and legislative policy and regulation.



### Debbie Duncan

#### MANAGER REVIEW

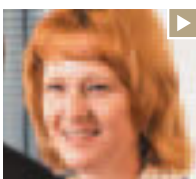
BSc (Psych) Hons – Over the past 17 years, Debbie has had extensive experience in injury management and workers' compensation policy and legislative development. Debbie has undertaken leading roles in the communication and education of the various stakeholders in the interpretation and application of workers' compensation legislation in Queensland, culminating in her current role as Manager of the Review Unit at Q-COMP.



### Greg Versace

#### MANAGER APPEALS

MBA; BSWk – Greg has extensive experience in workers' compensation claims and injury management, within both WorkCover and a number of self-insured employers. His past roles have included rehabilitation counselling, operational policy research and development, training, management, and more recently, consultancy work in a legal firm.



### Miranda Slaughter

#### MANAGER TRIBUNAL SECRETARIAT

MBA; B Occ Thy; AFCHSE – Miranda has a wealth of experience, both from her clinical work in the health industry and workers' compensation system, and in business administration, which is evident in her leadership of the Medical Assessment Tribunal Secretariat at Q-COMP. Miranda has been instrumental in facilitating significant improvements to the administrative areas of the Tribunals and in working with Tribunal Chairpersons to achieve enhancements in Tribunal processes.



### Jenny Duhs

#### MANAGER BUSINESS SERVICES

Grad Dip Admin; B Occ Thy – Jenny's role at Q-COMP is a consolidation of her extensive experience in business administration and injury management, initially in the public health system, and for the past 17 years specifically within the workers' compensation environment. She has brought strong consultative and leadership skills to this role of establishing and managing Q-COMP's business services.

# SCHEME-WIDE INFORMATION



## Q-COMP consolidates and reports scheme information for proactive identification of issues and informed decision-making

### → GOAL

Commitment to scheme objectives including the fair, equitable and consistent treatment of injured workers and dependants by all stakeholders and insurers

Ensuring commitment to scheme objectives by all stakeholders and insurers is the driving force of Q-COMP's operations. Underpinning this commitment is a comprehensive knowledge and information base across all areas of the scheme, which includes the interaction between the various components.

Since 1999-2000, Q-COMP has produced scheme-wide statistical publications to inform scheme stakeholders and the general public about trends in workers' compensation in Queensland. The information is derived from a comprehensive scheme-wide database and our own internal information system.

This year, the scheme-wide statistics have been incorporated throughout the annual report, demonstrating the linkages between claims in the scheme and Q-COMP functions. The Scheme-wide Statistics report is available as a separate publication and on the Q-COMP web site. All figures reported are as at 30 June of the reporting year. The only exception to this is fatalities which are reported as at 30 June 2004.

### A strong focus on comprehensive workers' compensation data since the 1980s

Historically, Queensland agencies responsible for workers' compensation always maintained detailed records of claims and payments. However, the Workers' Compensation Board of Queensland's introduction of the first workers' compensation databases in the mid to late 1980s saw greater detail in recording and reporting information. Since the beginning of self-insurance in June 1998, all self-insurers have been required to supply monthly data to WorkCover and subsequently Q-COMP.

Monthly provision of data from insurers means that up-to-date data is always available. The long history, together with regular reporting, has given Queensland workers' compensation a very robust and comprehensive base of information for policy and decision making purposes.

### Stakeholders rely on informative scheme reports

Some of the key uses of the scheme-wide data include:

- **comprehensive annual reporting** to inform all Queensland workers and employers and other interested parties of workers' compensation claim trends;
- **targeted analysis and reporting** to Government for informed decision-making;
- facilitation and audited control of **online insurer access to claim information** for historical claim details to assist in the management of current workers' compensation claims;
- **insurer benchmarking** and identification and investigation of compliance issues for insurer performance management;
- **monthly and annual reports** supplied to insurers to allow them to compare their claims number, average costs and durations with the scheme averages;
- **providing information and statistical analysis** relevant to state and federal issues in collaboration with the Department of Industrial Relations; and
- **national reporting requirements** for both the National Data Set ([www.nohsc.gov.au/statistics](http://www.nohsc.gov.au/statistics)) and the annual Workplace Relations Ministers' Council Comparative Performance Monitoring (CPM) Report (available at [www.workplace.gov.au](http://www.workplace.gov.au)). The CPM Report compares trends in occupational health and safety and workers' compensation schemes in Australia and New Zealand.

### A complete record of workers' compensation claims in Queensland

In February 2002, work on the Queensland Scheme-wide Analysis database (QSA) was finalised. QSA is capable of maintaining and managing both WorkCover and self-insurer claims data. The database collects information reported by insurers, including:

- basic claim information – date of injury, nature and location of injury, an injury narrative, the industry of the employer, the occupation of the worker, and permanent impairment;
- payment information – information about the nature of payments (weekly benefits, medical, lump sum, common law), date and amount of payments against a claim summarised monthly;
- worker information – details about the injured worker, their date of birth, gender and address;
- compensation periods – periods for which weekly benefits have been paid and days lost;
- common law information – the dates of lodgement, settlement and finalisation and the outcomes of the action; and
- employer information – declared wages, industries covered, address details.

(Note: full data specifications are available online at [www.qcomp.com.au](http://www.qcomp.com.au))

Rigorous processes are in place to maintain the integrity and quality of data

	A	B	C
<b>Scheme-wide Statistics (continued)</b>			
Primary Claim Cost and Duration			
Time Lost Claims			

### Quality of data

Q-COMP has rigorous processes in place to maintain the integrity and quality of the data. Over the past 12 months, Q-COMP has consulted with insurers to better understand their systems and the processes for the supply of data. This has resulted in the establishment of a framework for the identification and resolution of data quality issues.

### New data specifications to expand capacity to report

Q-COMP has been working with insurers to improve the breadth of data capture.

From 1 July 2003, a new set of data specifications was implemented for all insurers to capture additional data for the reason for rejection, return to work outcome for the claim and more detailed information on partial incapacity.

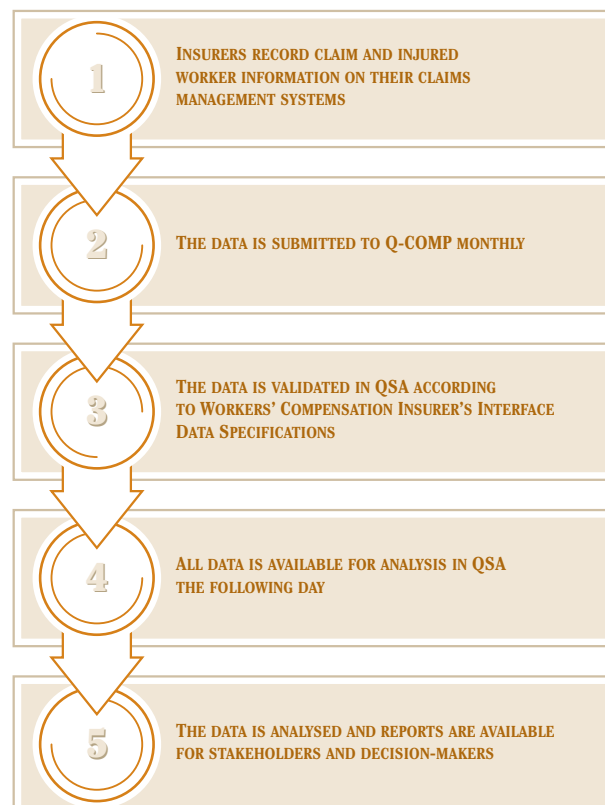
### The Q-COMP core system (QCS) maintains internal and operational data

Q-COMP amalgamated four stand-alone databases into a single Q-COMP Core System (QCS) database in November 2002. The QCS maintains information about individuals, employers and insurers and their interaction with Q-COMP, eg. injured workers attending medical assessment tribunals, employers or workers applying for a review, insurer licensing.

### Managing issues effectively

During the year Q-COMP established an issues management system within the QCS database. This captures complete information about issues raised by stakeholders about Q-COMP and the scheme, and resolutions achieved. The system is operational from 1 July 2004, allowing the data captured to be reported to insurers (as part of the insurer performance monitoring framework), to the Q-COMP Board and Government.

### ► SCHEME – WIDE DATA FLOW



### → FUTURE PRIORITIES

- Changes to Q-COMP data specifications to comply with the National Data Set
- More comprehensive payment reporting
- Continued focus on consistency and integrity of data supplied by insurers and through Q-COMP's internal database

*“Q-COMP's database is undoubtedly one of the most up-to-date and comprehensive of any Australian workers' compensation scheme.”*

# INSURERS AND EMPLOYERS - PERFORMANCE AND COMPLIANCE



Q-COMP takes a balanced scheme-wide approach to compliance and insurer performance monitoring

## → GOAL

Strive to achieve optimal compliance with legislation by insurers and employers

### New performance management program introduced for all insurers

Q-COMP's focus for 2003-2004 was on initiating a comprehensive and transparent insurer performance management program that applies to all insurers, ie. WorkCover and self-insurers.

The primary objective of the new Performance Management Program is to promote excellence in claims management and rehabilitation and ensure optimal insurer compliance with the legislation. The program provides a framework for Q-COMP to monitor all insurers fairly and impartially. Consolidating existing practice, its key features include focused relationship management, clear processes for licence monitoring and renewal, issues identification and management, regular reporting and insurer feedback loops.

We will evaluate insurer performance using the insurer self-assessment package, Q-COMP data analysis, complaints and issue trends, and targeted audits.

### The self-assessment and improvement action planning package - a significant enhancement

The package is a significant enhancement to the Insurer Performance Management Program. It requires insurer self-assessment of performance, and actions to improve systems and processes for managing statutory and common law claims and rehabilitation. Insurers were consulted in the development of the program, due for implementation from 1 July 2004.

### Our advisors are building strong working relationships with insurers

An essential part of our business is developing good working relationships with insurers based on transparency and regular and open communication. Advisors, allocated to each insurer, manage the licensing, compliance and performance monitoring of their client insurer.

Our rigorous and comprehensive approach to performance management and compliance, and our open and transparent communication, aims to benefit all stakeholders across the scheme.

Table 6 Self-insurer licences		03-04
Current licences		24
New licences		1
Total licences		25
Renewal applications processed		11
Changes in membership		17
Licences amended for changes in membership		6
Employers covered		250

### Large Queensland employers may self-insure if they meet certain requirements

Employers may be licensed to become self-insurers if they meet certain legislative criteria including size, assets, bank guarantees and health and safety performance. Groups of employers may also apply for a group licence under certain criteria. National Australia Bank obtained its self-insurance licence during 2003-2004, bringing the total number of self-insurance licences in the scheme to 25. Collectively, these licences cover 250 employers.

### A new method of calculating the self-insurer levy approved for 2004-2005

The levy self-insurers pay covers self-insurance system administrative costs and a contribution to scheme operating costs. For 2003-2004, it was calculated at 5% of the self-insurer's deemed premium, ie. the deemed premium being the self-insurer's annual wages multiplied by the applicable WorkCover gazetted industry rate.

In July 2003, the Minister requested that the Q-COMP Board establish a joint Department of Industrial Relations/Q-COMP working group to evaluate options for a new method of calculating a fair and equitable self-insurance levy. Subsequently, a new calculation method based on a percentage of self-insurers' estimated claims liability (ECL) plus an annual fee of \$10,000 was introduced from 1 July 2004. On 25 June 2004, a percentage rate of 2.81% of ECL was gazetted for 2004-2005.

Ten principles underpin the new levy model, including consideration of the risk profile of the individual insurer; incentives for effective claims management performance; equity between insurers (regardless of size, structure or location); simplicity of calculation and independence from WorkCover's premium calculation method.

To assist insurers to understand the new levy system, Q-COMP met with each insurer to discuss their specific issues.



▶ There are 25 self-insurance licences covering 250 employers

Saija Saunders, A/Manager City WorkCover, and George Bobir, Q-COMP advisor, meet regularly to discuss Brisbane City Council self-insurance issues



### The review of Allied Health Table of Costs completed

Q-COMP regulates the fees payable by insurers for allied health services under the Allied Health Table of Costs. During 2003-2004, Q-COMP reviewed the service descriptors and fees payable under the Tables of Costs. The review included consultation with insurers and allied health professionals, market research and data analysis.

The outcome of the review was that annual CPI indexation would continue with a 2.5% increase for all items occurring from 1 July 2004. The standard consultation fee level B was increased from \$40.53 to \$43.25 (market rate) and five new items were added to encourage communication between providers and insurers. Allied Health fees will be reviewed again in three years.

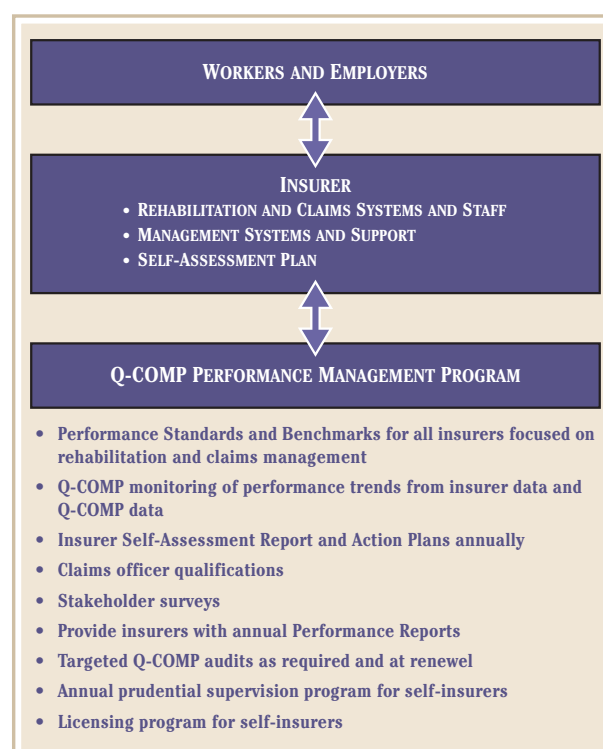
### Employers must provide rehabilitation for injured workers

Employers must take all reasonable steps to provide their injured workers with rehabilitation or suitable duties. At workplaces with 30 or more workers, this includes establishing a workplace rehabilitation policy and procedures, gaining formal accreditation, employing a rehabilitation coordinator (see Table 7 - Workplace Rehabilitation). Q-COMP conducted audits of employers' and self-insurers' workplace rehabilitation systems and provided information and education about improving return to work outcomes. A new self-assessment tool has been developed to assist employers to identify areas where they excel and areas for improvements in return to work practices. This will be implemented in 2004-2005.

Table 7 Workplace rehabilitation	03-04
<b>Workplace rehabilitation policy and procedure accreditation</b>	
Accredited employers	1,619
Workplaces covered	6,539
Accreditations processed:	
New	125
Renewals	361
Total processed	486
<b>Workplace rehabilitation coordinator registration</b>	
Total registered as at 30 June 2004	7,785
Registrations processed:	
New	1,689
Renewals	1,614
Total processed	3,303

*“Q-COMP’s focus for 2003-2004 was on initiating a comprehensive and transparent insurer performance management program that applies to all insurers.”*

#### ► PERFORMANCE MANAGEMENT



#### → FUTURE PRIORITIES

- Insurer performance monitoring program consolidation
- Five-year liability reassessment program between WorkCover and self-insurers
- Review the three schedules of fees for medical services
- Employer rehabilitation system self-assessment tool

# STAKEHOLDER EDUCATION



## Enhancing relationships using a structured approach to education, information and issues management

### → GOAL

#### Active engagement of stakeholders

During 2003-2004, Q-COMP introduced programs to enhance stakeholder relationships, identify and manage issues, and educate and inform the various stakeholders. Our stakeholder liaison program takes a structured approach to union and industry liaison, enabling us to proactively manage relationships and be more responsive to stakeholder issues.

We also identified opportunities to collaborate with employer and employee organisations to deliver information about the scheme and Q-COMP regulatory services to their members.

#### Seminars and workshops provided for insurers in 2003-2004

Insurers attended Q-COMP medical seminars about work-related injuries, including Occupational Back Pain, Chemical Exposure in the Workplace and Workplace Infections. Workshop topics included appropriate management of fraud matters. As part of our strategy to communicate the benefits of workplace rehabilitation to a large number of employers Q-COMP also conducted a workshop about workplace rehabilitation for WorkCover Insurance Underwriters.

#### Providing advice to employers and workers

We worked with industry groups to develop resources and reference guides and conduct information sessions to assist Queensland employers to understand their obligations under the Act. Q-COMP's presentations to a number of large Government agencies focused on strategies to better manage rehabilitation and improve return to work outcomes.

Q-COMP provides funds to Commerce Queensland, the Australian Industry (Ai) Group, the Australian Workers' Union of Employees and the Queensland Council of Unions for advisory services for employers and workers. These services aim to improve levels of knowledge and understanding of review, appeals and medical assessment tribunal processes.

#### Research for better understanding of rehabilitation issues

Promoting rehabilitation and return to work for injured workers is a major focus of Q-COMP's education and stakeholder activities. To support this, Q-COMP commissioned research

	No.
Medical students	230
Interns	80
General Practitioners	177
Overseas trained doctors	12
GP, Orthopaedic and Psychiatric Registrars	44
Emergency physicians	7
Dental students	45
Practice staff	110
<b>Total</b>	<b>704</b>

projects to better understand issues impacting injured workers' rehabilitation and return to work and contributed to the Department of Industrial Relations research project "Vietnamese Outworkers in Queensland: Exploring the Issues".

#### Rehabilitation coordinators attend an initial three-day training course

To improve access for rehabilitation coordinators in regional and remote areas, Q-COMP worked with providers to ensure the course is available in a variety of modes - face to face, computer based and distance education. We've approved nine training organisations to deliver these courses statewide.

We support rehabilitation coordinators by attending network meetings and seminars, running topical workshops, and distributing information in newsletters, fact sheets and on the web site.

#### The medical profession's pivotal role

In 2003-2004, 84,950 workers' compensation claims were registered in Queensland. Each of these needed at least one Q-COMP Medical Certificate to be issued by a medical practitioner and a large proportion will require several certificates. These figures alone demonstrate the key role played by the medical practitioner in the Queensland Scheme. This role involves:

- Diagnosis and treatment;
- Facilitation of rehabilitation of injured workers to assist in early return to work;
- Communication with insurers and employers about managing the claim; and
- Issuing Q-COMP medical certificates and reports to insurers for management of the worker's injury.

Over the past three years Q-COMP has conducted an extensive statewide education campaign, targeting the medical profession from medical students through to specialists. (see Table 9)

#### Our "Injury@Work" General Practitioner (GP) education program continues

Since the inception of the program in 2001-2002, we've successfully reached in excess of 470 GPs throughout the state, including 177 GPs in 2003-2004.

During 2003-2004, Q-COMP's focus was on program delivery to major regional centres, including Maryborough, Bundaberg,



## Active engagement of stakeholders

We were invited to deliver the "Injury @ Work" presentation to rural GPs at the North Western Division of General Practice (NWDGP) conference. The North Western division provides medical and allied health services to 116,000 people in rural and remote districts in Queensland's northwest – these doctors cover an area of 800,000 square kilometres.

Thirty-five GPs as well as numerous allied health professionals and area managers attended the conference. The feedback from the session was very positive. They were keen to discuss local return to work issues as well as general questions about the workers' compensation system. We had the same positive response at the Northern Division from the 50 doctors that attended.

**Joe Ryan**  
Manager, Rehabilitation Compliance and Advisory Service

Hervey Bay and the Fraser Coast. We were also invited to deliver the program to rural GPs who provide a mobile service to injured workers in remote and isolated areas. Session attendees included managers of rural GP Divisions and allied health providers.

We've provided small group seminars at larger group practices to reach busy GPs and attended conferences to disseminate information and promote our programs to a wide audience of medical and allied health professionals.

## Practice Managers form an important link between doctors and injured workers

Q-COMP reached 110 practice staff throughout Queensland this year through the GP education program and by linking into established Australian Association of Practice Managers' (AAPM) events. We've also produced a CD-ROM containing the fee schedules, Q-COMP Medical Certificate and scheme information. In the coming year, we will be adding case studies, articles and other useful information.

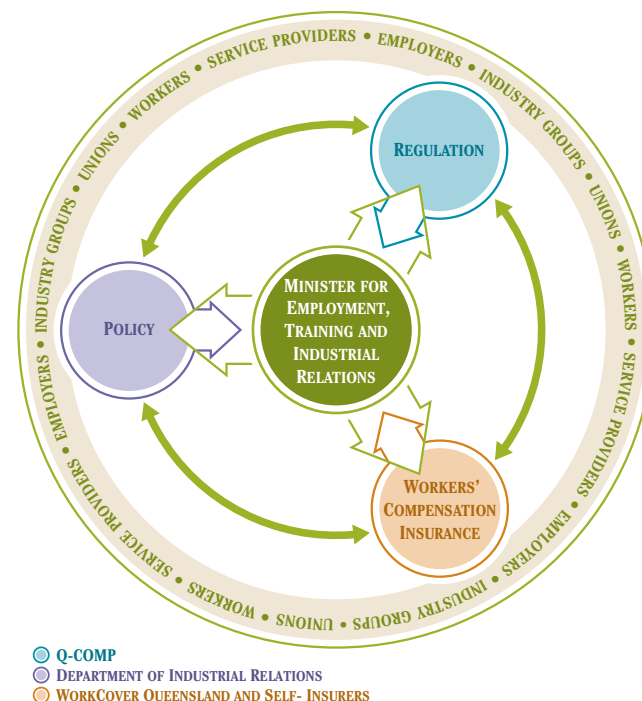
## Q-COMP Medical Certificate available electronically

Q-COMP has successfully negotiated with several software providers to have the certificate incorporated into medical practice management software packages.

## Education and information for allied health providers

We consult regularly with allied health professional associations about their service provision within the scheme and Q-COMP's telephone advisory service is widely accessed by providers seeking information about the Table of Costs and Provider Management Plans. We collaborated with the University of Queensland Occupational Therapy Department to introduce the Rehabilitation Coordinator Three-Day Course to their curriculum. This provides information for students who may one day manage injured workers' rehabilitation.

## ► SCHEME STAKEHOLDER INTERACTION



## → FUTURE PRIORITIES

- Stakeholder Liaison Program - enhance current relationships and develop new ones
- Education sessions and workshops for insurers, including Permanent Impairment Assessment, Decision-Making, Performance Standards and Benchmarks, and a continuation of the medical seminar series
- One-day rehabilitation coordinator recertification course revision
- Medical information program review to ensure cost-effective delivery



Review Officer, Tracy Smith greets an injured worker prior to their right of appearance meeting



### Applications for review have increased

In 2003-2004, the number of applications for review lodged by workers and employers against insurers' decisions increased by 7.5% to 2,470. During the year, we introduced a suite of insurer benchmark indicators for predicting the flow of review applications, enabling us to manage our resources and continue to provide timely decisions. These indicators include insurer acceptance/rejection of applications for compensation.

### Review of administrative review function

In December 2003, a review was undertaken of a number of issues impacting on the day-to-day operations of the Review Unit. These issues included:

- the increasing trend in number of review applications received;
- the increasing complexity of review applications; and
- the impact of natural justice processes and right of appearance on review timeframes.

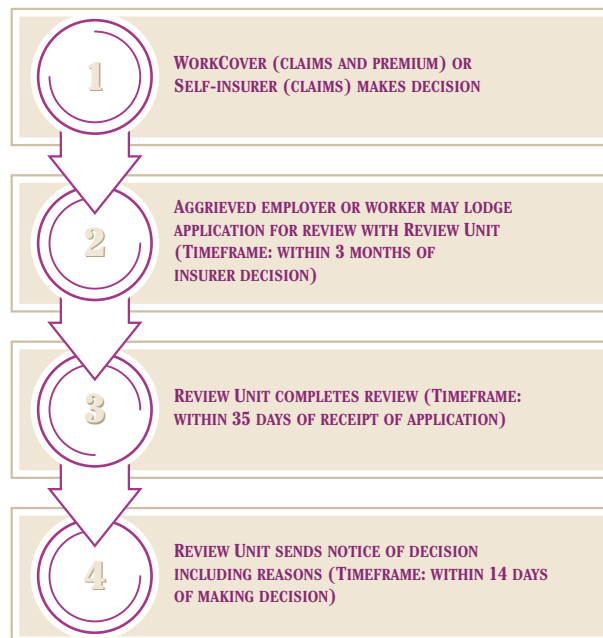
The outcome of the review was the separation of the review and appeals functions, restructuring of resources and expansion of training programs to ensure continued timely and cost-effective dispute resolution services for stakeholders.

### Q-COMP is focused on quality service delivery

As part of improving our service delivery, Q-COMP has implemented policies and procedures for appropriate and timely communication with all parties. We provided further training in sound decision-making to Review Officers and developed a structured model for a 12-month Review Officer trainee program for skill development.

We hosted the annual meeting of the national workers' compensation dispute resolution organisations. This group shares ideas on the workings of dispute resolution systems within each of their jurisdictions. Representatives attended from New South Wales, Tasmania, Victoria, Western Australia and New Zealand.

### ► REVIEW PROCESS



### → FUTURE PRIORITIES

- Trainee programs
- Project-based continuous improvement program

*“Q-COMP’s administrative review process provides one of the most timely and cost-effective dispute resolution systems amongst Australia’s workers’ compensation jurisdictions.”*



Q-COMP appoints an appeals officer, who on receipt of an appeal, will notify the insurer and the other party



### Number of appeals lodged in 2003-2004 consistent with last year

There were 422 appeals lodged in the 12-month period ending 30 June 2004. 76% were finalised before reaching court, with 53.8% of cases withdrawn by the appellant and 16.5% resolved. The benefits of appeals being resolved out of court are earlier outcomes and lower costs for all parties.

In the same period, 89 cases were determined by the court, of which 57.3% were struck out or dismissed by the magistrate and 42.7% upheld in favour of the appellant. Regional cases, filed in the 82 Magistrates Courts outside the Brisbane CBD, represent approximately 40% of appeals.

### Industrial Magistrates and Industrial Court decisions provided to insurers and Review Officers

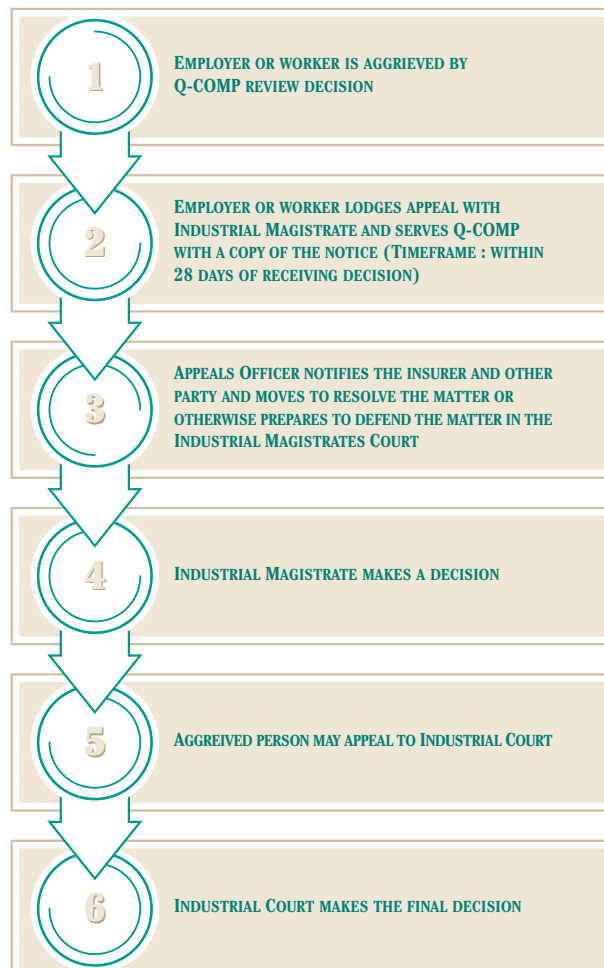
Knowledge of the latest court decisions is an important guide for insurers and review officers in their decision-making and plays a significant part in maintaining the Queensland scheme's low dispute rate. Q-COMP maintains a list of Industrial Magistrate and Industrial Court decisions on its web site at [www.qcomp.com.au](http://www.qcomp.com.au) for the information of scheme stakeholders.

### Queensland's dispute resolution mechanisms are effective

This year's data, given the number of disputes at each level of the process, suggests that Queensland's dispute resolution mechanisms are effective. For the 84,950 statutory claims made in 2003-2004, there were:

- 2,470 review applications;
- 422 Industrial Magistrate appeals lodged;
- 89 Industrial Magistrate hearings; and
- 12 Industrial Court appeals lodged.

### ▶ APPEALS OF REVIEW DECISIONS PROCESS



### → FUTURE PRIORITIES

- Continued proactive management of each appeal
- Increased focus on earlier outcomes, particularly through non-judicial resolution

# MEDICAL ASSESSMENT TRIBUNALS (MAT)



The MAT provide a fair and independent avenue to resolve complex workers' compensation medical issues.

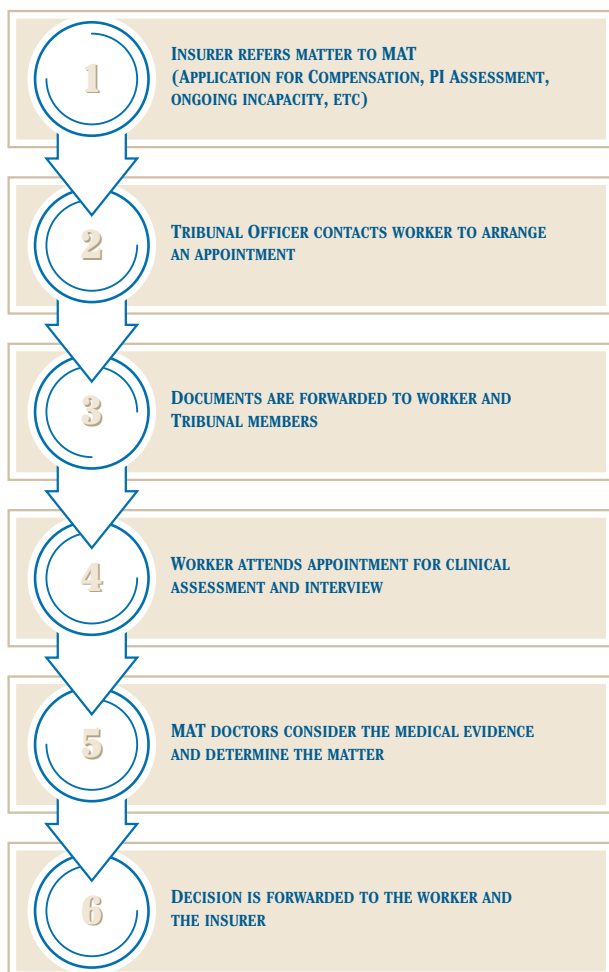
## → GOAL

Efficient and cost-effective delivery of regulatory services – medical assessment tribunals

Constituted under the *Workers' Compensation and Rehabilitation Act 2003*, each tribunal comprises three specialists with medical expertise relevant to the worker's injury. A decision of a MAT is final and binding on both the insurer and worker. Workers may submit fresh medical evidence for review of the decision within 12 months of the original decision.

Q-COMP's role is to support and oversee the efficient administration of Medical Assessment Tribunals.

## ▶ MAT PROCESS

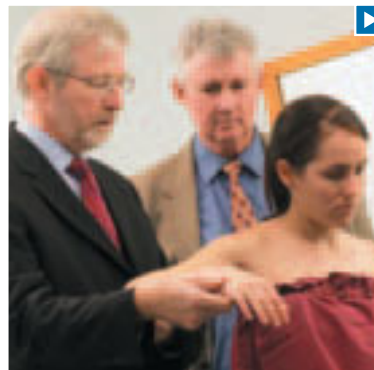


## Tribunals convened by specialty

To ensure that all matters referred by insurers are addressed by the relevant medical specialties, there is a General Medical Assessment Tribunal (GMAT) and seven Specialty Medical Assessment Tribunals.

A specialist physician chairs every GMAT. Two members from the relevant disciplines of psychiatry, internal medicine, general surgery, vascular surgery, gynaecology, rheumatology, thoracic medicine or urology complete the tribunal panel. Occupational Physicians were also appointed to the GMAT from 1 November 2003.

The seven specialty tribunals are Cardiology, Orthopaedics, Dermatology, Ear, Nose and Throat Surgery, Neurology/Neurosurgery, Ophthalmology and Plastic Surgery (for Disfigurement). Each specialty tribunal is comprised of three members of the same discipline.



▶ Dr John North and Dr Warren Todd examine an injured worker during an Orthopaedic Assessment Tribunal

## The Governor in Council appoints medical specialists

The three-year terms for both the GMAT and Specialty Medical Assessment Tribunals expired on 31 October 2003 and 30 June 2004 respectively.

All relevant medical specialists in Queensland were invited to apply for MAT positions.

An independent selection committee evaluated all applications against specific selection criteria. The committee was chaired by Q-COMP and comprised representatives from union, industry, Australian Medical Association (Queensland Division), medical colleges and the relevant specialty college. It is a requirement that MAT applicants must be involved in regular clinical practice and have experience in the area of work-related injury.

Nominations were forwarded to the Minister and final appointments were made by the Governor in Council. This open and transparent selection process ensures that appointments to the tribunals are fair and impartial, and maintain the integrity and quality of the MAT.

A total of 61 newly appointed GMAT members commenced on 1 November 2003. Q-COMP coordinated induction and information sessions for these specialists in early November, prior to commencement of their tribunal commitments. There were 97 specialty MAT members appointed as of 1 July 2004.

*To ensure our strategies are benefiting workers, we conduct regular surveys of injured workers when they attend their tribunal.*

### Permanent impairment assessment forums with international expert

In the last two years Q-COMP has sponsored forums for tribunal members to discuss the use of the *American Medical Association Guides to the Evaluation of Permanent Impairment (AMA Guides)*, contributing to the continuous improvement of tribunal services.

Professor Mohammed Ranavaya, an internationally recognised expert in the AMA Guides and Professor of Occupational and Environmental Medicine at Marshall University USA, facilitated sessions covering the methodology of the Guides and the evaluation of musculoskeletal conditions.

### An insurer may refer a worker to a tribunal for a medical matter

Insurers may refer medical matters such as a worker's injury and capacity for work. It is mandatory for an insurer to refer a worker to a MAT for a disagreed permanent impairment assessment for a physical injury or a permanent impairment assessment for a psychological/psychiatric condition. During the year Q-COMP provided insurer training and guidelines to facilitate appropriate referral of workers to MATs.

### Improving worker understanding of the MAT process

We understand that attending a MAT can be an unsettling experience for an injured worker. To explain the process and help injured workers to feel more at ease, we provide insurers with an informative video to show workers at the time of their referral. A Tribunal Officer sends out the relevant information and greets the injured worker on arrival at Q-COMP to answer any questions they may have prior to their tribunal appearance.

To ensure our strategies are benefiting workers, we conduct regular surveys of injured workers when they attend their tribunal. Respondents have given us positive feedback; describing the Tribunal Secretariat employees as friendly and courteous. The quality of written communications about the MAT also rated favourably. Workers who had seen the video before their appointment found it useful, as it helped them to understand the MAT appointment process.

### Queensland's MAT process benefits the scheme

The MAT process provides workers and insurers with an independent system of medical review by three medical specialists who determine matters collectively. The tribunal hearing provides the worker with the opportunity to present their case to the tribunal.

Tribunals are scheduled in accordance with the volume and nature of referrals received from insurers. In 2003-2004 insurers referred 3,732 matters to MATs. This is 13.3% less than the previous year and is a reduction in the growth of referrals to tribunals as observed in previous years. The average time from referral to appointment of six-seven weeks provides timely and quality resolution of medical matters for workers and insurers in the scheme.

#### MAT Chairpersons

Dr Jon Douglas	- General Medical Assessment Tribunal
Dr Llyod Toft	- Orthopaedic Assessment Tribunal
Dr Leigh Atkinson	- Neurology Assessment Tribunal
Dr Robert Black	- Ear, Nose and Throat Assessment Tribunal
Dr Jenny Byth	- Dermatology Assessment Tribunal
Dr Ken Hossack	- Cardiac Assessment Tribunal
Dr Frank Sullivan	- Ophthalmology Assessment Tribunal
Dr Peter Catt	- Disfigurement Assessment Tribunal

#### MAT Chairperson profiles

The General Medical Assessment Tribunals and Orthopaedic Assessment Tribunals are the largest tribunals, both in terms of number of members appointed and referrals heard. Dr Jon Douglas and Dr Lloyd Toft (profiled below) are the respective Chairs of these tribunals.



**Dr Jon Douglas**

Chair, General Medical Assessment Tribunals from 2000; Member since 1990

**Dr Douglas is a Consultant Physician in Internal Medicine who has been in private practice for the past 34 years. Throughout his medical career, Dr Douglas has had a major involvement in medicolegal and compensation issues. He has vast experience in medical administration, with involvement in the administration of the Wesley Hospital in Brisbane and as a member of a variety of committees of the Royal Australasian College of Physicians for 20 years.**



**Dr Lloyd Toft**

Chair, Orthopaedic Assessment Tribunal since 2001; Member since 1987

**Dr Toft, an Orthopaedic Specialist, held appointments as Visiting Orthopaedic Surgeon to the Royal Brisbane and Royal Children's Hospitals from 1975 to 2002. Dr Toft has been involved in medical regulation since his appointment to the Medical Board of Queensland in 1989, serving as President/Chairperson of the Medical Board since 1997. He has been a member of the Australian Medical Council since 1997 and was President from 2000 to 2003. Dr Toft was the inaugural Chair of the International Association of Medical Regulatory Authorities.**

## → FUTURE PRIORITIES

- Advanced permanent impairment assessment forums for tribunal members
- Education and advice for stakeholders about their respective roles in the tribunal process

# COST-EFFECTIVE DELIVERY OF SERVICES



Q-COMP has established new corporate services to support our business

## → GOAL

Efficient and cost-effective delivery of regulatory services

### A smooth transition to the new Authority

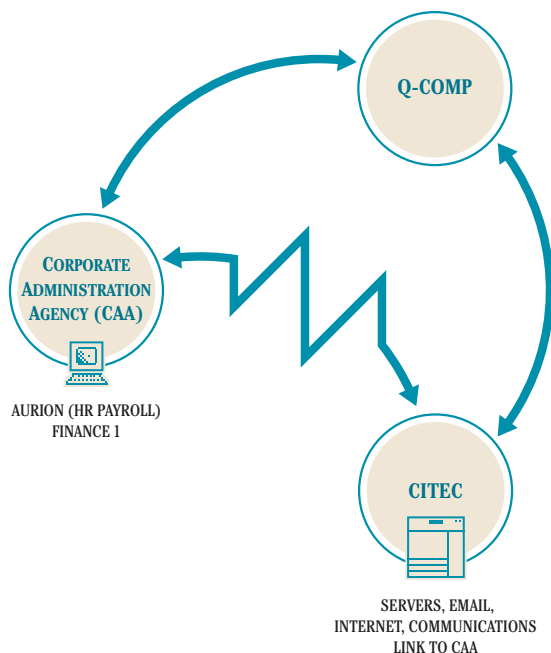
Q-COMP achieved a smooth transition from its operation as a division of WorkCover Queensland to its independent operation as a statutory authority. From the perspective of our external stakeholders, there has been no interruption to the delivery of Q-COMP's services.

### Establishment of Q-COMP's operations

A key focus of Q-COMP's first year of operation as a regulatory authority was on the establishment of our corporate governance, financial, human resource and administrative functions.

We have ensured the efficient administration of the Authority through developing internal expertise and engaging human resources, finance and administration, and information technology specialists. In addition to these resources, agreements have been negotiated with external organisations for the provision of administrative services.

### ► Q-COMP SERVICE DELIVERY PARTNERSHIPS



▶ Q-COMP contracted CITEC to support our information technology services

### Developing service delivery partnerships

Q-COMP negotiated a service level agreement with the Corporate Administration Agency (CAA), a unit of the Department of Education and the Arts. This agreement includes the provision of finance services and a finance system (Finance One) and a human resources system (AURION) for payroll services.

We contracted CITEC to support our information technology services, including the management of all Q-COMP servers at CITEC; network and communications from Q-COMP to CAA and CITEC; and email and Internet services. The CITEC arrangement is complemented by IT contractors on an as needs basis.

### Finance

Prior to separation, WorkCover provided all of Q-COMP's financial services centrally. One of our first priorities was to engage employees with financial expertise and establish an independent budget and reporting framework. This encompasses monitoring unit-level expenditure and monthly reporting to the management team and Board.

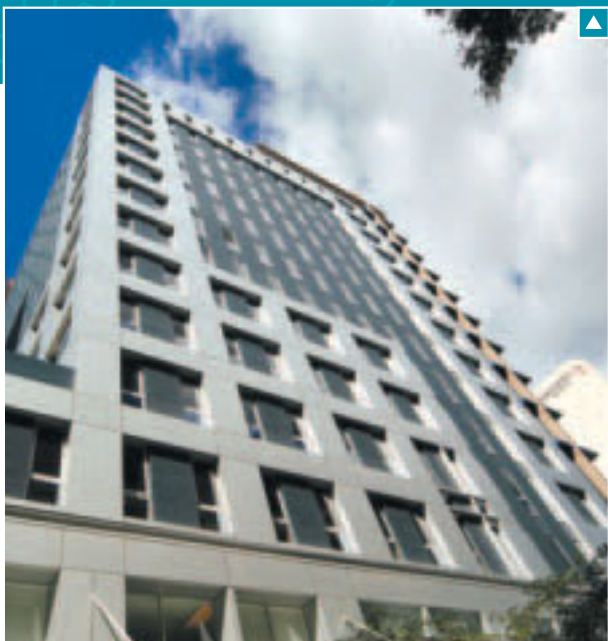
During this year, Q-COMP formulated its first budget for 2004-2005 in accordance with the strategic plan approved by the Board. The Internal Audit and Risk Management Committee reviewed the budget prior to approval by the Board.

Significant work was undertaken to develop appropriate policies and procedures including the Financial Management Practice Manual (FMPM) for Q-COMP as a new, independent statutory authority.

As part of Q-COMP's commitment to continuous improvement, a number of strategies to monitor and control high cost activities were integrated into procedures and systems.



Q-COMP is centrally located at 12/30 Makerston Street, Brisbane with easy access by rail, bus or car



### Corporate communication

Q-COMP's major external communications focus during 2003-2004 was supporting delivery of the education programs to the medical profession and other stakeholders, including event management, marketing and promotion, and preparation of educational materials. Internally, we ensured that Q-COMP employees were aware of our communication policies and procedures and adhered to Q-COMP's corporate style to present a consistent identity to our stakeholders and the general public. With Q-COMP's move to an independent regulatory authority, there was substantial work involved in changing all of our publications, stationery and web site materials.

### Records management project

Q-COMP's records management needs have increased over the past four years. Effectively managing these records will assist Q-COMP to satisfy legislative obligations, operational and client needs.

We engaged an external records management contractor to review Q-COMP's current record-keeping practices and recommend improvements for compliance with Queensland State Archives requirements and other related Information Standards.

In 2004-2005 we will implement the recommendations, which are to:

- develop a Business Classification System (BCS) available in hard and soft copy; and
- compile a Functional Retention / Disposal Schedule.

## → FUTURE PRIORITIES

- Corporate governance framework review and refinement to ensure it continues to meet Q-COMP's organisational and compliance needs
- Service delivery partnerships reassessment to ensure the most cost-effective and efficient services are being provided to meet our business needs
- New records management system
- Cost-effective service delivery balancing value for money and optimal service delivery for internal and external customers.

*“It is no small feat establishing a new organisation and the necessary supporting infrastructure and services. The smooth transition was a credit to all those involved ...”*



Q-COMP values the contribution of all of its people and provides a rewarding, supportive environment for them to work in

Our employees enjoy working at Q-COMP



## → GOAL

Success through leadership, service, expertise and teamwork

### Workforce and employee profile

Q-COMP's people bring a wealth of specialist skills and experience from medical and allied health, legal, workers' compensation insurance and statistical backgrounds. Professionals with knowledge and experience from the financial, human resource and communication fields support our core regulatory business functions.

On 1 July 2003, 75 permanent positions were transferred from WorkCover to Q-COMP. As at 30 June 2004, 77.6 full time equivalent employees were engaged at Q-COMP out of an approved establishment of 80. The establishment increases were in response to increased demand for regulatory services, in particular applications for review. Table 10 provides a profile of employees by grade and gender.

Excluding WorkCover transfers, employee turnover for the financial year was 12%. Our aim for the next financial year is to reduce turnover by improving employee conditions and development opportunities.

Grade	Male	Female
One		7
Two	1	20
Three		3
Four	5	15.6
Five	8	8
Contract	4	6
TOTAL	18	59.6

### A supportive working environment

Q-COMP is committed to maintaining a work environment that supports employees' needs and ensures the successful delivery of our services. During the year a successful pilot was undertaken of the *Work and New Family Policy*, assisting employees to balance the needs of a new family with the demands of work. Where approved, employees may work both from home and office for the first 12 months after returning from parental leave.

Q-COMP implemented an Employee Recognition Program to reward our people both formally and informally for achievements and contributions made above normal expectations of their roles.

### A safe and healthy workplace

Q-COMP has established a workplace health and safety and rehabilitation framework, which includes policies and procedures, a qualified Workplace Health and Safety Officer and accredited rehabilitation coordinators. There were no workplace incidents or workers' compensation claims lodged in 2003-2004. Three employees were assisted to return to work gradually and safely following non work-related injuries and illness.

We have established a policy for managing difficult customer situations, which details the procedures that employees should implement in a range of specific events and includes access to a debrief group trained in critical incident debriefing. Under Q-COMP's Employee Assistance Program, free confidential counselling is available to our employees and their immediate family to assist them to work through personal and work-related issues.

No formal grievances were lodged in relation to administrative decisions, employee conduct, sexual or workplace harassment. No appeals were lodged in relation to recruitment selection decisions.

Each year, Q-COMP provides employees with an option to receive a free influenza vaccination prior to the commencement of the flu season. This year, 49% of employees received the vaccination.

### Developing employees' professional skills

Employee training and professional development is a major focus for Q-COMP to improve service delivery and assist employee career development. We delivered a range of in-house and external programs for employees in 2003-2004, with the average training days per employee being 3.35 days.

*"Q-COMP is committed to maintaining a work environment that supports employees' needs and ensures the successful delivery of our services."*

In-house training was provided about discrimination, workplace harassment and sexual harassment. Performance management and development training was provided to managers and supervisors.

Medical specialists delivered medical information seminars on a broad range of topics to increase the knowledge base of employees who regularly deal with medical matters relating to workers' compensation claims.

External organisations delivered professional development training in the following areas:

- Business writing
- Advanced communication
- Strategic negotiation skills
- Sound decision-making
- Corporate governance
- Job analysis and evaluation
- Customer service (for new employees)
- Microsoft Word and Excel (intermediate to advanced levels)
- Fire safety

Q-COMP encourages and supports employees undertaking study through the Study Assistance Program and the Mt Eliza Partners Program. Employees participating in the Study Assistance Program (2 legal studies, 1 accountancy) receive a range of assistance including financial assistance for course fees and time off to attend courses and exams. One employee completed and three have commenced a Diploma in Frontline Management through the Mt Eliza Partners Program.

### Establishing Q-COMP's human resources function

An important achievement this year was the seamless transition of the employee payroll from WorkCover Queensland to the Corporate Administration Agency (CAA). We also developed and implemented a comprehensive suite of policies and procedures.

### Compliance with the *Public Service Act 1996* and Enterprise Bargaining

The salaries and employment conditions of Q-COMP employees continue to be governed by the WorkCover Queensland Certified Agreement, which was ratified on 21 March 2003 and remains in force until 30 September 2005.

From 1 July 2003, Q-COMP employees were employed under the *Public Service Act 1996*. As a result of this transition, Workplace Consulting (a business unit of the Department of Industrial Relations) was engaged to audit Q-COMP's human resource policies and practices to ensure compliance with relevant public service requirements. Overall, the audit findings acknowledged the quality and amount of work completed by Q-COMP to ensure consistency with the public service.

Q-COMP employees may now transfer to other public agencies (and vice versa), and Q-COMP recognises the previous public sector service of employees from other public agencies.

Some of the Q-COMP employees who participated in this year's Bridge to Brisbane Fun Run



### Workplace consultation

A workplace consultative committee has been established with representatives from management, employees and the Queensland Public Sector Union (QPSU). The committee meets on a quarterly basis to discuss emerging work trends, consider alterations to existing policies and provide an opportunity for either party to share information on future events that may have an impact on employees. The committee will take an active role in the enterprise bargaining process commencing in 2004-2005.

An employee opinion survey was developed as a joint initiative between Q-COMP and the QPSU. Key points from the survey were that the majority of employees are satisfied with existing banked time guidelines and that people resources, training and career progression opportunities were the most important issues. Strategies to assist employees with career planning and provide opportunities for further skill development are ongoing.

### Social activities

Q-COMP employees have been actively involved in a number of activities and fund raising events for recognised charities through the employees' social club. A number of employees participated in the annual Bridge to Brisbane, some for the fourth time.

## → FUTURE PRIORITIES

- Training needs assessments to identify job-specific and organisational training needs
- Trainee program to provide formal knowledge and skills development for participants to perform the Review Officer position
- Employee Opinion Survey to measure employee satisfaction in relation to their work
- Salary sacrifice remuneration packaging for eligible employees
- Enterprise bargaining agreement negotiations

The background of the page is a blurred, warm-toned image of several stacks of papers or documents, suggesting a busy office or financial environment. The text is overlaid on this background.

# → FINANCIAL STATEMENTS



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## PURPOSE AND SCOPE OF THE FINANCIAL STATEMENTS

The Workers' Compensation Regulatory Authority (trading as Q-COMP) was established as a statutory authority on 1st July 2003 under the *Workers' Compensation and Rehabilitation Act 2003 (the Act)*. Prior to its establishment Q-COMP was a Division of WorkCover Queensland. As a result of the separation, WorkCover Queensland transferred a number of assets, (Note 12 and Note 13) and liabilities, (Note 1(g)) to Q-COMP on its establishment. In accordance with Queensland Treasury regulations these transfers have been treated as Machinery of Government Changes.

In terms of Section 330 of the Act, Q-COMP's functions are defined as follows:

- 1) The Authority's primary function is to regulate the workers' compensation scheme.
- 2) In enforcing this Act as the regulator, the Authority's functions include the following:
  - a) to monitor the compliance of insurers with this Act;
  - b) to monitor the performance of insurers under the Act, including the consistent application of this Act;
  - c) to decide applications relating to self-insurance;
  - d) to undertake reviews of decisions under chapter 13, part 2 and manage appeals under chapter 13, part 3;
  - e) to support and oversee the efficient administration of medical assessment tribunals;
  - f) to undertake workplace rehabilitation accreditation and compliance activities;
  - g) to provide rehabilitation advisory services;
  - h) to maintain a database for scheme-wide reporting;
  - i) to promote education about the workers' compensation scheme;
  - j) to collect fees under the Act;
  - k) to perform other functions given to the Authority under this or another Act.

The Financial Statements have been prepared pursuant to Section 46F of the *Financial Administration and Audit Act 1977*, Australian Accounting Standards and disclosure requirements of the Australian accounting bodies so as to provide full disclosure of the Q-COMP operations during the year ended 30 June 2004 and the general state of affairs at the end of the year.

# STATEMENT OF FINANCIAL PERFORMANCE



for the year ended 30 June 2004

	→	Note	2004 \$000
<b>REVENUE FROM ORDINARY ACTIVITIES</b>			
WorkCover Queensland levy			35,000
Self-insurer levy			5,068
Revenue from financial assets		2	564
Other revenue		3	174
<b>Total revenue from ordinary activities</b>			<b>40,806</b>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>			
Employee expenses		4	5,673
Supplies and services		5	6,531
Depreciation and amortisation		6	612
Other Scheme expenses		7	23,492
Other expenses		8	2,639
<b>Total expenses from ordinary activities</b>			<b>38,947</b>
<b>Net surplus/(deficit)</b>			<b>1,859</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>			<b>1,859</b>

This statement is to be read in conjunction with the notes to and forming part of the Financial Statements

# STATEMENT OF FINANCIAL POSITION



as at 30 June 2004

	→	Note	2004 \$000
<b>CURRENT ASSETS</b>			
Cash assets		9	5,093
Receivables		10	366
Other current assets		11	151
<b>Total current assets</b>			<b>5,610</b>
<b>NON-CURRENT ASSETS</b>			
Intangibles		12	703
Plant, equipment and motor vehicles		13	413
<b>Total non-current assets</b>			<b>1,116</b>
<b>Total assets</b>			<b>6,726</b>
<b>CURRENT LIABILITIES</b>			
Payables		14	1,942
Provisions		15	499
Pre-paid levy income			88
<b>Total current liabilities</b>			<b>2,529</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions		15	644
<b>Total non-current liabilities</b>			<b>644</b>
<b>Total liabilities</b>			<b>3,173</b>
<b>Net assets</b>			<b>3,553</b>
<b>EQUITY</b>			
Retained surplus			1,859
Machinery of Government non-current asset transfer		16	1,694
<b>Total equity</b>			<b>3,553</b>

This statement is to be read in conjunction with the notes to and forming part of the Financial Statements

# STATEMENT OF CASH FLOWS



for the year ended 30 June 2004

	→ Note	2004 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Inflows:</b>		
Insurer income		40,155
Interest		540
Sundry income received		381
GST collected for remittance to ATO		3,507
GST input tax credits refunded from ATO		1,984
		<b>46,567</b>
<b>Outflows:</b>		
Payments to suppliers and employees		(36,638)
GST paid on purchases		(2,303)
GST remitted to ATO		(3,507)
		<b>(42,448)</b>
<b>Net cash provided by/(used in) operating activities</b>	17	<b>4,119</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Outflows:</b>		
Payments for property, plant, equipment and intangibles		(34)
<b>Net cash provided by/(used in) investing activities</b>		<b>(34)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Inflows:</b>		
WorkCover payment for leave liabilities	1(g)	1,008
<b>Net cash provided by/(used in) financing activities</b>		<b>1,008</b>
Net increase/(decrease) in cash held		5,093
Cash at the beginning of reporting period		0
<b>Cash and investments at end of reporting period</b>	9	<b>5,093</b>

This statement is to be read in conjunction with the notes to and forming part of the Financial Statements

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS



for the year ended 30 June 2004

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of accounting

#### General

These financial statements are a general purpose financial report and have been prepared in accordance with the *Financial Administration and Audit Act 1977*, *Financial Management Standard 1997*, applicable Australian Accounting Standards, Urgent Issues Group Abstracts and Statements of Accounting Concepts. This financial report has been prepared on the basis of historical cost and does not recognise changing money values, except where specifically stated. The financial report has also been prepared on an accrual and going concern basis.

There are no comparative figures for the year 2003-04. Q-COMP was previously part of WorkCover and became an independent statutory body on 1st July 2003 under the *Workers' Compensation & Rehabilitation Act 2003*.

### (b) Classification between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next twelve months, being the Authority's operational cycle.

### (c) Rounding

Unless otherwise stated, amounts in the report have been rounded to the nearest thousand dollars.

### (d) Revenue recognition

Income from Insurers is recognised when insurer levy invoices are raised. Interest income is recognised when it is earned. Other revenues are brought into account when the goods and services are delivered.

### (e) Cash assets

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June 2004 as well as deposits at call with financial institutions.

### (f) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or services delivery, with settlement being generally required within 21 days from the invoice date, no interest is charged and no security is obtained.

The collectability of receivables is assessed periodically with provision being made for doubtful debts.

Bad debts are written off in the period in which they are recognised.

### (g) Employee benefits

#### Wages, salaries and annual leave

Wages, salaries and annual leave due and unpaid at reporting date are recognised in the Statement of Financial Position at the remuneration rates expected to apply at the time of settlement and include related on costs such as payroll tax, WorkCover premium and employer superannuation contributions.

#### Recognition of liability – former WorkCover employees

Under the *Workers' Compensation and Rehabilitation Act 2003* a person who immediately before 30 June 2003 was employed in the Q-COMP Division of WorkCover became an employee of the Authority and ceased being an employee of WorkCover. Q-COMP assumed the long service leave and annual leave entitlements from 1 July 2003 with each entitlement thereof being paid to Q-COMP as part of the Machinery of Government changes. These entitlements are calculated as if service with WorkCover were continuous service.

#### Long service leave

Long service leave entitlements payable are assessed at balance date having regard to current employee remuneration rates, employment related on-costs and other factors including accumulated years of employment, future remuneration levels, and experience of employee departure per year of service. Long service leave expected to be paid in the next 12 months is recorded as a current liability in the Statement of Financial Position at its nominal value. Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these entitlements accrued to balance date and recorded as a non-current liability. Relevant Commonwealth Bond Rates are used for discounting future cash flows.

#### Sick leave

Sick leave entitlements are non-vesting and are only paid upon valid claims for sick leave by employees. Sick leave expense is brought to account in the reporting period in which the leave occurs.

#### Superannuation

Employees of Q-COMP are members of QSuper. Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

For employees in QSuper, the Treasurer of Queensland, based on advice received from the State Actuary, determines employer contributions for superannuation expenses.

No liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis and reported in the whole-of-Government financial report prepared pursuant to AAS 31 - *Financial Reporting by Governments*.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS



for the year ended 30 June 2004

## NOTE 1

### SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (h) Payables

Payables are recognised for amounts payable in the future for goods and services received, whether or not billed to the Authority. Creditors are generally unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

#### (i) Taxation

The activities of the Board are exempt from Commonwealth taxation except for Fringe Benefit Tax (FBT) and Goods and Service Tax (GST). As such, input tax credits receivable and GST payable from/to the Australian Taxation Office are recognised and accrued.

#### (j) Plant, equipment and motor vehicles

Plant, equipment and motor vehicles are carried at cost. All such assets with a cost in excess of \$1,000 are capitalised in the year of acquisition and items with a cost less than this amount are expensed on acquisition. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees.

Depreciation on plant, equipment and motor vehicles is calculated on a straight-line basis so as to write off the values of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to Q-COMP. Depreciation rates are reviewed annually to ensure the carrying amounts reflect the remaining useful lives of the respective assets.

The useful lives for each class of depreciable asset are as follows:

<i>Computer hardware</i>	3 to 7 years
<i>Motor vehicles</i>	3 to 5 years (to residual value)
<i>Office equipment</i>	3 to 10 years

#### (k) Intangibles

Computer software with a cost greater than \$50,000 is recognised as an intangible asset. Software with a lesser value is expensed. Computer software is amortised on a straight-line basis over the period in which the related benefits are expected to be realised. Current amortisation rates applied range between 10-40%.

#### (l) Leases

A distinction is made in the Financial Statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits.

Where a non-current physical asset is acquired by means of a finance lease, the asset is recognised at an amount equal to the present value of the minimum lease payments. The liability is recognised at the same amount.

At the reporting date, the Authority only held operating leases, the payments for which are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

#### (m) Insurance

The Authority's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition, the Authority pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

#### (n) Adoption of International Financial Reporting Standards

The Financial Reporting Council has determined that all entities preparing general purpose financial statements will apply the Australian Equivalents to International Financial Reporting Standards (IFRSs) for reporting periods beginning on or after 1 January 2005. Q-COMP has established an IFRS Steering Committee and Working Party to assist in the implementation of the new reporting requirements.

All pending Australian Equivalents to IFRSs are being progressively reviewed for possible implications on policies, procedures, systems and financial impacts arising from such changes. To date, Q-COMP has identified the following key differences in accounting policies, which will arise from the adoption of Australian Equivalents to IFRSs:

- The introduction of pending AASB 136 - *Impairment of Assets* will require an annual impairment test to be performed on all non-current physical and intangible assets. This may result in a write-down of the value of plant, equipment, motor vehicles and intangible assets.

The dollar values of the above changes cannot be reliably estimated at the date of this report.

Policy decisions made at a whole-of-Government level in relation to the limiting of options in the Australian Equivalent to IFRSs may have additional impacts on financial reports prepared using these Standards.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS



for the year ended 30 June 2004

	2004 \$000
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## NOTE 2

### Revenue from Financial Assets

Interest - Bank account	563
Interest - ATO	1
	<b>564</b>

## NOTE 3

### Other Revenue

Rehabilitation coordinator fees*	146
Application fee from self-insurer licence	20
Sundry revenue	8
	<b>174</b>

\* Certification fee for persons successfully completing the approved Rehabilitation Coordinator course and registering with Q-COMP.

## NOTE 4

### Employee Expenses

Salaries and related cost	5,464
Long service leave	108
Staff training and development	68
Workers' compensation	15
Other staff costs	18
	<b>5,673</b>

Number of full-time equivalent employees as at 30 June 2004 was 77.6.  
The number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis.

## NOTE 5

### Supplies and Services

Travel expenses - Solicitors/Barristers/Doctors	164
Travel expenses - Other	76
Consultants fees	55
Contractors fees*	4,985
Corporate services charges paid to CAA	119
Rent and associated cost**	469
Other supplies and services	663
	<b>6,531</b>

\* The main component of contractors fees are payments made to doctors appointed to the Medical Assessment Tribunals by Governor in Council.

\*\* Q-COMP has a Service Level Agreement with Corporate Administration Agency (CAA) to undertake a number of accounting and payroll services on behalf of Q-COMP.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS



for the year ended 30 June 2004



2004  
\$000

## NOTE 6

### Depreciation and Amortisation

Depreciation - Office equipment	33
Depreciation - Computer hardware	123
Depreciation - Motor vehicles	8
Amortisation - Computer software	448
	<b>612</b>

## NOTE 7

### Other Scheme Expenses

Queensland Health*	9,250
Workplace Health and Safety Payment**	11,543
Research Grants	207
Advisory Services Grants	250
Queensland Ambulance Services***	2,200
Ministerial Liaison Officer Sponsorship	42
	<b>23,492</b>

Other Scheme Expenses are collected by Q-COMP through Insurer Levies under the Workers' Compensation Scheme and are passed onto the various agencies.

\* Payments for discharging liability for public hospital services for injured workers within the Queensland Workers' Compensation Scheme.

\*\* The Minister for Industrial Relations instructed WorkCover (pursuant to s416 of the *WorkCover Queensland Act 1996*) on 27 May 2003 requiring WorkCover to contribute \$12,697 million (including GST), \$11,543 million (excluding GST), in 2003-2004 to the Department of Industrial Relations, for injury prevention programs. This obligation was transferred to Q-COMP, following the separation from WorkCover Queensland.

\*\*\* Payments for discharging liability for pre-hospital patient care and ambulance transfer service for injured workers within the Queensland Workers' Compensation Scheme.

## NOTE 8

### Other Expenses

Legal fees	1,964
Finance cost	10
Auditors' remuneration	36
Computer services provided by CITEC	376
Other computer charges	253
	<b>2,639</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS



for the year ended 30 June 2004

→	2004 \$000
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**NOTE 9  
Cash Assets**

Cash at bank and on hand	124
Deposits on call	4,969
	<b>5,093</b>

**NOTE 10  
Receivables**

Trade debtors	61
Net GST receivable	305
	<b>366</b>

**NOTE 11  
Other Current Assets**

Prepayments	151
	<b>151</b>

**NOTE 12  
Intangibles**

<i>Computer software - Internal use</i>	
At cost	1,284
Less: Accumulated amortisation	(581)
	<b>703</b>

WorkCover Queensland transferred intangible assets – computer software to Q-COMP at the following value for no cost:

→	Computer Software \$
At original cost	1,283,683
Accumulated depreciation	(132,550)
Transfer in value	1,151,133

These transfers have been treated as Machinery of Government changes and are recognised at the amounts at which the assets were recognised by WorkCover immediately prior to the transfer to Q-COMP (refer Note 16).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS



for the year ended 30 June 2004



2004  
\$000

## NOTE 13

### Plant, Equipment and Motor Vehicles

#### Computer hardware

At cost	724
Less: Accumulated depreciation	(395)
	<b>329</b>

#### Motor vehicles

At cost	51
Less: Accumulated depreciation	(18)
	<b>33</b>

#### Office equipment

At cost	145
Less: Accumulated depreciation	(94)
	<b>51</b>

### Total plant, equipment and motor vehicles

**413**

#### Movements during the reporting period

	Transfer in value * (at cost) \$000	Additions \$000	Disposals \$000	Revaluation \$000	Depreciation \$000	Closing WDV \$000
Computer hardware	694	30	0	0	(395)	329
Motor vehicles	51	0	0	0	(18)	33
Office equipment	141	4	0	0	(94)	51
	<b>886</b>	<b>34</b>	<b>0</b>	<b>0</b>	<b>(507)</b>	<b>413</b>

\* Refer to Note 16 Machinery of Government non-current asset transfer

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS



for the year ended 30 June 2004

## NOTE 13 (CONTINUED)

### Plant, Equipment and Motor Vehicles (continued)

WorkCover Queensland transferred a number of assets to Q-COMP at the following value for no cost:

	Computer hardware \$	Motor vehicles \$	Office equipment \$
At original cost	694,296	50,885	141,100
Accumulated depreciation	(271,746)	(9,973)	(61,196)
<b>Transfer in value</b>	<b>422,550</b>	<b>40,912</b>	<b>79,904</b>

These transfers have been treated as Machinery of Government changes and are recognised at the amounts at which the assets were recognised by WorkCover immediately prior to the transfer to Q-COMP.

2004 \$000
---------------

## NOTE 14

### Payables

Trade creditors	1,218
Accrued expenses	665
Other	59
	<b>1,942</b>

## NOTE 15

### Provisions

#### Current

* Long service leave	85
** Provision for annual leave	414
	<b>499</b>

#### Non-current

* Long service leave	644
	<b>644</b>

\* Long service leave provision includes the liability transferred over by WorkCover as explained in Note 1(g).

\*\* Annual leave provision includes balance of provision carried forward from WorkCover together with new liabilities during the year, refer to Note 1(g).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS



for the year ended 30 June 2004

## NOTE 16

### Machinery of Government Non-current Asset Transfer

As outlined in Note 12 and Note 13, the transfer of assets has been treated as a Machinery of Government change and therefore the transfer of non-current assets at no cost has been recognised as equity.

	Note	Value
Computer software	12	\$1,151,133
Computer hardware	13	\$422,550
Motor vehicles	13	\$40,912
Office equipment	13	\$79,904
		<b>\$1,694,499</b>

	2004 \$000
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## NOTE 17

### Reconciliation of Net Cash Provided by Operating Activities to Net Surplus from Ordinary Activities

Net surplus from ordinary activities	1,859
<i>Adjustment for non-cash items</i>	
Depreciation and amortisation	612
<i>Changes in assets and liabilities</i>	
(Increase)/decrease in WorkCover leave liability (see Note 1(g))	(1,008)
(Increase)/decrease in receivables	(366)
(Increase)/decrease in prepayments	(151)
Increase/(decrease) in payables	1942
Increase/(decrease) in employee benefits provision	1,143
Increase/(decrease) in unearned revenue	88
<b>Net cash provided by operating activities</b>	<b>4,119</b>

## NOTE 18

### Lease Commitments

As at 30 June 2004 Q-COMP had the following operating lease commitments exclusive of GST:

Within one year	395
One to five years	0

Q-COMP leases office space under two operating leases, which expire on 30 June 2005. There is an option of renewal for one of the leases for a period of three years.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS



for the year ended 30 June 2004

2004  
\$000

## NOTE 19 Grant Commitments

As at 30 June 2004 Q-COMP had the following operating grant commitments exclusive of GST:

Within one year	63
One to five years	126

## NOTE 20 Financial Instruments

### *Interest rate risk exposure*

Cash at bank is earning interest at the current bank variable rates. Deposits were earning interest at variable rates between 5.1% and 5.57% as at 30 June 2004.

The net fair value of cash assets, receivables and payables approximates their carrying values.

### *Credit risk exposure*

The Authority does not have any material credit risk exposure to any single debtor. The maximum exposure to credit risk is limited to the carrying amounts recognised in the Statement of Financial Position.

## NOTE 21 Contingent Liability

At 30 June 2004, there are eight review decisions awaiting Industrial Magistrate decisions and a further five awaiting Industrial Court decisions. If the appeal is upheld in one or more cases costs could be awarded against Q-COMP. As there is no way of knowing the outcome of these cases or the quantum of costs, no provision has been made in the Financial Report.

## NOTE 22 Related Parties

Directors of the Authority are appointed for a three-year period and the following persons held the position of director in 2003-04:

Mr Paul Braddy	Chairperson
Mr Peter Henneken	Deputy Chairperson
Mr Graham Cuthbert	
Mr David Whiting	
Ms Grace Grace	
Mr Garry Ryan	
Dr Beres Wenck	

Mr Ryan, Ms Grace and Mr Whiting (for a portion of his term) held senior positions with peak worker and employer bodies that received grants and other fees totalling \$227,750 for the provision of advisory services during 2003-04. The terms and conditions of any transactions with Directors and their related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

Total remuneration paid to Directors of the Authority for the financial year was \$51,496.

As a public servant no payment was paid or is applicable to Mr Henneken.

# CERTIFICATE OF THE WORKERS' COMPENSATION REGULATORY AUTHORITY



## CERTIFICATE OF THE WORKERS' COMPENSATION REGULATORY AUTHORITY (TRADING AS Q-COMP)

These general purpose financial statements have been prepared pursuant to the provisions of section 46F(1) of the *Financial Administration and Audit Act 1977*, and other prescribed requirements. In accordance with s.46F(3) we certify that in our opinion:

- a) the prescribed requirements for the establishment and keeping of accounts have been complied with in all material respects; and
- b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Authority for the financial year ended 30 June 2004 and of the financial position at the end of that year.

**C Wood**

*Chief Executive Officer*

Date:

**P Braddy**

*Chairman*

Date:



## INDEPENDENT AUDIT REPORT

**To the Board of the Workers' Compensation Regulatory Authority (trading as Q-COMP)**

### **Matters Relating to the Electronic Presentation of the Audited Financial Statements**

The audit report relates to the financial statements of Q-COMP for the financial year ended 30 June 2004 included on Q-COMP's web site. The Board is responsible for the integrity of the Q-COMP's web site. The audit report refers only to the financial statements identified below and does not include a review of the integrity of this web site or provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements, available from Q-COMP, to confirm the information included in the audited financial statements presented on this web site.

These matters also relate to the presentation of the audited financial statements in other electronic media including CD Rom.

### **Scope**

#### *The Financial Statements*

The financial statements of the Q-COMP consist of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the financial statements and certificates given by the Board and officer responsible for the financial administration of Q-COMP, for the year ended 30 June 2004.

#### *The Board's Responsibility*

The Board is responsible for the preparation and true and fair presentation of the financial statements, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

#### *Audit Approach*

As required by law, an independent audit was conducted in accordance with *QAO Auditing Standards* to enable me to provide an independent opinion whether in all material respects the financial statements present fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

Audit procedures included –

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial statements;
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Board;
- obtaining written confirmation regarding the material representations made in conjunction with the audit; and
- reviewing the overall presentation of information in the financial statements.

# INDEPENDENT AUDIT CERTIFICATE



## Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

## Audit Opinion

In accordance with s.46G of the *Financial Administration and Audit Act 1977* -

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the statements have been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of Q-COMP for the financial year 1 July 2003 to 30 June 2004 and of the financial position as at the end of that year.

J E HARTEN, FCPA  
Assistant Auditor-General  
as Delegate of the Auditor-General of Queensland



Queensland Audit Office  
Brisbane



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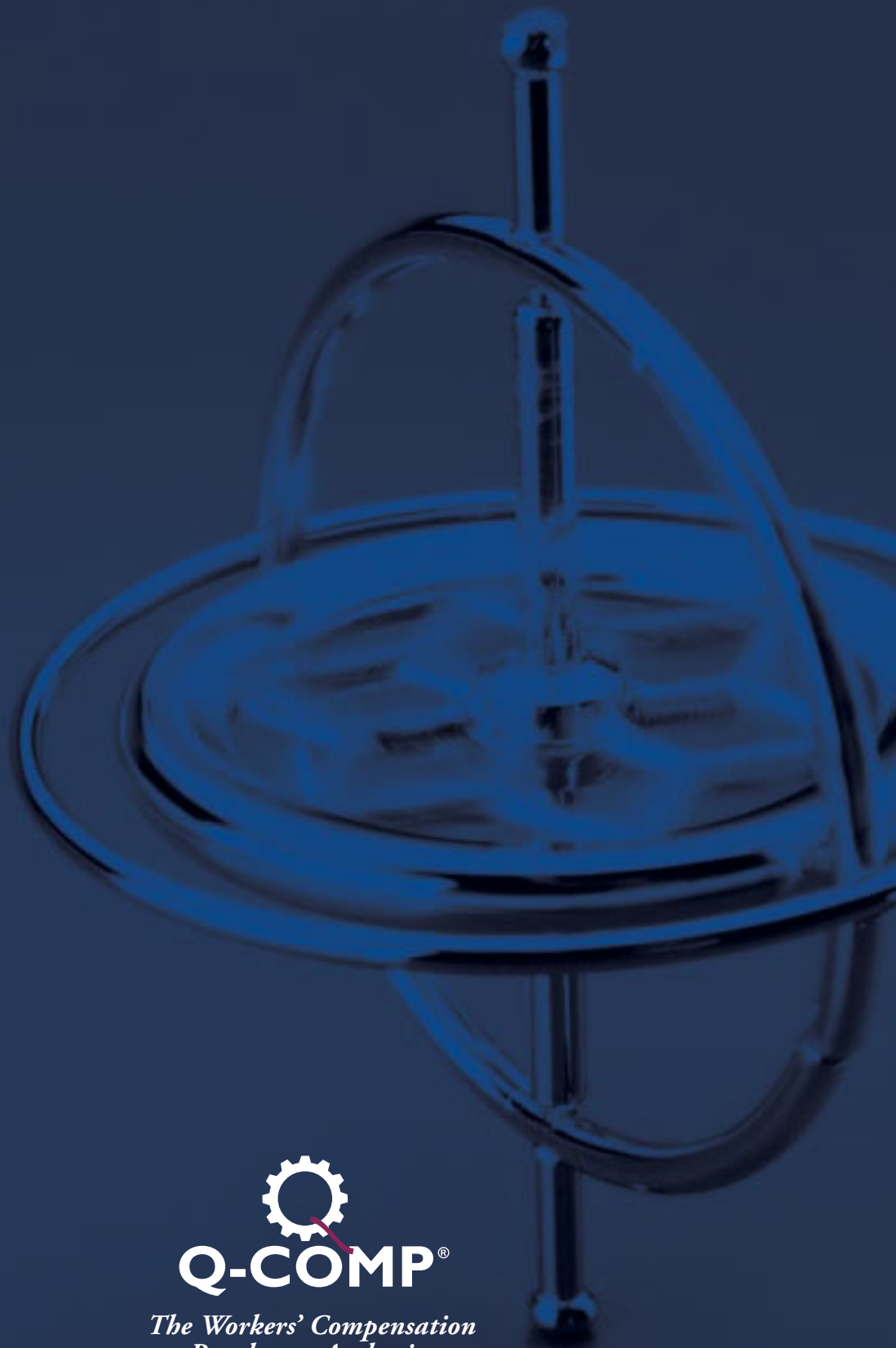
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