WorkCover QUEENSLAND

Annual Report

2023 – 2024

Acknowledgement of country

WorkCover Queensland deeply acknowledges and pays respect to all Aboriginal and Torres Strait Islander peoples, and their Elders past and present.

We thank the Traditional Custodians throughout Australia for their ongoing custodianship of land, waters, culture and community.

Contents page

About this report

Under the *Workers' Compensation and Rehabilitation Act 2003* (the Act) (https://www.legislation.qld.gov.au/view/html/inforce/current/act-2003-027), WorkCover Queensland is required to produce an annual report. This report has been prepared to meet the needs of stakeholders and the accountability requirements under the *Financial Accountability Act 2009* (https://www.legislation.qld.gov.au/view/html/inforce/current/act-2009-009).

WorkCover is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact us on 1300 362 128 and we will arrange an interpreter to effectively communicate the report to you.

To view previous reports, please visit our website: https://www.worksafe.qld.gov.au/resources/publications/annual-reports

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Attribution

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Letter of compliance

27 August 2024

The Honourable Grace Grace MP
Minister for State Development and Infrastructure, Minister for Industrial Relations and Minister for Racing
1 William Street
BRISBANE QLD 4000

Dear Minister,

I am pleased to submit for presentation to the Parliament the WorkCover Queensland 2023–2024 Annual Report and Financial Statements.

I certify that this Annual Report complies with:

- the requirements under the *Workers' Compensation and Rehabilitation Act 2003* (https://www.legislation.qld.gov.au/view/html/inforce/current/act-2003-027)
- the prescribed requirements of the *Financial Accountability Act 2009* (https://www.legislation.qld.gov.au/view/html/inforce/current/act-2009-009) and *the Financial and Performance Management Standard 2019* (https://www.legislation.qld.gov.au/view/pdf/asmade/sl-2019-0182), and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies* (https://www.qld.gov.au/__data/assets/pdf_file/0029/259148/Annual-report-requirements-for-Queensland-Government-agencies-for-the-2023-24-reporting-period.pdf).

I would like to thank the Board for its contribution, as well as our people for their demonstrated commitment to providing excellent service to Queensland employers and workers.

A checklist outlining the annual reporting requirements is provided at page 89 of this annual report.

Yours sincerely,

The Honourable Dr Anthony Lynham
Chair
WorkCover Queensland

About WorkCover Queensland

We have been providing workers' compensation insurance in Queensland for over 25 years to more than 175,000 businesses.

Supporting Queensland workers and businesses is at the heart of everything we do, from customer service and managing claims, to accessing rehabilitation, and making sure employers have insurance in place to protect their workers.

The most important thing for us is keeping Queenslanders working and we understand everyone's needs are different. We work to make sure all individuals get the best outcome for their situation.

We are committed to balancing employer and worker needs. We aim to keep premiums low for employers, while also supporting injured workers with their recovery and return to work.

Working together

WorkCover Queensland (WorkCover) partners with various government agencies and key stakeholders to give Queensland businesses and the broader community efficient access to specialist advice on workers' compensation matters, rehabilitation, and return to work.

Minister for State Development and Infrastructure, Minister for Industrial Relations and Minister for Racing	Develops workers' compensation and workplace health and safety legislation.
Office of Industrial Relations	**Workplace Health and Safety Queensland (WHSQ)** Enforces workplace health and safety laws and educates stakeholders on their legal obligations. **Workers' Compensation Regulatory Services (WCRS)** Regulates the Queensland workers' compensation scheme, including self-insurers, and is a facilitator of legal and medical resolutions, and an educator and promotor of the scheme on behalf of all stakeholders. **The Electrical Safety office** Develops and enforces legislative and compliance standards to improve electrical safety.
WorkCover Queensland	Provides and manages workers' compensation insurance for Queensland employers and workers.

Our vision

To be the best workers' compensation insurer and make a positive difference to people's lives.

Our purpose

We partner with and support our customers to keep Queenslanders working, through:

- Trusted partnerships which underpin our focus on return to work outcomes
- Tailored quality experiences for workers and employers
- Creating value for business through innovative and sustainable outcomes
- Influencing and investing in injury risk reduction.

Our values

Excellence: To deliver outcomes that are highly valued by our customers.

Integrity: To always do the right thing.

Responsiveness: To provide an experience that meets the individual needs of our customers.

Respect: To be considerate of the rights and dignity of everyone.

Our goals and performance indicators

Purpose-driven culture

Inspire our people to be open to learning and growing to achieve our strategy

Operational excellence

Improve how we work to maximise value for our customers and our stakeholders

Digitally innovative

Modernise and simplify our technology to serve our customers and our people

Valued experiences

Care for and support injured workers and employers by engaging collaboratively

Performance indicators

- Average statutory claim duration (paid days)
- Average cost of statutory claim
- Final return to work (RTW) rate
- Average cost of a common law claim
- Funding ratio
- Average net premium rate, after discounts
- Customer experience measure – injured workers and employers.

Goal	Strategies
Purpose-driven culture	– Nurture a culture of striving for excellence and mutual accountability – Support authentic leaders who inspire growth and performance – Grow talented employees who shape the future of workers' compensation – Champion inclusive practices and celebrate diversity – Act as a leader of talent acquisition and development strategies.
Operational excellence	– Transform statutory and common law claims management to improve claim outcomes – Strengthen relationships with stakeholders and partners to influence positive outcomes with a focus on mutually beneficial digital efficiencies – Enhance return to work outcomes for primary mental injuries and implement claims management strategies to reduce secondary mental health injuries – Ensure financial sustainability through appropriate claims management, premium and investment strategies.
Digitally innovative	– Align our digital transformation with our strategic priorities and deliver value – Ensure our cyber posture protects our customers, people and information assets – Rationalise and innovate our existing digital, data and supporting system capabilities.
Valued experience	– Collaborate and partner across the Queensland community to deliver safe return to work outcomes – Build and sustain experiences and a culture that puts our customers at the centre – Partner with Office of Industrial Relations, Workplace Health and Safety Queensland and other stakeholders to help customers improve safety and return to work, focusing on our Injury Risk Reduction Initiatives (IRRI) and the Injury Prevention and Management Program (IPaM).

More information is available in our *Statement of Corporate Intent 2023–2024* (https://www.worksafe.qld.gov.au/__data/assets/pdf_file/0009/116100/Statement-of-Corporate-Intent-2023-2024.pdf), and *Corporate Plan 2023–2027* (https://www.worksafe.qld.gov.au/__data/assets/pdf_file/0025/116098/WorkCover-Queensland-Corporate-Plan-2023-2027.pdf).

Our commitment to customers

Our Customer Principles are the foundation of how we engage with employers and workers. Research shows that when we apply these principles and deliver an overall positive customer experience, workers are three times more likely to achieve positive return to work outcomes.

We are committed to providing an experience aligned to these principles, as defined below.

Customer Principle	Employers	Workers
Empowered	After every interaction with us, employers are clear about what positive actions they can take, and they feel confident to do so.	Workers are engaged and enabled to achieve the right outcome. They know what they need to do, and they know we'll support them where we can.
Valued	Employers are supported, informed and connected. They feel we deliver a valuable service.	Workers are supported. They know that they matter to us as a person and are more than just a claim.
Easy	Employers find it straightforward to manage their policy and support their employees.	Workers can focus on their recovery rather than their claim, knowing that WorkCover will guide them.
Fair and Transparent	Employers understand their premium and policy. They know that their interests are balanced with those of the worker, and decisions made are unbiased.	Workers agree we are open and honest, and decisions made throughout their claim are unbiased. Workers are kept informed throughout the process.
Consistent	Employers receive the same information and experience, no matter who they talk to or how they engage with us.	Workers receive the same information and experience, no matter who they talk to or how they engage with us.

Chair and CEO report

WorkCover Queensland has had another strong year in the face of external challenges, supporting more than 74,000 Queenslanders injured at work with their recovery, helping 90.4% of them return to work, and providing workers' compensation coverage for more than 175,000 Queensland businesses.

We continue to have one of the lowest average premium rates in the country, and a high return to work rate.

Our financial performance

We remain in a secure financial position, offering one of Australia's lowest average premium rates and value for money for employers, and a funding ratio of over 120% to ensure the stability of Queensland's workers' compensation scheme.

While we still continue to face the same challenges being experienced nationally, such as rising claim costs and an increasing number of mental injury claims, we have been able to keep our fund financially sustainable with low operational costs and careful financial management. We have the lowest administrative costs nationally, with the highest percentage of premium revenue going directly to injured workers.

Mental injuries

In line with the national trend, mental injury claims continue to place pressure on Queensland's scheme. Workers with mental injuries have more time off work, higher average annual statutory claim costs and are less likely to return to work.

In 2023–2024, there were 3,364 accepted primary mental injury claims, and they accounted for 14% of total statutory claim costs.

We are working hard to improve our practices in the management of these claims, informed by evidence-based approaches, customer research and stakeholder feedback. We have established a dedicated mental injuries program to address this growing trend, particularly around our claims management processes and how employers can support workers and influence return to work outcomes in mental injury claims. This program seeks to reimagine claims management for mental injuries to drive better outcomes and better support workers with a mental injury. We will continue to work closely with our customers to leverage the important role of the employer in rehabilitation and return to work. Research from Monash University [Employer Support for Injured Australian Workers: Overview and Association with Return to Work, 2018] has shown that workers who report feeling supported by their employer are more likely to have a positive return to work outcome. The first series of resources for employers will launch in the first quarter of 2024–2025.

This year we piloted a centralised determination team for mental injuries and saw a reduction in the average days to decision. We will expand this approach in 2024–2025.

While we have made some improvements in the mental injury space this year, we know there is more to do, and we remained focused on this as a key strategic priority.

Claim decisions

Improving claims decision timeframes is a key priority and we are pleased to report that in 2023–2024 we determined 62.6% of claims in five (5) days, and 91.7% in 20 days. We are committed to giving our customers certainty as soon as possible so they can focus on getting better and back to work. Quality and timely decisions remain an ongoing priority.

Premium rate

In 2024–2025, WorkCover's average premium rate will move to 1.34 per $100 of wages after discounts, from $1.29 in 2023–2024. We are committed to doing all we can to minimise premium increases as we remain mindful of current cost-of-living pressures experienced by Queenslanders.

Small, incremental increases to WorkCover's average premium rate are the best way to protect the scheme's viability into the future, while mitigating the financial impact on our customers.

We are also ensuring all Queensland businesses are paying their fair share through our compliance program.

In 2023–2024, we audited 539 employer sites. This resulted in a total amount of $32M in premium and penalties raised.

Partnering with our stakeholders

We are continuing to connect with our stakeholders across Queensland, including at our regional board meeting in Rockhampton in April 2024, where we were joined by local businesses and leaders from across the region.

Record numbers of customers across the state are participating in our virtual events, with thousands tuning into our regular webinar series on topics such as suitable duties and return to work, workplace bullying and harassment claims, employer liability, mental injuries, and common law.

After gathering feedback and insights from medical and allied health providers, we have developed a new framework to help us work better together to improve claim outcomes for workers.

In partnership with Workplace Health and Safety Queensland, we launched a refreshed Injury Prevention and Management program with 120 employers registering to benefit from tailored guidance to improve safety and injury management in their workplaces.

Continuing to meet our customers' digital needs

We have continued our multi-year digital transformation journey, prioritising our transition to the cloud to future proof our business and deliver secure, flexible and more responsive experiences in line with our customers' changing digital needs and expectations.

Our dedication to cyber security and protecting our customers' information has been maintained through our Cyber Program, which educates our people on cyber safety and leverages leading technology to protect the information entrusted to us.

Outlook for 2024–2025

We welcome the recommendations of the five-year workers' compensation scheme review, which highlighted that while the scheme is performing well, there are ways it can be improved to better help Queensland workers and businesses get the support they need if someone is injured as a result of their work. We are preparing to implement recommendations as they are progressed by the Queensland Government.

Claims management is our core business and we are focused on achieving operational excellence in this fundamental work through making timely claim decisions and supporting workers to recover and return to work as safely and soon as possible. We are dedicated to responsive and consistent service to all of our customers.

We will continue to progress our mental injuries program which further aligns management of claims management of mental injuries with best practice, fosters better employer engagement in the return to work process, and includes new resources to better support workers with mental injuries through their claim journey.

Thanks and acknowledgements

We express our thanks and appreciation to Bruce Watson, who retired after seven years as Chief

Executive Officer on 16 February 2024. Bruce led WorkCover through some significant periods, including the re-emergence of black lung disease, the nation-leading screening of all Queensland engineered stone benchtop workers for silicosis, and the COVID-19 pandemic. We thank Bruce for his leadership and service.

Our new Chief Executive Officer, Michael Pennisi, started on 18 June 2024. Michael is an experienced chief executive with more than 30 years of experience in superannuation, insurance and investments. He has a strong track record of authentic, values-based and purpose led leadership, and brings a strong commitment to serving the needs of customers and the community. His deep knowledge of insurance and his strong relationships with stakeholders will be invaluable as WorkCover builds on a proud history as one of Australia's strongest performing workers' compensation insurers.

We wish to acknowledge the work of our board in 2023–2024, including our new board members this year, Dr Anthony Lynham (Chair), Jacqueline King (Deputy Chair) and Stephen Havas (Director).

We also wish to thank our executive management team, and our people at WorkCover who have assisted Queensland workers and employers over the past year.

We thank the Minister for Industrial Relations, the Honourable Grace Grace MP, and the Queensland Government for their support.

Dr Anthony Lynham Chair WorkCover Queensland	**Michael Pennisi** Chief Executive Officer WorkCover Queensland

Our Board of Directors

Dr Anthony Lynham – Chair

BDSC BMed (HONS), FRACDS (OMS) FRCS Ed

Dr Anthony Lynham is a former Senior Government Minister and Consultant Maxillofacial Surgeon here in Brisbane. He is active in the corporate and not for profit sectors having diverse board roles as Chair of Gladstone Ports Corporation, Director of Aboriginal and Torres Strait Islander Community Health, Director of Toowoomba and Surat Basin Enterprise and a member of the Cell and Tissue Engineering Advisory Board CTET. He is a Chair of the Jamieson Trauma Institute, an institute devoted to improving treatment and rehabilitation outcomes for those who have experienced serious trauma. He is also a Patron of Life Education. He still continues to practice in the important speciality of Maxillofacial Surgery.

Jacqueline King – Deputy Chair

LLB(Hons), GDip Professional Legal Practice, MBA

Jacqueline King is the General Secretary of the Queensland Council of Unions representing the interests of around 400,000 members in Queensland. Jacqueline has previously worked for the Finance Sector Union, the Australian Services Union, the Australian Manufacturing Workers Union and the Australian Council of Trade Unions. She has also been a senior Government advisor in the fields of employment, industrial relations, training, and work health and safety and led an industry training organisation providing both electrical and work health and safety training and skills assessments for overseas qualified electrical workers migrating to Australia. Jacqueline is also a Director with CS Energy, a Queensland owned and based energy company and is an experienced Director, previously on the Boards of Stanwell and Energy Skills Queensland. She holds a Bachelor of Laws (Honours) First Class Honours degree and a Master of Business Administration, along with several qualifications in management, work health and safety and training design and development.

Judy Bertram – Director

B Sc, Dip Ed, GAICD

Judy has extensive experience at senior levels in government leading the strategy, policy and operational management of workplace health and safety and in strategic policy and planning roles in the vocational education and training system and child safety. Judy has been employed by the Queensland Resources Council since 2012 and is currently the Deputy Chief Executive and oversees the Community and Safety policy areas. She is also a Trustee Board Director of MineSuper and served for nine years as a Director on the Board of Deaf Services Queensland.

Kerriann Dear – Director

BEnvSc, BSocWk (Hons, first)

Kerriann has worked in the women’s and community legal sectors in the field of industrial relations social work since 1999. She has performed executive leadership roles including as the CEO of Queensland Working Women’s Service Inc., Co-Director of Basic Rights Queensland Inc. and Sector Sustainability Coordinator for the Peak Body for Community Legal Centres in Queensland. Kerriann undertook the lead role in the conceptualisation and implementation of Domestic and Family Violence Work Aware which delivers training nationally. Serving as a Director on the Board of WorkCover Queensland, since 2017, she also volunteers her time in governance roles in the not-for-profit community sector and is particularly passionate about women’s empowerment in the workplace.

Sarah Morris – Director

BEcon, GDip Applied Finance and Investment, GDip Applied Corporate Governance, CA, FGIA, GAICD

Sarah Morris is Executive Manager – Strategy and Finance at TUH Health Fund. Sarah has held senior and executive positions with several organisations across defence services, finance, insurance, resources and professional services industries. She is a former state and national councillor of the Governance Institute of Australia and is the current WorkCover Risk and Audit Committee Chair.

Stephen Havas – Director

Stephen is a non-Executive Director, Chair, Committee Member and Managing Director with 35 years' experience as the owner of businesses and over nine years' Board level experience across private and not for profit sectors. Currently Stephen is a non-executive Director of Master Builders Queensland, Chair of the Housing committee, and a member of multiple subcommittees including Audit and Risk, and Remuneration. At an executive level, Stephen is Managing Director of Garth Chapman Queenslanders SEQ, a boutique design and construct building company, a position held since 1999. Previously, he held the Chair and Deputy Chair positions on a not-for-profit Board (education sector).

Stacey Schinnerl – Director

BBus

Stacey is the Secretary of The Australian Workers' Union of Employees, Queensland and the Branch Secretary of The Australian Workers' Union (Queensland Branch). In both industrial advocacy and elected union positions, Stacey has represented the interests of Queensland workers for nearly 20 years. Stacey has previously served on the Executive of the Australian Council of Trade Unions and is a current Director on the Board of Chifley Services Pty Ltd. She holds a Bachelor of Business degree majoring in Human Resource Management and Employment Relations.

Ian Leavers – Director

APM

Ian is the General President and CEO of the Queensland Police Union, a position he has held since 2009, as well as the President of the Police Federation of Australia. He has been involved with the Queensland Police Union as a union official since 1997. Since 2013, he has been a Director of QBank. Ian was formerly a member of the Domestic and Family Violence Implementation Council, former director on the Queensland Workplace Health and Safety Board and is now a Domestic and Family Violence Prevention Champion for the Queensland Government. Ian was awarded the Australian Police Medal (APM) in the 2020 Queen's Birthday Honours List for his outstanding police leadership, advocacy and improvement of wages and conditions for all police and being at the forefront of the creation of modern policing policy at both a state and national level, particularly with legislative reform.

Sandra McCullagh – Director

B Sc, B Arts, MBA, GAICD

Sandra is an experienced non-executive director, with skills in finance, investments, ESG and energy. She is currently a non-executive director and chair of the Investment Committee at Australian Ethical (ASX:AEF) , a non-executive director at Sydney Dance Company, and chair of the Clayfield College Foundation. Sandra was previously a trustee of QSuper, including chairing its Investment Committee, in the lead-up to its merger with SunSuper to create Australian Retirement Trust. In her executive career, Sandra worked for several energy companies including Energex, before moving into roles in investment banking including Head of Utilities Equities Research and ESG Research at Credit Suisse. Sandra is a member of Chief Executive Women and is on their Membership Committee.

Executive Leadership Team

Our Executive Management team includes the CEO and our Chief Officers who are each responsible for key areas of the business. This team reports to the Board and drives our people towards the vision and goals of the organisation, bound by our corporate values of excellence, integrity, responsiveness and respect.

Michael Pennisi – Chief Executive Officer

BEcon, BComm, GAICD

Michael is an experienced chief executive with more than 30 years' experience in CEO and executive roles in the financial services sector, including superannuation, insurance and investments. He has a proven track record of authentic, values-based and purpose-led leadership driving transformational change in large, complex businesses through strategy, exceptional delivery and broad engagement. Michael has a strong commitment to serving the needs of customers and the community. His deep knowledge of insurance and strong relationships with stakeholders are invaluable as WorkCover builds on a proud history as one of Australia's strongest performing workers' compensation insurers.

David Heley – Deputy Chief Executive Officer

BAdmin, FCPA, DFP, AGIA, GAICD

David has more than 20 years' experience in the finance and insurance sector. As Deputy CEO and CFO, David's focus is on ensuring a strong financial position now and into the future. His group provides corporate and financial strategies to secure WorkCover as Australia's best workers' compensation insurer. David is responsible for all of the company's financial functions, including accounting, audit, treasury, corporate finance, governance, risk, data and analytics functions that support the business.

Janine Reid – Chief Legal Officer

BLaws, MBA, GIA (Cert), GAICD

Janine has worked in personal injuries for over 20 years. Her knowledge and experience in personal injuries support her ability to manage our common law strategy and legal panel. She is also responsible for providing legal advice and strategy to the business, the WorkCover Board and engaging with external stakeholders. Janine is also the company secretary.

Emma Wright – Chief People Officer

BBusHRM, MOrgDevHRM

Emma is a trusted, authentic leader who displays personal commitment and inspires others, leading with a vision that values people. With over 13 years' experience in corporate services and human resources within the utilities and insurance industries, she builds and leads high performing and diverse teams with a strong focus on culture and employee experience. As Chief People Officer, Emma leads the People Group, a team that is driven to transform WorkCover into a contemporary organisation that's highly adaptive for the future of work.

Barbara Martin – Chief New Claims Officer

BBehSc, MRehabCounsel

Barb is an accomplished Executive Leader and industry expert with over 20 years' experience in claims management. As Chief New Claims Officer, Barb's focus is on improving the registration, determination, and onboarding of customers as they start their claims journey with us. She is dedicated to supporting innovative ideas and streamlining processes to allow her teams to deliver high quality and efficient services. Barb is passionate about supporting people to develop and achieve their best in a performance and customer focused culture.

Leah Plimmer – Chief Claims Management Officer

Leah is a highly regarded insurance executive with extensive experience in life insurance and superannuation claims spanning more than 30 years. Leah has previously held roles at Commonwealth Bank's CommInsure division and with Australian Retirement Trust. Leah brings to her role of Chief Claims Management Officer a broad skillset in claims management, underwriting, operations, and risk management and is committed to making a positive difference to our customers. A passionate leader, Leah loves to create stimulating, innovative and dynamic environments and driving positive culture and engagement with her team and the broader organisation.

Angela Jones – Chief Digital and Information Officer

BBus InfoMgt, maj: compscience, GAICD

Angela is an experienced IT and digital executive who specialises in developing enterprise strategy, operating model design and digital and business transformation. Since beginning her career as a technical specialist, Angela has spent the past 20+ years in strategic business advisory and senior leadership roles in both the public and private sectors. Angela is passionate about building high performing teams by integrating business and technology teams together to deliver on enterprise strategic goals. She is a graduate and member of the Chief Executive Women's Program.

Marc Dennett – Chief Partnerships and Relationships Officer

MBA, GradDipMgt, GradCertBus

Marc has more than 20 years' experience in injury management and prevention. He has previously held senior roles at WorkCover Queensland, the Office of Industrial Relations and was previously the Queensland member of the Heads of WorkSafe Authorities. Marc leads the Partnerships and Relationships Group, focusing on building trusted networks, engaging our stakeholders and industry associations to help support and deliver strategic and sustainable outcomes for our customers.

Highlights

Our organisation

$1.29 average premium rate per $100 of wages	**$6.436B** funds under management	**312,767** customer calls to our contact centre
89% people survey response rate	**10,219** referrals to return to work providers	**68%** employee engagement score

For employers

179,024 employers insured	**$96.5M** premium savings for employers (including apprentice and 3% early payment discounts)	**$32.04M** premium raised from non-compliant employers * wage audits and uninsured
539 onsite audits by our compliance advisors	**120** employers engaged with Injury Prevention and Management Program (IPaM)	**7.2/10** average customer experience rating by employers

For workers

$1.46B statutory benefits and entitlements paid to workers	**90.4%** injured workers returned to work	**74,127** injured workers supported through a claim
3,241 new common law claims	**7.2/10** average customer experience rating by workers	**3,364** workers with a primary mental injury claim

We also

Created new opportunities for our people	**Invested in our technology and cyber security**	**Enhanced our focus through our First Nations strategy**

Our financial and non-financial performance indicators

Performance indicators are focused at the corporate level. As part of WorkCover's performance management system, leaders and their people have indicators specifically directed to their business units.

Indicator	2023–2024 Target	2023–2024 Achieved
Operations		
Average weekly compensation paid days	52 days	53.6 days
Average annual statutory claim cost	<$12,800	$12,719
Final return to work (RTW) %	91.5%	90.4%
Average common law claim cost	<$212,000	$208,876
Financial		
Funding ratio	>120%	>120%
Average premium rate (target)	$1.29	$1.29
Experience		
Customer experience measure (injured workers and employers)	7.5 / 10	7.2/ 10

Capital structure and payments to the consolidated fund

In accordance with the *Workers' Compensation and Rehabilitation Act 2003* (the Act), WorkCover is taken to be fully funded if it is able to meet its liabilities for compensation and damages payable from its funds and accounts and maintain capital adequacy as required under the *Workers' Compensation and Rehabilitation Regulation 2014* (the Regulation). The Regulation states that in order to maintain capital adequacy, WorkCover's total assets must at least be equal to total liabilities (this correlates to a funding ratio of 100%).

The Act allows for payments to be made to the consolidated fund. The WorkCover Board will make a recommendation to the Minister with respect to such a payment (if any) following certification of the 2023–2024 financial statements.

Each year the Workers' Compensation Regulator levy and the Workplace Health and Safety Queensland grant are payments made in accordance with the Minister's instruction (as approved by the Governor-in-Council by gazette notice) for the prevention, recognition and alleviation of injury to workers, making employers and workers aware of their rights and obligations, and scheme-wide rehabilitation and return to work programs for workers.

Borrowings made, proposed to be made

WorkCover currently has no borrowings and there are none planned for the immediate future. Investment funds are used to manage all cash flow requirements. WorkCover's borrowing policy is outlined below.

Investment risk

WorkCover has a robust investment management program, maintaining a balanced investment profile with a long-term outlook commensurate with being a long-term insurance operation. WorkCover engages the Queensland Investment Corporation (QIC) as investment manager, and Mercer to assist with independent investment portfolio oversight and governance.

A strong Investment Management Agreement governs WorkCover's arrangement with QIC. In addition, the WorkCover Board monitors investments at each meeting and receives regular presentations from QIC. The Board reviews the investment strategy annually, and an independent review framework exists to continuously monitor the investments management program through focused quarterly reviews, including a holistic external strategy review every two years.

Derivative instruments are used as part of the investment strategy to hedge foreign exchange risks, rebalance asset classes and to help achieve particular exposures by taking advantage of, and to protect against, market conditions.

Business risk

WorkCover has a risk management program in place. Risk registers are maintained and monitored by each business group. Strategies to manage risk are incorporated into each group's business planning process. WorkCover's Board approves the risk management framework and sets the risk appetite. The WorkCover Risk and Audit Committee is responsible for overseeing the risk management program, including reviewing and monitoring WorkCover's top strategic risks on a quarterly basis.

Borrowing risk

The *Workers' Compensation and Rehabilitation Act 2003* provides the framework for WorkCover's procedures for borrowing. WorkCover may enter into such arrangements to procure equipment up to an amount and on such terms as it considers appropriate. All financing arrangements will be made in conjunction with Queensland Treasury Corporation (QTC) in order to establish that applicable rates are competitive and that conditions are appropriate. Board approval will be required for all financing arrangements over pre-defined expenditure limits. All limits are as stated in the WorkCover delegation manual.

Policies and procedures relating to acquisition and disposal of significant assets

In acquiring or disposing of significant assets, WorkCover complies with the Financial and Performance Management Standard 2019 and Queensland Treasury guideline—Non-Current Asset Policies for the Queensland Public Sector.

Significant assets may be acquired via purchase, finance lease agreement, donations, or transfer from other government entities. A business case must be submitted to the CEO and/or Deputy CEO seeking approval. The CEO will present any major initiatives to the Board for approval. Approval limits are as stated in the WorkCover delegation manual.

When disposing of significant assets, approval must be sought from the appropriate delegated authority. Approval limits are as stated in the WorkCover delegation manual.

Accounting policies applying to preparation of accounts

WorkCover's accounting policies are outlined each year in the Annual Report and are reviewed as part of the financial statements audit process. More information on accounting policies is provided in WorkCover's Financial Management Practice Manual (FMPM).

Community service obligations

It is not envisaged that the government will require WorkCover to perform any specific community service obligations.

Employment and industrial relations plan

WorkCover prepares an employment and industrial relations plan annually in accordance with the Act.

Information to be reported to the Minister

Quarterly reporting

A quarterly report will be provided to the Minister within one month of the end of the relevant quarter as required by the Act. The report contains information regarding WorkCover's performance against the Statement of Corporate Intent.

Annual reporting

A full annual report will be provided to the Minister in accordance with the Act and in compliance with the *Financial and Performance Management Standard 2019* (https://www.legislation.qld.gov.au/view/pdf/asmade/sl-2019-0182), which requires WorkCover to give the annual report to the Minister to allow the report to be tabled in the Legislative Assembly within three months after the conclusion of each financial year.

Claims costs and claims management

Statutory claims trends

Our focus remains on ensuring early, safe, and sustainable return to work and rehabilitation, adopting a biopsychosocial and evidence-informed approach to improve outcomes for our customers, and maintain our scheme sustainability.

Statutory claims increased by 8% compared to 2022–2023, with 74,127 total accepted claims, which contributed to an increase in our overall claims costs. We have focussed on supporting these injured workers by hiring additional people, increasing training, and optimising our operations.

Timely and quality decision making has been a continuous focus in helping us to provide certainty as soon as possible and increase early intervention. We saw a 9.6% increase in claims decided within five (5) days, and a 2.7% increase of claims decided within 20 days.

Mental injury trends

In 2023–2024, claims for primary and secondary mental injuries continued to increase, a trend seen in schemes across Australia. Primary mental injuries can be caused by trauma or other events at work. Secondary mental injuries can arise as a direct result of the event which caused a physical injury, or because of a physical injury.

This financial year, 3,364 primary mental injury claims were accepted, which is a 32% increase from 2022–2023. Mental injuries typically have longer claim durations, higher average statutory claim costs, and lower return to work rates. Addressing the rising trends in mental injuries has been a key strategic focus of WorkCover.

WorkCover continues to offer early intervention treatment for workers prior to a decision being made about their primary mental injury, encourage early determination for trauma-related primary mental injury claims for first responders, and apply presumptive legislation for particular workers with post-traumatic stress disorder (PTSD). Our data has shown that primary mental injury claims:

- Currently represent 14% of total statutory payments ($209M for 2023–2024)
- Have an average claim cost of $21,800 ($20,700 in 2022–2023), which is more than double the average claim cost of physical injuries ($9,900 for 2023–2024)
- Have longer periods of time off work (113 average annual paid days) than for physical injury claims (42 average annual paid days)
- Were less likely to return to work, at 73.3% in 2023–2024 compared to workers with a primary physical injury at 93.3%.

Secondary mental injuries have also continued to rise, which impacts the duration and cost of statutory claims and the conversion to common law. This is an upwards trend that is consistent across other jurisdictions.

You can read more about what we are doing to address this trend under the *Improving outcomes with customers* section of the report.

Return to work outcomes

There are many factors that contribute to successful return to work outcomes. Our claims management approach is focused on early intervention and understanding and addressing the impacts that psychosocial factors have on recovery. We continue to have a positive impact with more than nine in 10 workers safely returning to work. Where a worker cannot return to their pre-injury role, we work with the worker, their employer, providers and, in some cases, alternative employers, to help find other roles or employment.

Our focus remains on early intervention for those workers at risk of poor outcomes, as evidence confirms that being off work for long periods of time following injury reduces the likelihood of workers ever returning to work. Workers with a primary or secondary mental injury tend to have longer time off work and a lower return to work rate.

Statutory claims management strategies

Claims management is at the core of our business, and we strive to guide our customers through the claims process. Investing in claims management helps to achieve early and sustainable recovery, rehabilitation, and better return to work outcomes, ensuring we support our customers now and into the future.

Earlier claims decisions

Following the centralisation of claim decisions in 2021–2022, we have seen significant improvements in our decision timeframes. This dedicated focus has delivered improvements in decisions made within five (5) days, decisions made within 20 days and average decision times. In 2023–2024, we determined 62.6% of claims in five (5) days, and 91.7% in 20 days. We have also trialled centralising decision-making for Government mental injury claims and have seen significant improvements. We will expand this trial in 2024–2025.

Simplifying the process for workers

This year, we launched a number of new video resources designed to simplify the claims process for workers. The videos, available on our website and sent to workers during their claim, cover topics such as: how to make a WorkCover claim, the claim process, attending an Independent Medical Examination and accessing adjustment to injury counselling. You can watch the videos on our YouTube channel. (https://www.youtube.com/playlist?list=PLiOclcBIZRBeNcueykFAAi-47t4TlXimj)

Automatic wage population

Following the success of our secure integration with Queensland Health in 2022–2023, in 2023–2024 we launched a second phase of this integration to allow for the automatic wage population for more workers across Queensland. This program reduced time spent on data entry and helped us to ensure accurate payments are made to workers as soon as possible once their claim is accepted.

Better education and support for employers

Our experience and external research show that a worker’s ability to cope with their injury and the level of employer support are the top two risk factors strongly linked to outcomes. To address these issues, we equipped employers with various resources and tools that highlight the benefits of supporting injured workers' return to work and their obligations in offering suitable duties. Additionally, we hosted several webinars and in-person events with employers to discuss secondary mental injuries, key trends, and explore strategies for mitigating risks and facilitating safe return to work for their employees.

More access to medical and allied health care

Recognising the importance of early intervention, we continue to enhance the guidance and support available to help workers access treatment and start their recovery journey sooner. We funded over $3.4M in early intervention support for workers with mental injuries, before their claim was determined.

Medical and allied health providers are experiencing high demand for their services, especially for mental injuries. We continue to optimise our Allied Health Table of Costs (TOC) to improve access to a wide range of providers for delivering these services to our workers. Additionally, we undertook an ongoing targeted selection process for independent medical examiners (IME) in key specialties to support improved access.

Professional standards framework

This year, we introduced our Professional Standards Framework to support our people in managing claims in an evolving environment. Developed in collaboration with the Personal Injury Education Foundation (PIEF), industry leaders nationwide and many of our own experienced people, this framework consists of standards aimed at ensuring consistent service delivery and quality experiences for both workers and employers. The standards help us to support our people to manage claims today and into the future.

Technology upgrades

WorkCover continues to invest in technology upgrades that help us reduce administrative tasks and dedicate more time to serving our customers. This includes continuing to strengthen our cyber security controls and improvements to our core systems. This remains a focus for 2024–2025.

A focus on better support for mental injury

We know we need to do more to support workers with a mental injury and proactively address the continued growth we are experiencing in these claims. We brought together stakeholders from across the ecosystem to form a Secondary Mental Injury Stakeholder Working Group where we identified key areas for improvement, including leveraging the important role of an employer in the recovery of an injured worker.

To address the increasing trends and feedback from stakeholders, we have introduced a dedicated Mental Health and Injury Project to work across key areas. We have:

- Researched and scoped new resources for employers to support them in the management of mental injuries and will start to deliver these in the first quarter of next year
- Collaborated directly with key employers to support improvements in mental injury comprehension and return to work practices
- Piloted an early intervention psychosocial screening approach designed to identify and manage barriers for injured workers in their return to work from a physical injury. We are looking at expanding this pilot across our claims management portfolios next year
- Undertaken customer research with workers with a mental injury using our safe feedback framework to inform our activities
- Centralised determinations for mental injuries to support timely and high-quality decision-making. This has seen improvements in our average decision-making timeframes
- Used data analytics to identify and support workers at risk of developing a secondary mental injury.

These improvements are the first step in a multi-pronged approach to providing more support for workers with a mental injury claim and we are committed to furthering this important work as a priority in 2024-2025.

Referrals to return to work providers

WorkCover's expert panel of workplace rehabilitation providers assist our people and our customers to facilitate, plan and support rehabilitation and return to work opportunities. We made 10,219 referrals to this panel in 2023–2024, an increase of 13.5% on 2022–2023 referrals.

Five-year review

Every five years, Queensland undertakes an independent review of the workers' compensation scheme. The review found the scheme is still performing well and identified several opportunities to address scheme trends and improve the workers' compensation process. 49 of the 54 recommendations were accepted, fully or in principle, and WorkCover is working with the Office of Industrial Relations and external stakeholders to implement these changes.

Common law trends

WorkCover manages common law claims through an external panel of experienced legal practitioners. The panel was appointed from 1 July 2024 following a competitive tender process.

Common law damages and legal costs were well controlled with the average common law claim cost under target at $208,876. However, continued growth in primary and secondary mental injury claims is putting upward pressure on claims costs and durations. More than 3,300 common law claims were resolved during 2023–2024.

Improving outcomes through partnerships

One of our strategic goals is to create valued experiences ensuring we care for and support injured workers and employers by engaging collaboratively. WorkCover has a dedicated research team who conduct research with our stakeholders across the ecosystem to ensure the solutions we are providing are designed with their needs in mind.

Our areas of engagement

WorkCover continued to work with important stakeholders, including medical and allied health associations, panel providers, industry associations, employer groups, and unions as part of our strategic goal to create valued experiences for injured workers and employers. Effective collaboration helps to achieve positive return to work outcomes for workers at a reasonable cost, reducing the impact of claims costs on employer premiums.

Customer engagement

For our customers, we promoted the Injury Prevention and Management Program (IPaM), a joint initiative between WorkCover and Workplace Health and Safety Queensland (WHSQ), following the program's review and redesign in 2023. Queensland businesses can register their interest in the free program that provides employers with a review of their current injury prevention and management processes and offers them a tailored business improvement plan. We have referred over 120 businesses to IPaM since November 2023.

In March 2024, the new Strategic Government Account Management and Engagement Framework was launched with our top Queensland Government employers.

The Aged Care and Disability Care industry network breakfast was held on 13 June 2024, after feedback from employers on how we could support them to improve their claims performance. We will continue to foster industry networks where businesses can learn from each other on injury risk reduction and management approaches.

E-newsletters for our customers have been tailored with content to assist small and large businesses, facilitating better access and use of safety and return to work resources and information.

Provider engagement

Regular e-newsletters were introduced for medical and allied health providers in response to feedback from our provider stakeholders that they wanted more communication sharing industry knowledge, trends and relevant updates. This is part of our commitment to ensure our key stakeholders are informed and have useful and practical resources on workers' compensation topics to share with their own networks.

WorkCover became a Continuing Professional Development (CPD) approved provider for the Royal Australian College of General Practitioners (RACGP) and the first of our online modules, "Understanding WorkCover Queensland and workers' compensation", was launched via the RACGP CPD platform in April 2024.

The Return to Work Services Provider Panel Forums were hosted on 20 March and 23 April 2024, facilitating discussion with providers on opportunities to continue to improve how we work together to provide better service and outcomes to our customers.

Our providers have continued to participate in our education sessions across Queensland, including GP Registrar training, the Faculty of Pain Medicine and physiotherapy students at the Australian Catholic University.

Regional engagement

For our regional customers, WorkCover participated as an exhibitor in Workplace Health and Safety Queensland's Work Well Conferences in Brisbane in October 2023 and in Townsville in May 2024. A stakeholder breakfast was held in Rockhampton on 30 April 2024, with the WorkCover Board in attendance with local stakeholders. We also shared mental injuries trends and what we are doing to address these, as well as an update on the five-year scheme review.

WorkCover has increased its engagement with customers and stakeholders across Queensland with our webinar series that has covered topics such as workplace bullying and harassment claims, work social functions and employer liability, and secondary mental injuries – prevention and support. Registrations averaged around 700 attendees across the eight webinars delivered, with total views of the webinar recordings exceeding 9,000.

Industry engagement

For our industry partners, WorkCover introduced regular e-newsletters for unions, employer groups and industry associations to keep them updated on the latest workers' compensation news and practical resources for their members. A Secondary Mental Injury Working Group brought together industry representatives to focus on collaboratively identifying opportunities to mitigate secondary mental injuries. In May, the National Premium Forum for Workers' Compensation was hosted in Brisbane, bringing together several workers' compensation insurers across six jurisdictions to share scheme updates, discuss current and future trends, and how we can collaborate to address shared challenges.

WorkCover has continued to advocate for better health and recovery outcomes and reducing barriers to care for people experiencing work injuries, with It Pays to Care (https://www.racp.edu.au/policy-and-advocacy/division-faculty-and-chapter-priorities/faculty-of-occupational-environmental-medicine/it-pays-to-care), the policy paper published by the Australasian Faculty of Occupational and Environmental Medicine. These messages have been shared with our customers and stakeholders, including medical and allied health providers, industry associations, employer groups, and unions. The paper also informs our initiatives to continue to improve our claims management.

WorkCover has continued to deliver education sessions to our industry stakeholders including an Injury Risk Reduction Initiatives session to a roundtable facilitated by the Small Business Commissioner, a Lunch and Learn session with the Apprentice Employment Network (QLD/NT) and a presentation on mental injury claims at the Aged & Community Care Providers Queensland Conference.

The Injury Risk Reduction Initiatives program successfully delivered several pilots in 2023. WorkCover is now in the final stages of two new pilots focusing on hazardous manual tasks and musculoskeletal disorders in partnership with the electrical industry and using job task analysis and work capabilities checklists to promote recovery and early return to work in the health and community care sector.

We worked with key legal stakeholders to improve our processes, resulting in faster access to damages payments after settlement/judgement.

Our people

Workforce planning and performance

1095	68%	13.1%
Full-time equivalent employees **as at 30 June 2024, excluding Directors, Contractors and Temporary Agency Staff*	of our workforce is female	employee 12-month rolling turnover rate

Our focus on attracting, developing, and retaining an engaged, skilled and diverse workforce is key to ensuring we can continue to support our customers and achieve our strategies now and into the future.

The ongoing commitment to the learning and development of our people remained an area of focus in 2023–2024. WorkCover has:

- implemented the commitments within the *WorkCover Employing Office - Certified Agreement 2022*
- continued our focus on the safety and wellbeing of our people with the launch of our Psychosocial Code of Practice framework and a zero-tolerance approach to customer aggression, ensuring WorkCover is a model employer
- strengthened our commitments to inclusion and reconciliation by launching our revised Diversity, Inclusion and Belonging Strategy, and our updated First Nations Strategy
- driven a culture of accountability and excellence.

A diverse workforce

WorkCover launched our Amplify employee resource group, which is WorkCover's Diversity, Inclusion and Belonging (DIB) employee representative group. They inform and champion DIB within WorkCover. Our vision is to build a workplace where inclusion drives every decision, every discussion, every day. We have:

- strengthened our commitments to inclusion by launching our revised Diversity, Inclusion and Belonging Strategy and associated Equal Opportunity and Inclusion policy
- participated in the Public Sector Commission Equity and Diversity Audit and Reporting program and development of an *Action Plan* (https://www.worksafe.qld.gov.au/about/who-we-are/workcover-queensland/diversity,-inclusion-and-belonging) to address identified inequities.

Gender equity

Our gender pay gap as at 30 June 2024 is 8.38% and WorkCover continued to conduct targeted gender pay parity reviews as part of our annual Renumeration Strategy. We continue to drive representation of women in leadership with a 63% female representation at an executive level, and a 62% female representation at a senior leader level.

First Nations

Fostering a culturally safe space for all, WorkCover has continued to deliver on our Reconciliation Action Plan, as well as taking the next step in our reconciliation journey by developing our First Nations Strategy. The strategy spans cultural safety and capability, community engagement, customer advocacy, and procurement. We again acknowledged important events such as National Reconciliation Week and celebrated First Nations' cultures during NAIDOC Week. We are looking forward to continuing to expand work in this important space in 2024–2025.

Growing the capability of our people

This year, WorkCover introduced our Professional Standards Framework to provide a core set of capabilities that enable our people in managing claims in an evolving environment. Developed in collaboration with the Personal Injury Education Foundation (PIEF), and many of our own experienced people, this framework consists of standards aimed at ensuring consistent service delivery and quality experiences for both workers and employers. We continue to invest in our people by providing a study assistance program that supports them with gaining qualifications in areas relevant to their role and career. Our leadership development programs strengthen our internal capabilities and create a pipeline of leadership talent to deliver impactful results.

Health, Safety and Wellbeing at WorkCover

WorkCover is committed to ensuring the safety and wellbeing of employees by proactively encouraging participation towards positive safety culture. Our workplace practices focus on shared responsibility of all employees in championing workplace safety and wellbeing. WorkCover's safety and wellbeing strategy is underpinned by three key principles that keep our workplace safe: healthy people, healthy systems, and healthy workplaces.

A biopsychosocial approach is applied to our annual wellbeing program that encourages a diverse range of initiatives that drive a thriving workforce. This year, we have updated our safety and wellbeing policies, procedures and mental health strategy in accordance with the *Managing the risk of psychosocial hazards at work Code of Practice 2022*.

Working at WorkCover

We measure our employees’ engagement at work with our bi-annual People surveys and use these insights to assess our peoples’ alignment with our purpose and values, as well as improve how we can better support them in their roles. Following each survey, action plans are developed and monitored to support continuous improvement at WorkCover. Last year, customer aggression was identified as a key area of concern for our people and in 2023–2024 we delivered a comprehensive, zero-tolerance approach to customer aggression.

This year our Future of Work Program ensured we continue to provide a contemporary workplace and working arrangements for our people. We support flexible work arrangements and a well-designed workplace to help our people balance work, family and lifestyle, and offer a work environment that responds to an evolving dynamic hybrid landscape and supports them to deliver successfully within the scope of their roles.

Early retirement, redundancy, and retrenchment

In 2023–2024, three employees received redundancy packages at a cost of $175,371.44 (excluding leave entitlements). Employees who did not accept an offer of redundancy were offered case management and reasonable attempts were made to find alternative employment placements.

Industrial and employee action

We continually review workplace practices to ensure our people can contribute to the role WorkCover plays in the Queensland community. We empower our people to voice their opinions, providing support for addressing employment concerns, seek advice, and contribute suggestions for improvement.

WorkCover engages in purposeful consultation with Together Queensland (union) on workplace matters. Through the WorkCover Consultative Committee, our leadership team, Together

Queensland, and internal delegates are provided a forum to actively raise and resolve matters, including organisational change, policy, wellbeing, and safety initiatives.

Working in close partnership with Together Queensland, delegates and the Office of Industrial Relations the *WorkCover Employing Office - Certified Agreement 2022* was certified by the Queensland Industrial Relations Commission on 5 July 2023. Collectively we are currently focusing on implementing the commitments made within the Certified Agreement, which includes:

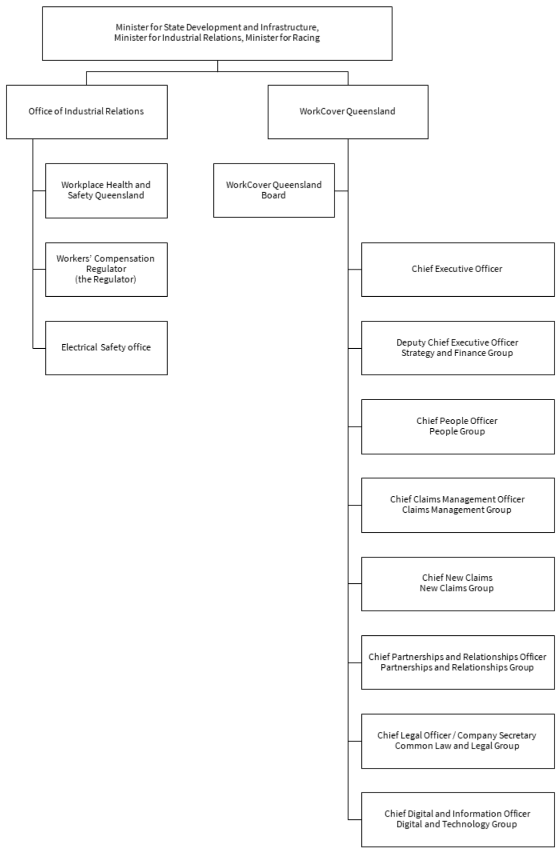
- classification and career progression
- workload management
- critical emergency service leave
- annual calendar for leave requests
- work-life balance initiatives.

WorkCover and Together Queensland have made positive progress in the key elements outlined in the Agreement.

Governance of management and structure

Organisational structure

WorkCover is a statutory authority established under the *Workers' Compensation and Rehabilitation Act 2003* (the Act). The WorkCover Board is accountable to the Minister for State Development and Infrastructure, Minister for Industrial Relations and Minister for Racing, the Honourable Grace Grace MP.



WorkCover Board

The *Workers' Compensation and Rehabilitation Act 2003* (the Act), outlines how WorkCover and the WorkCover Board are established. The Board's role is set out in the Act and reflected in our Board Charter which specifies key accountabilities and responsibilities of the Board. The Charter is reviewed and approved annually by the Board and made publicly available on our website (https://www.worksafe.qld.gov.au/about/who-we-are/workcover-queensland/board-of-directors/board-charter).

During the year, the Board exercised their responsibilities in accordance with the Board Charter.

- Setting the overall strategic direction of WorkCover in conjunction with the Executive Leadership Team (ELT)
- Ensuring that decisions are transparent and aligned with broader societal expectations
- Approving the Corporate Plan, Statement of Corporate Intent (including key performance targets), and Employee Relations Plan submitted to the Minister
- Approving the organisational governance policy, Code of Conduct, Conflicts of Interest policy, Workplace Health and Safety policy and Risk Management policy, including the organisational risk appetite statements
- Approving WorkCover's investment strategy and policy
- Approving the quarterly reports to the Minister and annual reports (Financial Statements)
- Approving the annual operating budget
- Approving Board, Risk and Audit Committee and People Committee charters.

The Board has delegated operational management of WorkCover to the CEO, including the delivery of the Corporate Plan and Statement of Corporate Intent strategies and goals with the support of the Executive Leadership Team.

The Board is comprised of a maximum of nine independent non-executive directors appointed by the Governor-in-Council, based on their experience and knowledge, for a term of no more than five years. The Governor-in-Council also appoints the Board Chair and Deputy Chair and determines the terms of appointment including remuneration which is paid in accordance with the Remuneration Procedures for Part-Time

Chairs and Government Boards. Remuneration is outlined in note E3 Related Parties of the Financial Statements. During the 2023–2024 year, three new Directors were appointed. The Board undertake biennial performance evaluations. The last review was conducted in November 2022.

As at 30 June 2024, WorkCover's Board has 67% female representation among the directors.

Directors' meetings

The Board has two established Committees, including the Risk and Audit Committee (refer to Risk Management and Accountability section for details) and the People Committee. WorkCover held nine Board sessions in 2023–2024, one which was dedicated to strategy planning, one deep dive, four Risk and Audit Committee meetings and four People Committee meetings. The CEO, Deputy CEO and Chief Legal Officer (Company Secretary) attend all Board and Committee meetings, and other members of the Executive Leadership Team (ELT) and senior management are invited periodically to present and discuss relevant topics.

Meeting attendance and out of pocket expenses

While not all Directors are members of each Committee, they all have a standing invitation to attend Committee meetings. The below summarises attendance across the financial year and 'Out of pocket' expenses as outlined in the Remuneration Procedures for part-time Chairs and members of Queensland Government bodies and includes (travel, accommodation, motor vehicle allowances, meals).

Current Directors (as at 30 June 2024)	Appointment term	Board meetings attended / required to attend	Risk and Audit Committee meetings attended / required to attend	People Committee meetings attended / required to attend	Out of pocket expenses
Dr Anthony Lynham, Board Chair Risk and Audit Committee member People Committee member	01/07/2023 – 30/06/2026	9/9	3/4	3/4	$263.78
Jacqueline King, Deputy Board Chair Risk and Audit Committee member	01/07/2023 – 20/06/2026	8/9	4/4	0/0	$0.00
Sarah Morris, Risk and Audit Committee Chair Board member	16/02/2018 – 30/06/2026	9/9	4/4	0/0	$123.00
Sandra McCullagh, People Committee Chair Board member	01/09/2022– 30/06/2026	8/9	1/1	4/4	$404.78
Judy Bertram Board member People Committee member	01/07/2020– 30/06/2026	8/9	0/0	3/4	$176.32
Kerriann Dear Board member Risk and Audit Committee member	01/07/2017– 30/06/2026	9/9	4/4	3/0	$0.00
Stephen Havas Board member Risk and Audit Committee member	01/07/2023– 30/06/2026	8/9	3/3	0/0	$0.00
Ian Leavers Board member People Committee member	01/07/2012– 30/06/2026	8/9	0/0	2/4	$90.00
Stacey Schinnerl Board member People Committee member	02/10/2020– 30/06/2026	9/9	1/0	3/3	$0.00

People Committee

The People Committee's role is to assist the Board in fulfilling its statutory responsibilities, as outlined in the People Committee Charter. The Committee reports directly to the Board on WorkCover people matters and strategies and meets quarterly.

The Committee consists of a minimum of three and maximum of five independent non-executive directors, comprised from the Board. The Committee members are not paid any additional remuneration for serving on this Committee.

Public Sector Ethics

At WorkCover we aim to conduct our business according to the highest standards of ethical conduct. It is expected that all employees meet these standards of conduct in accordance with our Code of Conduct and support the vision and values of WorkCover. Our Code of Conduct is based on the four ethics principles outlined in the *Public Sector Ethics Act 1994* (Qld) (PSE Act). The ethics considered essential for the performance of public administration in Queensland are integrity and impartiality, promoting the public good, commitment to the system of government and accountability and transparency.

The principles have been incorporated into WorkCover's Code of Conduct. A Code of Conduct agreement is signed upon a new employees' appointment, acknowledging they are committing to upholding these principles and standards of behaviour. The Code of Conduct is communicated to our people through the corporate induction program and is available on our internal intranet and external website. Our people, including the Board, receive annual compliance training on the Code and the PSE Act in general. All relevant internal policies and practices align with the Code, including the ethical principles and values. Non-compliance with the code may result in disciplinary action, which could include termination of employment.

The Board is also required to act honestly, disclose interests, exercise diligence, and not use information or their position inappropriately. Additionally, they follow guidelines set out in *Welcome Aboard: A Guide for Members of Queensland Government Boards, Committees and Statutory Authorities*, as issued by the Department of Premier and Cabinet.

WorkCover's values of excellence, integrity, responsiveness and respect align with the PSE Act values and principles and these are integrated into everything we do.

Human Rights

WorkCover supports the objectives of the *Human Rights Act 2019* (Qld) (HRA) to protect and promote human rights, and build a culture that respects human rights, which is reflected in our values.

During the year, WorkCover undertook a range of activities to further the objectives of the HRA:

- Ongoing reporting of WorkCover's obligations.
- Reviewed annual compliance training materials and induction program training which includes references to the HRA and our obligations.
- Promoted diversity, inclusion and belonging initiatives to put inclusion at the forefront of interactions and to leverage diversity, including establishing the Amplify employee representative group.
- Developed our First Nations Strategy to evolve our commitments to reconciliation towards purposeful action that makes an impact to First Nations workers and the wider community we serve.
- Continued to progress actions under the Reconciliation Action Plan (RAP).
- Updated our Complaints policy to include reference to the HRA and how to make a human rights complaint.

WorkCover received no human rights complaints between 1 July 2023 – 30 June 2024 in relation to WorkCover's actions or activities.

Governance of risk management and accountability

Risk management

WorkCover is committed to the implementation of our risk management program throughout the organisation, to assist in setting strategy, achieving objectives, and making informed decisions in line with agreed risk appetites. Our enterprise risk management framework and risk management policy align to the principles outlined in *ISO 31000:2018 Risk Management – Guidelines* and meets the requirements of the *Financial and Performance Management Standard 2019*.

Our approach to risk management is through embedding a risk aware culture and adopting a balanced risk mindset by seeking to create value through minimising the negative consequences of risks, while taking advantage of appropriate opportunities at the right time. This includes establishing an appropriate structure and clear lines of responsibility to systematically identify, evaluate and manage risks associated with our operations. Emerging trends are identified, assessed, monitored, and reported on through a dedicated framework to support timely understanding and escalation of the trends identified. We publish our risk management statement on our website (https://www.worksafe.qld.gov.au/about/publication-scheme/our-policies/workcover-queensland-policies/risk-management).

WorkCover's risk management policy, including revised risk appetite statements and risk categories were endorsed throughout the year by the Risk and Audit Committee and approved annually by the Board.

We operate a three lines of defence model which outlines the structure, oversight, and responsibility of each assurance function within the organisation to provides assurance that WorkCover's control environment is designed and operating effectively. The Board, including the Risk and Audit Committee (RAC), oversees the assurance activities undertaken across WorkCover's three lines of defence.

WorkCover's quality assurance programs form part of our compliance and risk management frameworks. These programs emphasise continuous improvement, are aligned to *ISO 37301: 2021 Compliance management systems* and designed to assess the effectiveness of internal controls in place to manage risks and identify areas for improvement. Compliance and quality assurance program reporting is provided quarterly to the Risk and Audit Committee.

As part of WorkCover's commitment to proactively managing our disruption and business continuity risks, and continuous improvement, during the year we completed the crisis scenario exercise training program for our Crisis Control Team (CCT) which included the Board, our Executive Leadership Team, other business areas, and key third-party suppliers. WorkCover's business continuity management plans have been developed to minimise the impact of a crisis on our customers, stakeholders and employees, and were reviewed and tested during the year.

Risk and Audit Committee

The Board established the Risk and Audit Committee, which consists of a minimum of three and a maximum of six independent non-executive directors comprised from the Board. Remuneration of the committee is noted in note E3 of the Financial Statements and paid in accordance with the *Remuneration Procedures for Part-Time Chairs and Members of Queensland Government Bodies* (https://www.qld.gov.au/__data/assets/pdf_file/0025/39481/remuneration-procedures.pdf). A summary of committee membership (as at 30 June 2024) is outlined below.

Risk and Audit Committee member	Risk and Audit Committee role
Sarah Morris	Committee Chair
Dr Anthony Lynham	Independent non-executive member

Jacqueline King	Independent non-executive member
Stephen Havas	Independent non-executive member
Kerriann Dear	Independent non-executive member

The CEO, Deputy CEO, Chief Legal Officer (Company Secretary), internal audit, external audit and Head of Risk and Assurance all have a standing invitation to attend Risk and Audit Committee meetings. Members of senior management are invited where required to discuss key risk areas.

The Committee meets quarterly and during 2023–2024 met four times, fulfilling its responsibilities as per the Risk and Audit Committee Charter. Key achievements included:

- reviewing the effectiveness of WorkCover's risk and compliance frameworks
- endorsing the 2022–2023 Financial Statements for WorkCover Queensland and the WorkCover Employing Office
- approving the 2023–2024 Internal Audit Plan
- approving the Internal Audit Charter
- endorsing the Risk and Audit Committee Charter
- reviewing and approving the Risk Appetite Statements
- endorsing the Risk Management policy
- approving the Compliance policy, Fraud and Corruption policy, Environmental policy, Ethics policy, and Public Interest Disclosure (PID) policy.

Employer compliance

WorkCover has a dedicated customer audit and intelligence team that works with Queensland employers to ensure they are aware of their obligations to maintain adequate cover when engaging workers. The team is responsible for auditing Queensland businesses, as well as managing WorkCover's uninsured employer compliance. The team maintains a balanced compliance strategy by providing targeted education and monitoring of employer compliance across the state, informed by data sharing arrangements with a number of other government agencies.

Compliance Audits

In 2023–2024 we conducted 621 targeted compliance audits for Queensland employers, with those selected having a 94% non-compliance rate. The total amount of premium and penalties raised from these desktop audit activities was $17.66M.

Site Visits and Uninsured Employers

Industry trend information and data mining were used to select 539 employer site visits, with an additional 1,442 provisional coverage and industry classification reviews conducted. These efforts resulted in:

- $682,000 in unpaid premium and penalties identified via employer site visit activities
- $8.99M additional premium and penalties from uninsured and under-insured employers.

Compliance advisors identified 259 new uninsured claims, leading to $5.37M in uninsured claims costs and penalties being recovered against employers who failed to hold compulsory accident insurance policies at the time of lodging a compensation claim.

The total raised from all compliance program activities across the 2023–2024 financial year was more than $32M.

Internal audit

The internal audit function is integral to the corporate governance framework and supports the Risk and Audit Committee by providing independent and objective risk- based assurance advice, with the purpose of evaluating and improving the effectiveness of WorkCover's risk management, control, and governance processes.

The internal audit function is currently outsourced to a third-party internal audit contractor, appointed by the Board. The internal audit function operates independently from management and WorkCover's external auditor. The internal audit function operates under an approved internal audit charter which formalises the role, authority, responsibility, scope, and operational framework of WorkCover's internal audit function, consistent with relevant assurance and professional ethical standards.

Each year, the internal audit contractor prepares an internal audit plan, which outlines the internal audit activities to be performed during a financial year. The Risk and Audit Committee approve the internal audit plan and monitor the performance of the internal audit function, with due regard to the *Audit committee guidelines: improving accountability and performance* (https://s3.treasury.qld.gov.au/files/Audit-Committee-Guidelines.pdf). The 2023–2024 internal audit plan was approved during the August 2023 Risk and Audit Committee meeting, with the plan for the first quarter approved at the May 2023 Risk and Audit Committee meeting.

During the 2023–2024 financial year, nine internal audit engagements were completed as per the annual internal audit plan. At the completion of each engagement, the internal auditors report their findings and recommendations to the Risk and Audit Committee. All recommendations arising from the completed internal audit engagements have either been implemented or, are on track to be implemented, within agreed timeframes. The internal audit plan's coverage over WorkCover's key risks is reviewed regularly through the use of an assurance map and discussions with key stakeholders.

External audit

The external audit function for WorkCover is performed by the Queensland Audit Office (QAO) with recommendations reported and monitored by the Risk and Audit Committee. The external audit plan is approved by the Risk and Audit Committee each year with the current plan approved at the November 2023 Risk and Audit Committee meeting.

Key findings from the external auditor can be found in the external audit report with our financial statements.

External scrutiny

WorkCover is subject to reviews and external audits conducted by external agencies (including the Workers' Compensation Regulatory Services (WCRS), Queensland Audit Office (QAO), Crime and Corruption Commission (CCC), Queensland Ombudsman). The *Workers' Compensation and Rehabilitation Act 2003* (WCRA), also prescribes the requirement for the Minister to ensure that a review of the workers' compensation scheme is conducted at least once every five years. During the year an independent review of the scheme was completed, which was the third independent review of the scheme. The review found the scheme is still strong and identified several opportunities to address scheme trends and improve the process for workers. The Queensland Government subsequently released their response to the recommendations of the 2023 review in February 2024. WorkCover will work with the Regulator and external stakeholders to implement the required actions.

The Chair and CEO meet with the Minister on a regular basis to discuss relevant matters, including the quarterly report which includes progress against our Statement of Corporate Intent objectives. The CEO and Deputy CEO also meet quarterly with representatives from the Office of Industrial Relations and Queensland Treasury to discuss WorkCover's financial and operational performance. WorkCover is subject to a range of external scrutiny (QAO, CCC, government regulatory agencies) and have complied with requirements of audits.

Information systems and recordkeeping

WorkCover employees are responsible for keeping and maintaining records which are stored through WorkCover's claims and policy information system (claim and policy records) and through an integrated electronic records system for corporate records. Annual compliance training is completed to ensure all staff are aware of their obligations under the *Public Records Act 2002* and Records Governance Policy.

Public records are being retained in line with WorkCover's Records Governance policy, and relevant Retention and Disposal Schedules. No records were transferred to the Queensland State Archives during the 2023–2024 financial year. No breaches of the retention and disposal schedules have been reported during the year, with no records reported as missing or lost during the same period.

During the year, internal audit raised findings in relation to information security and management. These have been considered by management and incorporated into WorkCover's strategic programs of work to uplift maturity.

Open Data

WorkCover has published information through the Open Data Online portal, in accordance with mandatory open data reporting requirements.

Financial performance

WorkCover's final comprehensive result for 2023–2024 was $132.4M profit (after tax), primarily due to improved premium income and investment returns.

Financial results	2023–2024 $M	2022–2023 $M
Statement of comprehensive income		
Net premium revenue	**2,527**	2,151
Net claims incurred	**(2,838)**	(2,420)
Underwriting expenses (net of claims handling)	**(67)**	(43)
Net investment and other expenses	**553**	345
Income tax equivalents	**(43)**	(6)
Other comprehensive income/(loss)	**-**	(1)
Total comprehensive (loss)/income for the year	**132**	26
Statement of financial position		
Total assets	**7,488**	6,771
Total liabilities	**5,459**	4,874
Net assets	**2,029**	1,897
Statement of changes in equity		
Reserves	**935**	919
Contributed equity	**3**	3
Accumulated surplus	**1,091**	975
Total equity	**2,029**	1,897

Premium revenue

Our net premium revenue was $2.527B for the year, an increase of 17% from 2022–2023. The target average premium rate for 2023–2024 increased to $1.29. Rising claims costs caused by mental injuries and complex claims are continuing to put pressure on our scheme. For the new financial year 2024–2025, WorkCover's average net premium rate will move to $1.343 per $100 of wages, after discounts, continuing to be one of the lowest average premium rates for workers' compensation insurance in Australia.

Net claims incurred

Net claims incurred were $2.838B for 2023–2024 (2022–2023: $2.420B).

The net claims costs increase in 2023–2024 was largely driven by an increase in statutory and common law claims experience, but also the movement in the net outstanding claims provision compared to 2022–2023. The statutory claims costs increase has been primarily driven by higher weekly compensation claims and medical claims expenses. The common law costs increase has been driven by higher claim finalisations compared to 2022–2023. The increase in the outstanding claims provision is primarily driven by increasing weekly compensation and an increase in National Injury Insurance Scheme Queensland (NIISQ) claims.

Underwriting expenses

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

Investment portfolio

WorkCover's investment portfolio is managed by Queensland Investment Corporation (QIC). The net market value in funds invested as at 30 June 2024 was $6.436B (30 June 2023: $5.730B). The net return on this investment portfolio for the year was 8.71% (2022–2023: 5.77%). WorkCover has experienced a recovery in investment returns this financial year after significant shifts in the market value of the financial instruments as a result of global and economic factors. WorkCover will continue to work with QIC to effectively manage our investment risk to ensure our portfolio achieves its long-term objectives.

Capital adequacy

The *Workers' Compensation and Rehabilitation Act 2003* outlines specific requirements that WorkCover must meet to be fully funded. WorkCover is fully funded if total assets are at least equal to its liabilities. WorkCover is currently achieving both our legislative requirements (100%) and the Board's aim of maintaining a funding ratio of at least 120%.

Looking to the future

WorkCover continues to use prudent financial management to ensure a balanced and financially viable scheme for all customers and stakeholders. Part of this continuing prudent financial management includes a focus by WorkCover on continuing to operate within budget, investing in technology upgrades, achieving value for money, and more generally, ensuring WorkCover continues to minimise its costs and risks in relation to its liabilities.

Premiums will be set and claims and operational expenses carefully managed in order to continue to deliver a balanced scheme and we will ensure our long term investment strategy is built around a balanced portfolio. Our in-house statutory claims management model allows us to continue to progress several claims management strategies to facilitate injured workers' return to work as quickly and safely as possible. It also allows us to optimise treating services to ensure workers get the right treatment at the right price.

Consolidated financial statements

2023-2024

Contents

Consolidated statement of comprehensive income

For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Net premium revenue	*B1*	2,527,334	2,151,418
Gross claims expense	*C1*	(2,972,287)	(2,537,815)
Claims recoveries revenue	*C1*	134,379	117,398
Net claims incurred	*C1*	(2,837,908)	(2,420,417)
Underwriting expenses	*E1*	(66,719)	(43,372)
Underwriting result		**(377,293)**	**(312,371)**
Investment income	*D1*	590,637	380,412
Other income		956	1,458
Investment expenses	*D1*	(37,863)	(36,114)
Other expenses		(452)	(523)
Operating result for the year before income tax equivalent		**175,985**	**32,862**
Income tax equivalent expense	*F1(a)*	(43,481)	(6,032)
Operating result for the year		**132,504**	**26,830**
Other comprehensive loss			
Items that will not be reclassified subsequently to operating result:			
Revaluation of land and building	*F4(b)*	(163)	(903)
Income tax effect on revaluation of land and building	*F1(a)*	49	271
Other comprehensive loss for the year, net of income tax equivalent		**(114)**	**(632)**
Total comprehensive income for the year		**132,390**	**26,198**

This statement is to be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2024

	Note	2024 $'000	2023 $'000
Current assets			
Cash and cash equivalents	*D2(a)*	448,796	417,991
Recoveries receivable on outstanding claims	*C2(b)*	92,404	82,103
Receivables	*D2*	53,704	49,519
Investment assets	*D2(d)*	1,962,505	1,753,572
Other assets		2,958	3,083
Total current assets		**2,560,367**	**2,306,268**
Non-current assets			
Recoveries receivable on outstanding claims	*C2(b)*	220,059	194,941
Receivables	*D2*	3,255	2,404
Investment assets	*D2(d)*	4,491,154	4,008,770
Property, plant and equipment	*E4*	69,573	71,402
Deferred tax assets	*F1(a)*	143,190	186,622
Other assets		392	591
Total non-current assets		**4,927,623**	**4,464,730**
Total assets		**7,487,990**	**6,770,998**
Current liabilities			
Payables	*D2(c)*	44,536	36,310
Unearned premium liability	*B2*	23,874	22,233
Outstanding claims liability	*C2(a)*	2,041,942	1,806,223
Employee benefits liabilities	*E2(b)*	22,562	25,539
Investment related liabilities	*D2(d)*	12,967	29,452
Other liabilities		51	51
Total current liabilities		**2,145,932**	**1,919,808**
Non-current liabilities			
Unearned premium liability	*B2*	-	308
Outstanding claims liability	*C2(a)*	3,306,163	2,948,271
Employee benefits liabilities	*E2(b)*	2,128	2,507
Investment related liabilities	*D2(d)*	4,499	3,223
Other liabilities		16	19
Total non-current liabilities		**3,312,806**	**2,954,328**
Total liabilities		**5,458,738**	**4,874,136**
Net assets		**2,029,252**	**1,896,862**
Equity			
Contributed equity	*F4(a)*	2,500	2,500
Asset revaluation surplus	*F4(b)*	38,220	38,334
Investment fluctuation reserve	*F4(c)*	896,785	881,202
Accumulated surplus		1,091,747	974,826
Total equity		**2,029,252**	**1,896,862**

This statement is to be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2024

	Contributed equity	Asset revaluation surplus	Investment fluctuation reserve	Accumulated surplus	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2022	**2,500**	**38,966**	**949,872**	**879,326**	**1,870,664**
Operating result for the year	-	-	-	26,830	26,830
Other comprehensive loss for the year	-	(632)	-	-	(632)
Total comprehensive income for the year	-	(632)	-	26,830	26,198
Transfer from investment fluctuation reserve to accumulated surplus	-	-	(68,670)	68,670	-
Total transactions with owners, recorded directly in equity	-	-	(68,670)	68,670	-
Balance at 30 June 2023	**2,500**	**38,334**	**881,202**	**974,826**	**1,896,862**
Balance at 1 July 2023	**2,500**	**38,334**	**881,202**	**974,826**	**1,896,862**
Operating result for the year	-	-	-	132,504	132,504
Other comprehensive loss for the year	-	(114)	-	-	(114)
Total comprehensive income for the year	-	(114)	-	132,504	132,390
Transfer from accumulated surplus to investment fluctuation reserve	-	-	15,583	(15,583)	-
Total transactions with owners, recorded directly in equity	-	-	15,583	(15,583)	-
Balance at 30 June 2024	**2,500**	**38,220**	**896,785**	**1,091,747**	**2,029,252**

This statement is to be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Premiums received		2,505,830	2,139,107
Interest received		45,910	27,981
Managed unit trust distributions received		245,342	446,671
Investment management fees paid		(37,503)	(36,104)
GST collected on sales		251,374	214,389
Claims paid		(2,362,971)	(1,985,331)
Claims recoveries received		102,918	91,536
Other operating income received		1,068	1,578
Other operating expenses paid		(63,830)	(38,848)
GST paid on purchases		(38,391)	(32,429)
GST remitted to the ATO		(211,348)	(180,421)
Net cash provided by operating activities	*F2*	**438,399**	**648,129**
Cash flows from investing activities			
Acquisition of investments		(447,420)	(446,610)
Proceeds from sale of investments		40,046	86,598
Acquisition of property, plant and equipment		(217)	(284)
Net cash used in investing activities		**(407,591)**	**(360,296)**
Cash flows from financing activities			
Principal elements of lease payments		(3)	(4)
Net cash used in financing activities		**(3)**	**(4)**
Net increase in cash and cash equivalents		30,805	287,829
Cash and cash equivalents at 1 July		417,991	130,162
Cash and cash equivalents at 30 June	*D2(a)*	**448,796**	**417,991**

This statement is to be read in conjunction with the accompanying notes.

Basis of preparation

A1 General information

WorkCover Queensland is a not-for-profit statutory body established by the *Workers' Compensation and Rehabilitation Act 2003* (the Act). WorkCover Queensland is controlled by the Queensland State Government and is the main provider of workers' compensation insurance in Queensland.

WorkCover Queensland's principal place of business is 280 Adelaide Street, Brisbane, Queensland, Australia.

WorkCover Queensland's Chair, Dr Anthony Lynham, authorised this report at the date of signing the Management Certificate.

A2 Compliance with prescribed requirements

These general purpose consolidated financial statements are prepared on an accrual basis and in accordance with Australian Accounting Standards (AASBs) issued by the Australian Accounting Standards Board (AASB), other authoritative pronouncements of the AASB, section 62(1) of the *Financial Accountability Act 2009*, section 39 of the *Financial and Performance Management Standard 2019*, the Act and the *Workers' Compensation and Rehabilitation Regulation 2014* (the Regulations).

The material accounting policy information adopted in the preparation of these consolidated financial statements has been included in the relevant notes. The policy information has been consistently applied for all years presented unless otherwise stated.

New accounting standards applied for the first time in these consolidated financial statements are outlined in note F8.

The preparation of consolidated financial statements also requires the use of accounting estimates and management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the consolidated financial statements are:

- outstanding claims liability and recoveries receivable (note C2); and
- fair value measurements (note D3).

A3 Presentation and measurement

The measurement basis is historical cost, unless the application of fair value, present value, or net realisable value is required by the relevant accounting standard or as nominated in the notes to the consolidated financial statements.

Assets and liabilities are classified as either 'current' or 'non-current' in the consolidated statement of financial position and the associated notes. Assets are classified as current where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or there is not an unconditional right to defer settlement to beyond 12 months after the reporting date. All other assets and liabilities are classified as non-current.

The presentation currency is Australian dollars. Amounts included in these consolidated financial statements have been rounded to the nearest $1,000 or, where the amount is less than $500, to zero, unless disclosure of the full amount is specifically required.

A4 The reporting entity

These consolidated financial statements represent the financial statements for the consolidated entity 'WorkCover', consisting of the parent entity, WorkCover Queensland, and its controlled entity, the WorkCover Employing Office (WEO). All transactions and balances internal to the consolidated entity have been eliminated in full.

WEO is a statutory body established under the Act. WEO is assessed as a structured entity under AASB 12 *Disclosure of Interests in Other Entities* that is controlled by WorkCover Queensland in accordance with AASB 10 *Consolidated Financial Statements* based on relevant factors including:

- WEO's work performance arrangement with WorkCover Queensland, which requires WEO to provide employees to perform work for WorkCover Queensland. WEO has only this agreement and is unlikely to make another; and
- WorkCover Queensland has been deemed to act as WEO's principal under the delegation of powers, due to the fact that WorkCover Queensland exercises its own discretion and is not subject to specific direction by the Minister regarding WEO.

These consolidated financial statements do not separately disclose the financial statements of the parent entity, WorkCover Queensland, due to the immaterial differences between the consolidated and parent entity's financial statements. These differences are disclosed in note F6.

A summary of WEO's financial statements is provided in note F7.

Premium

Premium received from policyholders is the key source of revenue for WorkCover. This section provides detail on the measurement of premium, its adequacy, and insurance risk.

B1 Net premium revenue

	Note	2024 $'000	2023 $'000
Gross written premiums		2,567,308	2,188,969
Discount on premiums		(47,678)	(41,002)
Premium penalties		9,037	6,255
		2,528,667	2,154,222
Movement in unearned premium	*B2*	(1,333)	(2,804)
		2,527,334	**2,151,418**

Premium revenue is earned from contracts when a policyholder transfers significant insurance risk to WorkCover. Gross written premiums are the amounts charged to the policyholder excluding stamp duty and goods and services tax (GST). A discount is offered to policyholders for early payment subject to certain conditions.

Premium revenue, including that on unclosed written business, is recognised in the consolidated statement of comprehensive income over the period of the contract from the date of attachment of risk. The pattern of recognition over the policy period is based on time, which is considered to closely approximate the pattern of risks underwritten.

The proportion of premium received but not earned in the consolidated statement of comprehensive income at the reporting date is recognised as an unearned premium liability in the consolidated statement of financial position. The carrying value reflects its fair value.

B2 Unearned premium liability

	Note	2024 $'000	2023 $'000
Balance at 1 July		22,541	19,737
Movement in unearned premium:			
Deferral of premiums on contracts written during the year		23,566	22,541
Earning of premiums written in previous years		(22,233)	(19,737)
	B1	1,333	2,804
Balance at 30 June	*B3*	**23,874**	**22,541**
Represented by:			
Current		23,874	22,233
Non-current		-	308
	B3	**23,874**	**22,541**

B3 Liability adequacy test

At the end of each reporting period, WorkCover assesses whether the unearned premium liability is adequate to cover all expected future cash flows relating to future claims against current insurance contracts. This test is performed at a portfolio of contracts level using contracts that are subject to broadly similar risks and managed together as a single portfolio.

If the present value of the expected future cash flows relating to future claims and the additional risk margin reflecting the inherent uncertainty in the central estimate exceed the unearned premium liability, the unearned premium liability is deemed to be deficient. If there is a deficiency, the entire deficiency is expensed immediately in the consolidated statement of comprehensive income.

	Note	2024 $'000	2023 $'000
Unearned premium liability	*B2*	23,874	22,541
Less present value of expected future cash flows for future claims:			
Discounted central estimate		20,988	19,876
Risk margin		2,799	2,651
		23,787	22,527
Surplus		**87**	**14**
Risk margin		13.3%	13.3%
Probability of adequacy		75%	75%

As the test has identified a surplus (2023: surplus), no further liability has been recognised.

B4 Insurance risk

(a) Terms and conditions of insurance contracts

WorkCover writes one class of business, workers' compensation. It provides two types of insurance contracts:

- accident insurance; and
- contracts of insurance.

Accident insurance

All employers in Queensland are required to have accident insurance coverage for all employees that meet the definition of a 'worker' under the Act.

Contracts of insurance

WorkCover provides optional insurance instruments that provide cover to individuals, employees, or members of associations who do not meet the definition of a 'worker' and are therefore not covered by the accident insurance policies.

The terms and conditions attaching to accident insurance contracts and contracts of insurance determine the level of insurance risk accepted by WorkCover. All insurance contracts entered into are in the same standard form and are subject to substantially the same terms and conditions under the Act.

The Act provides that all insurance policies issued by or on behalf of WorkCover are guaranteed by the Queensland State Government.

(b) Objectives in managing risks arising from insurance contracts and policies for mitigating those risks

WorkCover has an objective to manage insurance risk to reduce the volatility of insurance premiums and operating results so that the required funding ratio can be maintained. In addition to the inherent uncertainty of insurance risk, which can lead to significant variability in the loss experience, operating results are affected by market factors. Short-term variability is, to some extent, a feature of the insurance business.

Key aspects of processes established to mitigate insurance risks include:

- the maintenance and use of management information systems, which provide up-to-date, reliable data on the risks to which WorkCover is exposed to at any point in time;
- the use of actuarial models, using information from the management information systems, to monitor claims patterns and calculate premiums. Past experience and statistical methods are used as part of the process; and
- the mix of assets in which WorkCover invests being driven by the nature and term of insurance liabilities. The management of assets and liabilities is closely monitored to attempt to match maturity dates of assets with the expected pattern of claim payments.

(c) Concentration of insurance risk

WorkCover's exposure to concentration of insurance risk relates to injuries caused through an event or disaster that may have occurred during the reporting period. This risk is mitigated as WorkCover supplies compulsory workers' compensation insurance to most Queensland businesses who employ workers and as such, WorkCover's customers are geographically and occupationally diverse.

(d) Liquidity risk

WorkCover's exposure to liquidity risk is managed by ensuring that investments held to meet policyholder liabilities are matched to the expected duration of those liabilities and sufficient cash deposits are available to meet day-to-day operations. The liquidity risk associated with WorkCover's investment related liabilities is disclosed in note D5(b).

The liquidity risk of outstanding claims held by WorkCover, representing the maturity of outstanding claims liabilities calculated based on discounted cash flows relating to the liabilities, at reporting date is as follows:

	Note	2024 $'000	2023 $'000
1 year or less	*C2(a)*	2,041,942	1,806,223
1 - 3 years		2,071,119	1,842,404
3 - 5 years		642,525	600,801
More than 5 years		592,519	505,066
	C2(a)	**5,348,105**	**4,754,494**

Claims

WorkCover's claimants are individuals injured at work who are covered by WorkCover's accident insurance policies and contracts of insurance. This section provides information on net claims costs incurred and the net outstanding claims provision, including the assumptions and estimates.

C1 Net claims incurred

	Note	2024 $'000			2023 $'000		
		Current year	Prior years	Total	Current year	Prior years	Total
Gross claims expense:							
Undiscounted claims expense		3,611,658	410,903	4,022,561	2,865,228	53,744	2,918,972
Discount		(636,559)	(413,715)	(1,050,274)	(333,813)	(47,344)	(381,157)
	C2(a)	2,975,099	(2,812)	2,972,287	2,531,415	6,400	2,537,815
Claims recoveries revenue:							
Undiscounted claims recoveries revenue		(127,342)	(10,048)	(137,390)	(104,836)	(20,425)	(125,261)
Discount		13,309	(10,298)	3,011	11,084	(3,221)	7,863
	C2(b)	(114,033)	(20,346)	(134,379)	(93,752)	(23,646)	(117,398)
		2,861,066	**(23,158)**	**2,837,908**	**2,437,663**	**(17,246)**	**2,420,417**

Current year claims relate to risks borne in this financial year. Prior years claims relate to a reassessment of the expense for risks borne in all previous financial years.

There was a decrease in net claims incurred for injury years 2023 and prior over the past year. This was driven by an increase in the discount rates, resulting in lower net claims incurred, as well as higher than expected recoveries. This was partially offset by increases to future inflation assumptions.

Reconciliation of net claims incurred

	Note	2024 $'000	2023 $'000
Gross claims incurred:			
Statutory claims paid		1,455,274	1,253,710
Common law claims paid		648,942	535,022
Claims handling expenses	*E1*	272,965	257,511
Net self-insurance payments		1,495	(29,988)
	C2(a)	2,378,676	2,016,255
Claims recoveries:			
Statutory claims recovered		(93,047)	(94,255)
Common law claims recovered		(5,913)	(4,541)
	C2(b)	(98,960)	(98,796)
Movement in net outstanding claims liability:			
Gross claims liability		593,611	521,560
Recoveries receivable		(35,419)	(18,602)
		558,192	502,958
		2,837,908	**2,420,417**

Claims expenses are recognised in the consolidated statement of comprehensive income as the costs are incurred. Claims recoveries are recognised as revenue in the consolidated statement of comprehensive income once the amount to be recovered can be estimated and is likely to be recovered.

Self-insurance

Under the Act, an employer may provide their own accident insurance for their workers instead of insuring with WorkCover if they meet certain requirements. Upon separation or return, WorkCover will make a payment to or receive a payment from the self-insurer for the estimated liability of outstanding claims payments which relate to the period of insurance covered by WorkCover or the self-insurer.

Bank guarantees, financial guarantees given by an insurance company that is an approved security provider and cash deposits of $492.737 million (2023: $471.312 million) are held by the Workers' Compensation Regulator on behalf of self-insurers. If a self-insurer fails its obligations under the Act, WorkCover may recover from the guarantees for any debts owing from the self-insurer. As the likelihood of having to call on the guarantees has been assessed as low, no financial asset has been recognised in the consolidated statement of financial position.

C2 Outstanding claims liability and recoveries receivable

(a) Gross outstanding claims liability

	Note	2024 $'000	2023 $'000
Expected future claims payments		6,162,654	4,832,305
Claims handling expenses		642,021	464,219
		6,804,675	5,296,524
Less discount to present value		(1,898,157)	(934,603)
Discounted central estimate		4,906,518	4,361,921
Risk margin		441,587	392,573
	B4(d)	**5,348,105**	**4,754,494**
Represented by:			
Current	*B4(d)*	2,041,942	1,806,223
Non-current		3,306,163	2,948,271
	B4(d)	**5,348,105**	**4,754,494**
Reconciliation of movement during the year:			
Balance at 1 July		4,754,494	4,232,934
Provisions made	*C1*	2,975,099	2,531,415
Payments made	*C1*	(2,378,676)	(2,016,255)
Effect of changes in assumptions to prior year provisions	*C1*	(2,812)	6,400
Balance at 30 June	*B4(d)*	**5,348,105**	**4,754,494**

This liability is calculated by an independent actuary, Taylor Fry Pty Ltd (the Actuary), in accordance with the Act and AASB 1023 *General Insurance Contracts*. PricewaterhouseCoopers Consulting (Australia) Pty Ltd was WorkCover's independent actuary for the 2023 financial year.

The liability for outstanding claims is measured as the central estimate of the present value of expected future payments for claims incurred at the end of the reporting period plus an additional risk margin to allow for the inherent uncertainty in the central estimate. The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not yet reported (IBNR), claims incurred but not enough reported (IBNER), and anticipated claims handling costs. The expected future payments are discounted to present value at the reporting date using a risk-free rate.

In respect of latent onset injuries, the Act states that the definition of the date of injury for a latent onset injury, is the date at which a medical practitioner diagnoses the injury. No liability is held for latent onset injuries where a medical practitioner has not yet diagnosed the injury.

(b) Recoveries receivable on outstanding claims

	Note	2024 $'000	2023 $'000
Expected future recoveries		311,860	276,604
Less discount to present value		(25,197)	(22,435)
Discounted central estimate		286,663	254,169
Risk margin		25,800	22,875
		312,463	**277,044**
Represented by:			
Current		92,404	82,103
Non-current		220,059	194,941
		312,463	**277,044**
Reconciliation of movement during the year:			
Balance at 1 July		277,044	258,442
Recoveries recognised	*C1*	114,033	93,752
Recoveries received	*C1*	(98,960)	(98,796)
Effect of changes in assumptions to prior year provisions	*C1*	20,346	23,646
Balance at 30 June		**312,463**	**277,044**

Claims recoveries receivable is measured as the present value of the expected future receipts and is calculated by the Actuary on the same basis as the liability for gross outstanding claims in accordance with the Act and AASB 1023.

(c) Claims development

The development of net undiscounted outstanding claims for each underwriting year relative to the ultimate expected claims is as follows:

	Injury year										
	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000	2023 $'000	2024 $'000	Total $'000
Estimate of ultimate claims cost:											
At end of injury year	1,046,117	1,339,208	1,407,682	1,445,470	1,435,652	1,590,785	1,777,829	1,916,322	2,216,443	2,824,519	
One year later	1,119,682	1,206,767	1,268,765	1,302,500	1,512,595	1,615,787	1,812,027	1,942,779	2,422,749		
Two years later	1,025,004	1,084,722	1,186,315	1,325,147	1,560,243	1,667,786	1,837,296	1,895,727			
Three years later	972,577	1,064,268	1,213,882	1,316,980	1,605,536	1,717,310	1,817,760				
Four years later	958,846	1,063,510	1,251,196	1,329,801	1,639,267	1,860,609					
Five years later	961,472	1,078,682	1,264,390	1,335,893	1,680,709						
Six years later	965,637	1,075,879	1,264,037	1,326,974							
Seven years later	961,381	1,077,799	1,326,613								
Eight years later	961,436	1,074,524									
Nine years later	957,198										
Current estimate of cumulative claims cost	957,198	1,074,524	1,326,613	1,326,974	1,680,709	1,860,609	1,817,760	1,895,727	2,422,749	2,824,519	17,187,382
Cumulative payments	950,086	1,061,346	1,180,985	1,259,150	1,479,100	1,476,111	1,404,457	1,153,468	1,045,040	630,407	11,640,150
Undiscounted outstanding claims	7,112	13,178	145,628	67,824	201,609	384,498	413,303	742,259	1,377,709	2,194,112	5,547,232
Undiscounted outstanding claims for prior injury years											303,562
Claims handling expenses											642,021
Central estimate of outstanding claims											6,492,815
Discount											(1,872,960)
Discounted central estimate											4,619,855
Risk margin											415,787
Net outstanding claims liability											**5,035,642**

The claims development table has been presented on a net of recoveries basis to give the most meaningful insight into the impact on the operating result. The net outstanding claims liability can be reconciled by taking the gross outstanding claims liability per note C2(a) and offsetting the recoveries receivable on outstanding claims as per note C2(b).

(d) Claims actuarial assumptions and methods

In calculating the gross outstanding claims liability, the Actuary uses a variety of estimation techniques based upon statistical analysis of historical experience. The projections given by the estimation techniques assist in setting the range of possible outcomes. The most appropriate technique is selected taking into account the characteristics of the insurance class and the extent of the development of each injury year. These techniques assume that the development pattern of the current claims will be consistent with past relevant experience.

In estimating the cost of settling claims already notified to WorkCover, the Actuary gives regard to the claim circumstances as reported and information on the cost of settling claims with similar characteristics in previous periods. These claims tend to display lower levels of estimation volatility as more information about the claims events is generally available.

The estimation of claims IBNR is generally subject to a greater degree of uncertainty as information is not yet available and these claims may often not be apparent until many years after the claim event.

Large claims are generally assessed separately, being projected or measured on a case by case basis in order to allow for the possible distortive effect of the development and incidence of these large claims.

Allowances are made for changes or uncertainties that may create distortions in the underlying statistics which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims, including:

- changes in WorkCover's processes, which might accelerate or slow down the development and/or recording of paid or incurred claims, compared with the statistics from previous periods;
- changes in the legal environment;
- the effects of inflation and discount rates;
- movements in industry benchmarks; and
- medical and technological developments.

Payments experience is analysed to obtain averages paid per claim incurred and averages paid per claim settled, active or finalised. Estimated claims payments are adjusted to allow for general economic inflation and are discounted to allow for the time value of money, being the investment return expected based on risk-free rates in the period to settlement. The resulting average claims payments together with the ultimate numbers of claims and anticipated claims handling costs are analysed to determine a final central estimate of gross outstanding claims. A risk margin is also added to allow for the inherent uncertainty in the central estimate.

In addition to the calculation of the gross outstanding claims liability, estimates for potential claims recoveries are analysed separately and derived using the same methods, based on past recovery experience and adjustments to assumptions where appropriate. In addition, the recoverability of the assets is assessed on a periodic basis to ensure that the balance is reflective of the amounts that will ultimately be received, taking into consideration factors such as credit risk. Impairment is recognised where there is objective evidence that WorkCover may not receive the amounts due and where these amounts can be reliably measured. Estimated outstanding recoveries are then subtracted from gross outstanding claims to arrive at the net outstanding claims estimate.

The Actuary takes all reasonable steps to ensure that it has appropriate information regarding WorkCover's claims exposures. However, given the uncertainty in establishing claims provisions, it is likely the final outcome will be different from the original liability established.

Key assumptions

The key actuarial assumptions made in determining the net outstanding claims liability and the processes used to determine the assumptions are as follows:

Variable	2024	2023
Ultimate claim numbers per annum		
Statutory claims	79,109	73,075
NIIS	18	14
Common law	3,898	3,282
Silicosis	3	5
Ultimate claims size		
Statutory claims	$19,997	$18,596
NIIS	$3,701,099	$4,158,410
Common law	$193,367	$194,507
Silicosis	$1,502,417	$1,371,278
Average weighted term to settlement from claims reporting date		
Gross outstanding claims	3.1 years	2.8 years
Recoveries receivable on outstanding claims	2.0 years	2.1 years
Claims handling expense rate		
Statutory claims	20.0%	22.0%
Common law and latent	1.0%	1.0%

Variable	2024	2023
Inflation rates[1] (average weekly earnings)		
Gross outstanding claims:		
Not later than one year	4.4%	4.0%
Later than one year	4.0%	3.5%
Recoveries receivable on outstanding claims:		
Not later than one year	4.4%	4.0%
Later than one year	4.0%	3.5%
Discount rates		
Gross outstanding claims:		
Not later than one year	4.4%	4.4%
Later than one year	4.3%	4.5%
Recoveries receivable on outstanding claims:		
Not later than one year	4.4%	4.4%
Later than one year	4.1%	4.0%
Risk margin	9.0%	9.0%

[1] The inflation rate for later than one year is based on a weighted average of the uninflated and undiscounted gross outstanding cash flow.

Ultimate claim numbers per annum

Numbers of claims incurred are used in determining the estimates in respect of claims IBNR for statutory and common law claims and in respect of claims diagnosed but not reported (DBNR) for latent onset related claims. The incurred claims total for the current underwriting year has been estimated based on past reporting patterns for statutory and common law claims separately, taking into account trends or changes in reporting patterns. The ratio of numbers of common law to statutory claims is also examined for reasonableness. The incurred claims total for latent onset related claims for the current underwriting year is an estimate of all claims diagnosed in the current year. This is estimated using past reporting patterns and delays from diagnosis to report for latent onset related claims. Silicosis, a latent onset related claim, and claims related to the National Injury Insurance Scheme (NIIS) have been included into the key assumptions disclosure as these emerging classifications include assumptions that have a significant impact on the outstanding claims liability.

Ultimate claims size

The average ultimate claims size for the current underwriting year has been estimated based on past payment patterns for statutory, common law, and latent onset related claims separately, taking into account trends or changes in payment patterns.

Average weighted term to settlement from claims reporting date

The average weighted term to settlement is calculated separately based on historic settlement patterns. A decrease in the average term to settlement rates would lead to more claims being paid sooner than anticipated.

Claims handling expense rate

Claims handling expenses are calculated by reference to past experience of claims handling costs as a percentage of past payments. For the purposes of this calculation, latent comprises of silicosis and asbestos related claims costs.

Inflation rates (average weekly earnings)

Expected future payments are inflated to take into account inflationary increases. Economic inflation assumptions are set by reference to current economic indicators.

Discount rates

The outstanding claims liability is calculated by reference to expected future payments. These payments are discounted to adjust for the time value of money. Discount rates derived from market yields on Commonwealth Government securities at reporting date have been adopted.

Risk margin

The risk margin is determined having regard to the inherent uncertainties in the actuarial models and economic assumptions, the quality of the underlying data used in the models, and industry and market conditions. The analysis of these inherent uncertainties is performed considering the statutory, common law, and latent onset related gross outstanding claims estimates separately. The assumptions regarding uncertainty are applied to the net central estimates in order to arrive at an overall provision which is intended to have a 75% (2023: 75%) probability of adequacy.

Sensitivity analysis

WorkCover conducts sensitivity analysis to quantify the exposure to risk of changes in the key underlying variables as disclosed above. The movement in any key variable will impact the operating result after tax and equity of WorkCover as follows:

Variable	Movement	Impact on operating result after tax and equity 2024 $'000	2023 $'000
Ultimate claim numbers per annum - latest year	+10%	-147,121	-126,068
	-10%	+147,121	+126,068
Ultimate claims size - latest year	+10%	-147,121	-126,068
	-10%	+147,121	+126,068
Average weighted term to settlement - years	+0.5	+6,016	+16,044
	-0.5	-6,343	-16,275
Claims handling expense rate	+1%	-32,459	-28,682
	-1%	+32,459	+28,682

Variable	Movement	Impact on operating result after tax and equity 2024 $'000	2023 $'000
Inflation rates - net claims cost:			
Not later than one year	+1%	-23,997	-21,090
	-1%	+24,014	+21,110
Later than one year	+1%	-108,998	-65,931
	-1%	+84,923	+57,753
Discount rates - net claims cost:			
Not later than one year	+1%	+28,230	+23,939
	-1%	-28,814	-24,374
Later than one year	+1%	+88,207	+59,337
	-1%	-114,480	-68,710
Risk margin	+1%	-32,339	-28,668
	-1%	+32,339	+28,668

Financial instruments

Financial instruments are held by WorkCover to fund future claims payments. Financial instruments include cash, contractual rights to deliver or receive cash or another type of financial instrument, or an equity instrument of another entity. This section provides information about the financial instruments held, the associated risks arising from holding these financial instruments, income derived, and fair value measurement methodology.

D1 Investment income

	2024 $'000	2023 $'000
Financial assets at amortised cost:		
Interest income	43,857	27,734
	43,857	27,734
Financial assets or liabilities at fair value through profit or loss (FVPL):		
Designated upon initial recognition:		
Interest income	2,241	1,943
Managed unit trust distributions	403,582	355,827
Gain on financial instruments	165,301	87,621
Other income	28	-
	571,152	445,391
Mandatorily measured:		
Loss on financial instruments	(24,372)	(92,713)
	(24,372)	(92,713)
Total investment income	**590,637**	**380,412**
Investment expenses	(37,863)	(36,114)
Net investment income	**552,774**	**344,298**

Interest income and managed unit trust distributions are recognised in the consolidated statement of comprehensive income when earned. Changes in the fair value of investments are recognised as gains or losses in the consolidated statement of comprehensive income as they occur.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently becomes credit impaired. Refer to note D5(a) for credit risk disclosure.

WorkCover holds a diverse portfolio of investments with QIC Limited (QIC). Refer to note D5(c) for the market value exposure under the different sectors. The final rate of return net of fees for the QIC portfolio for this financial year is 8.71% (2023: 5.77%). Refer to note D5(c) for the cash and cash equivalents interest rates.

Investment management fees are recognised in the consolidated statement of comprehensive income when incurred.

Direct investment management expenses are calculated as a percentage of the balance under management which were 0.6% for QIC and 0.12% for Queensland Treasury Corporation (QTC) for 2024 (2023: 0.6% and 0.15% respectively). Other investment fees paid to QIC include custody fees and brokerage fees.

D2 Categories of financial instruments

	Note	2024 $'000			2023 $'000		
		Current	Non-current	Total	Current	Non-current	Total
Financial assets							
Financial assets at amortised cost:							
Cash and cash equivalents	*D2(a)*	448,796	-	448,796	417,991	-	417,991
Receivables	*D2(b)*	53,704	3,255	56,959	49,519	2,404	51,923
Financial assets at FVPL:							
Investment assets	*D2(d)*	1,962,505	4,491,154	6,453,659	1,753,572	4,008,770	5,762,342
		2,465,005	**4,494,409**	**6,959,414**	**2,221,082**	**4,011,174**	**6,232,256**
Financial liabilities							
Financial liabilities at amortised cost:							
Payables	*D2(c)*	44,536	-	44,536	36,310	-	36,310
Financial liabilities at FVPL:							
Investment related liabilities	*D2(d)*	12,967	4,499	17,466	29,452	3,223	32,675
		57,503	**4,499**	**62,002**	**65,762**	**3,223**	**68,985**

(a) Cash and cash equivalents

	2024 $'000	2023 $'000
Cash at bank	447,766	417,009
QTC Capital Guaranteed Cash Fund	1,030	982
	448,796	**417,991**

Cash and cash equivalents are measured at amortised cost and include cash deposits held with a financial institution, and a capital guaranteed investment held with QTC that is subject to a low risk of change in value and is readily convertible to cash on hand at WorkCover's option. Cash and cash equivalents exclude those classified and held as investments within the QIC investment portfolio. Further, the consolidated cashflow statement reflects actual cashflow movements by WorkCover for operational cashflow management and not the balance or short-term movements within the underlying investment portfolio with QIC. Refer to note D2(d) and note D3 for more information about cash and cash equivalents amounts held for the purpose of investment strategy.

(b) Receivables

	Note	2024 $'000	2023 $'000
Premiums and related penalties		36,769	23,518
Claims and related penalties		17,655	23,559
Unclosed business		14,551	13,561
Other debtors		3,284	3,185
		72,259	63,823
Less allowance for impairment	*D5(a)*	(15,300)	(11,900)
		56,959	**51,923**

Receivables are recognised initially at fair value and subsequently measured at amortised cost. Receivables are not discounted as the effect of discounting is immaterial. Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. For the non-current receivables, the fair values are also not significantly different to their carrying amounts. Receivables exclude those classified and held as investments within the QIC investment portfolio. Refer to note D2(d) and note D3 for more information.

The allowance for impairment is the difference between the carrying amount of the receivables and the present value of estimated future cash flows. The amount of the allowance raised, used or derecognised is recognised in the consolidated statement of comprehensive income. Refer to note D5(a) for further information.

(c) Payables

	2024 $'000	2023 $'000
Trade creditors	29,586	24,811
Premiums in credit	2,057	2,437
Claims creditors	5,459	4,226
	37,102	31,474
GST receivable	(3,610)	(3,566)
GST payable	11,044	8,402
Net GST payable	7,434	4,836
	44,536	**36,310**

Payables are carried at amortised cost and due to their short-term nature are not discounted. Trade creditors are recognised for unpaid goods or services for which WorkCover has a present obligation to make payment. Premiums in credit are recognised upon receipt for premiums received in advance and upon adjustment for policies in credit. Claims creditors are recognised for amounts related to claims payments or claims made. All amounts are unsecured and are paid as they fall due. Payables exclude those classified and held as investments within the QIC investment portfolio. Refer to note D2(d) and note D3 for more information.

The carrying amounts of payables are considered to be the same as their fair values due to their short-term nature.

(d) Investments

	2024 $'000			2023 $'000		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Financial assets at FVPL						
Designated upon initial recognition:						
Cash and cash equivalents	71,924	-	71,924	68,601	-	68,601
Cash collateral and margin accounts	6,072	10	6,082	20,050	3,269	23,319
Receivables	248,004	-	248,004	85,705	-	85,705
Managed unit trusts	1,607,888	4,449,944	6,057,832	1,567,550	3,987,444	5,554,994
Debt securities	-	1,309	1,309	-	1,120	1,120
Mandatorily measured:						
Derivatives held for trading	28,617	39,891	68,508	11,666	16,937	28,603
	1,962,505	**4,491,154**	**6,453,659**	**1,753,572**	**4,008,770**	**5,762,342**
Financial liabilities at FVPL						
Designated upon initial recognition:						
Cash and cash equivalents	7,590	-	7,590	4,945	-	4,945
Cash collateral and margin accounts	-	4,499	4,499	-	1,050	1,050
Payables	624	-	624	791	-	791
Mandatorily measured:						
Derivatives held for trading	4,753	-	4,753	23,716	2,173	25,889
	12,967	**4,499**	**17,466**	**29,452**	**3,223**	**32,675**

WorkCover classifies and designates all investments at FVPL on the basis that the investments are managed as a portfolio based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies. For all investments excluding derivatives, initial recognition is at fair value in the consolidated statement of financial position, with attributable transaction costs expensed as incurred. Subsequent measurement is at fair value with any resultant realised and unrealised gains or losses recognised in the consolidated statement of comprehensive income. Purchases and sales of financial assets are recognised on the settlement date. Refer to note D3 for the policy relating to derivatives.

As part of its investment strategy, WorkCover engages QIC to actively manage its investment portfolio and to ensure that sufficient cash and liquid assets are on hand to meet the expected future cash flows arising from insurance contract liabilities. Investments that are required to meet current insurance contract liabilities and current investment related liabilities are classified as current investments in the consolidated statement of financial position. While this classification policy may result in a reported working capital deficit, included in non-current investments are liquid investments which can be called upon by WorkCover to ensure it is able to meet WorkCover's operating requirements.

There were no significant changes to the overall investment strategy and processes during this financial year (2023: no significant changes). However, notwithstanding that some of WorkCover's investment instruments are complex and interrelated, for greater transparency, WorkCover has provided a breakdown of the investment instruments held by WorkCover's custodian. These instruments consist of cash and cash equivalents, cash collateral and margin accounts, receivables, payables and derivatives. Under the direction of QIC, WorkCover's custodian actively trades and holds investment assets and liabilities on behalf of WorkCover. Further details of financial instruments and the methods and assumptions used to estimate fair value are included in note D3.

D3 Fair value measurements

There are three levels of fair value:

- level 1: represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- level 2: represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; or
- level 3: represents fair value measurements that are substantially derived from unobservable inputs.

The fair value levels of WorkCover's financial assets and liabilities are as follows:

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2024					
Financial assets					
QTC Capital Guaranteed Cash Fund	*D2(a)*	-	1,030	-	1,030
Investment assets:					
Cash and cash equivalents	*D2(d)*	71,924	-	-	71,924
Cash collateral and margin accounts	*D2(d)*	6,082	-	-	6,082
Receivables	*D2(d)*	650	112,592	134,762	248,004
Managed unit trusts	*D2(d)*	-	3,886,199	2,171,633	6,057,832
Debt securities	*D2(d)*	-	1,309	-	1,309
Derivatives	*D2(d)*	39,891	28,617	-	68,508
		118,547	**4,029,747**	**2,306,395**	**6,454,689**
Financial liabilities					
Investment related liabilities:					
Cash and cash equivalents	*D2(d)*	7,590	-	-	7,590
Cash collateral and margin accounts	*D2(d)*	4,499	-	-	4,499
Payables	*D2(d)*	624	-	-	624
Derivatives	*D2(d)*	-	4,753	-	4,753
	D2(d)	**12,713**	**4,753**	**-**	**17,466**
2023					
Financial assets					
QTC Capital Guaranteed Cash Fund	*D2(a)*	-	982	-	982
Investment assets:					
Cash and cash equivalents	*D2(d)*	68,601	-	-	68,601
Cash collateral and margin accounts	*D2(d)*	23,319	-	-	23,319
Receivables	*D2(d)*	438	83,636	1,631	85,705
Managed unit trusts	*D2(d)*	-	3,405,137	2,149,857	5,554,994
Debt securities	*D2(d)*	-	1,120	-	1,120
Derivatives	*D2(d)*	17,127	11,476	-	28,603
		109,485	**3,502,351**	**2,151,488**	**5,763,324**
Financial liabilities					
Investment related liabilities:					
Cash and cash equivalents	*D2(d)*	4,945	-	-	4,945
Cash collateral and margin accounts	*D2(d)*	1,050	-	-	1,050
Payables	*D2(d)*	791	-	-	791
Derivatives	*D2(d)*	2,173	23,716	-	25,889
	D2(d)	**8,959**	**23,716**	**-**	**32,675**

There have been no significant transfers in either direction between level 1, level 2 and level 3 during this financial year (2023: no significant transfers in either direction between level 1, level 2 and level 3).

QTC Capital Guaranteed Cash Fund

The QTC Capital Guaranteed Cash Fund is assessed as level 2 as it is valued at the current redemption value of the fund.

Investment assets

Cash and cash equivalents

Investment related cash and cash equivalents held by WorkCover's custodian consist primarily of deposits with banks and highly liquid financial assets with maturity dates less than three months, however, exclude units held in cash fund unit trusts. Cash equivalents are assets that are subject to an insignificant risk in the change in fair value and are used to manage short term commitments. Amounts classified as cash and cash equivalents are recorded at face value and are categorised as Level 1.

Cash collateral and margin accounts

Cash collateral and margin accounts are held by the custodian on WorkCover's behalf, and under the direction of QIC.

Cash collateral refers to amounts held as security against future counterparty performance and in the event of a default or termination of derivative contracts. A collateral amount is usually made up of the net economic exposure of the parties to each other by calculating the market-to-market value of all derivatives transactions. More collateral may be required to be transferred as the value of the obligations and/or the value of the collateral fluctuates. Collateral may also be returned to the provider or released from the collateral arrangement in instances where the provider performs its obligations, excess collateral has been transferred, the value of the collateralised obligations changes or the collateral provider substitutes alternative eligible collateral. These instruments are recorded at face value and categorised as Level 1.

Margin accounts represent cash held with a broker or central counterparties against open derivative contracts.

Receivables/payables

Investment related receivables/payables include distributions receivable from unit trusts, interest income/expense, GST obligations, investment expenses, etc. Due to the short-term nature of receivables, their carrying value is taken to be their fair value. Where unable to be confirmed as level 1, the fair value level is categorised based on the underlying financial instrument.

Managed unit trusts

Managed unit trusts are unlisted managed unit trusts held with QIC. Fair value for managed unit trusts is based on the unit price of the relevant trust at the reporting date. While the units in the trusts have quoted prices and are able to be traded, the market would not be considered active for level 1 and therefore they are considered to be level 2. Some of the unlisted managed unit trusts are considered to be level 3 where the underlying assets held by the unit trusts are measured at fair value using significant unobservable inputs and the units held by WorkCover are not actively traded.

Derivatives

QIC utilises derivative financial instruments as part of WorkCover's approved investment strategy. Derivative instrument types used include equity futures, bond futures, forward currency contracts and swaps. The purpose of these derivatives is to ensure liquidity, as well as offset (hedge) movements in the managed unit trusts in identified risk areas (such as foreign exchange risks) and to help achieve particular exposures by taking advantage of, and protecting against, market conditions. Such derivatives are entered into with the intention to settle in the near future. WorkCover has hedging relationships between most derivatives and other financial instruments, but none that are subject to hedge accounting.

WorkCover's derivative financial instruments held for trading are initially recorded at fair value. Subsequent to initial recognition, these instruments are remeasured to fair value. Fair value for these instruments is based on settlement price. Gains and losses on fair value are recognised in the consolidated statement of comprehensive income. For derivative instruments that fall into level 2, the valuation technique used is a market comparison technique primarily based on exchange data for similar derivative instruments.

Reconciliation of level 3 fair value measurement

A reconciliation of the movement in the fair value of financial instruments categorised in level 3 between the beginning and end of this financial year is as follows:

	2024 $'000	2023 $'000
Balance at 1 July	2,151,488	2,036,925
Acquisitions	58,935	263,408
Gains/(losses) recognised in operating result[1]	95,972	(148,845)
Balance at 30 June	**2,306,395**	**2,151,488**
[1]Includes unrealised losses recognised in operating result attributable to balances held at the end of the reporting period	(37,159)	(34,083)

Significant inputs and assumptions and estimation uncertainty

The valuation of WorkCover's investments, including derivatives, is in accordance with QIC's Investment Valuations Policy. The significant unobservable valuation inputs and their potential impact on the valuation outcome for assets other than property, plant and equipment measured at fair value and classified as level 3 under the fair value hierarchy are as follows:

Description		Fair value $'000	Valuation approach	Key unobservable inputs	Impact of alternative amounts for significant level 3 inputs
Managed unit trusts (including receivables)	2024: 2023:	2,306,395 2,151,488	Independent valuation	Valuation of underlying investments of the unit trusts	An increase in the value of the underlying investments of the unit trusts would result in higher fair values. Reductions would result in lower fair values.

The valuations of these unlisted managed unit trusts are inherently subject to estimation uncertainty as the units are not traded in an active market and their fair value at reporting date is based on the price advised by external fund managers or valuations determined by appropriately skilled independent third parties. The underlying inputs and assumptions are reviewed on an on-going basis to ensure the valuations reflect the best estimates of the economic conditions at financial year end.

D4 Offsetting financial assets and financial liabilities

WorkCover's agreements with derivative counterparties are consistent with the International Swaps and Derivatives Association (ISDA) Master Agreements. As such, financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

As well as this, under the terms of ISDA Master Agreements, when certain credit events occur the net position owing or receivable to a single counterparty in the same currency will be taken as outstanding and all the relevant arrangements terminated. As WorkCover does not presently have a legally enforceable right of set-off of these amounts, they have not been offset in the consolidated statement of financial position.

The gross and net positions of financial assets and financial liabilities that have been offset in the consolidated statement of financial position and the amounts subject to master netting arrangements are as follows:

	Note	Effects of offsetting on the consolidated statement of financial position			Related amounts not offset		
		Gross amounts	Gross amounts set-off	Net amounts of financial instruments	Amounts subject to master netting agreements	Financial Instrument collateral	Net amounts
		$'000	$'000	$'000	$'000	$'000	$'000
2024							
Derivative assets	*D2(d)*	4,617,753	(4,549,245)	68,508	(3,569)	(4,499)	60,440
Derivative liabilities	*D2(d)*	(4,553,998)	4,549,245	(4,753)	3,569	10	(1,174)
		63,755	**-**	**63,755**	**-**	**(4,489)**	**59,266**
2023							
Derivative assets	*D2(d)*	3,738,088	(3,709,485)	28,603	(5,139)	(1,051)	22,413
Derivative liabilities	*D2(d)*	(3,735,374)	3,709,485	(25,889)	5,139	3,218	(17,532)
		2,714	**-**	**2,714**	**-**	**2,167**	**4,881**

D5 Financial risk management

(a) Credit risk

Credit risk represents the extent of credit related losses that WorkCover may be subject to on amounts to be exchanged under financial instrument contracts or on amounts receivable from trade and other debtors.

The maximum exposure to credit risk at reporting date for each financial asset is measured as the carrying amount less any allowance for impairment. Credit risk exposure, including the identification of any significant concentrations of risk, is monitored on a regular basis.

Investments

While the managed unit trusts are unrated funds, the exposure to credit risk is minimal and is mitigated by holding a diverse portfolio of investment funds of which the composition is monitored regularly by the Board.

The utilisation of derivative financial instruments creates counterparty credit risk for WorkCover due to the risk that fulfilment of the contract may not occur in the future. QIC closely monitors and manages counterparty risk by ensuring that:

- the credit ratings of all counterparties are monitored very closely;
- the transactions are undertaken with a large number of counterparties;
- the majority of transactions are undertaken on recognised derivative trading exchanges where practical; and
- collateral arrangements are implemented, where possible, to reduce WorkCover's exposure in derivative financial instruments.

Cash and cash equivalents

Cash and cash equivalents are held with bank and financial institution counterparties. Impairment on cash and cash equivalents is measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The QTC Capital Guaranteed Cash Fund invests with a wide variety of high credit rated counterparties and all deposits made by WorkCover are capital guaranteed. WorkCover considers the credit risk in both the QTC Capital Guaranteed Cash Fund and cash at bank are low based on the credit ratings of the counterparties.

No impairment allowances were recognised for cash and cash equivalents as at 30 June 2024 (2023: no impairment allowance recognised).

Receivables

A large proportion of receivables at the end of the reporting period relates to compliance/enforcement activity which provides the most significant concentration of credit risk.

Receivables are closely monitored for collectability. WorkCover considers the probability of default upon initial recognition and on an ongoing basis throughout each reporting period. A debt is considered to be in default when the debtor fails to make contractual payments when they fall due. Policyholder accounts that fall overdue render an employer uninsured and liable for any claims costs should they incur a claim against their policy. Various actions including subsequent legal recovery may occur as debts begin to age.

WorkCover does not require collateral in respect of trade and other debtors. If collateral is held as part of a legal recovery, it is infrequent and the amounts immaterial. When appropriate, WorkCover renegotiates debt terms on outstanding debts. Receivables that have been renegotiated are accounted for based on the renegotiated terms and the credit risk is reassessed as required.

To assess whether there is a significant increase in credit risk, WorkCover compares the risk of a default occurring on the receivable as at the reporting date with the risk of default as at the date of initial recognition. A significant increase in credit risk occurs when a debtor is more than 30 days past due in making a contractual payment.

Receivables are considered for write-off throughout the reporting period based on their impairment. Receivables are considered impaired where there is objective evidence that WorkCover will not be able to collect all amounts due according to the original terms of the receivables. Evidence that a debt should be written-off includes the following observable data:

- significant financial difficulty of the debtor;
- it is probable that the debtor will enter bankruptcy, insolvency or other financial reorganisation; and
- all other reasonable action, including legal action and renegotiated debt terms where appropriate, to collect the outstanding amount has been undertaken and it is deemed unlikely that the amount will be recovered.

Amounts written off during this financial year that were outstanding at the beginning of this financial year are written off against the allowance. However, if the amount exceeds the loss allowance, the excess is recognised as an impairment loss in the consolidated statement of comprehensive income, along with amounts written off that were raised during the reporting period. For the total impairment loss, refer to bad debts expense in note E1.

Allowance for impairment

Impairment and provisioning for impairment of receivables is a continuous process that is regularly updated based on WorkCover's internal framework. WorkCover measures the expected credit losses using the lifetime expected loss model for all receivables except other debtors, which is determined as 12 months expected credit losses. Throughout and at the end of the reporting period, WorkCover assessed whether there was objective evidence that a receivable (individual) or group of receivables (collective basis depending on shared credit risk characteristics) was impaired or likely to be impaired. Factors considered during these reviews include historical loss experience, current economic conditions, performance trends within specific portfolio segments, and any other pertinent information.

WorkCover then uses provision matrices to evaluate and measure the expected credit losses on receivables. Loss rates are calculated separately for groupings of debt (debt types, stage of debt cycle and debt aging) and reflect historical observed default rates experienced during the last 6 years preceding 30 June 2024 for each group. The historical default rates are then adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables.

For WorkCover, a change in the economic growth, Queensland employment landscape and compliance/enforcement activity are determined to be the most relevant forward-looking indicators for receivables. No other significant changes to estimate assumptions or techniques were made during this financial year.

WorkCover's exposure to credit risk and expected credit losses of receivables are as follows:

		2024			2023		
	Note	Gross receivables[1]	Loss rate	Expected credit losses	Gross receivables[1]	Loss rate	Expected credit losses
Ageing		$'000	%	$'000	$'000	%	$'000
Current		45,627	8.39%	3,828	42,555	9.90%	4,213
1-30 days overdue		6,511	9.56%	622	5,917	14.49%	857
31-60 days overdue		2,438	27.81%	678	1,755	29.29%	514
61-90 days overdue		1,873	66.15%	1,239	1,559	38.09%	593
90+ days overdue		15,810	56.50%	8,933	12,037	47.55%	5,723
Total	*D2(b)*	**72,259**		**15,300**	**63,823**		**11,900**

[1]Includes receivables of $27.454 million (2023: $31.514 million) with no loss allowance recorded (eg. claims recoveries, premiums and other receivables deemed to have immaterial credit risk).

The movement in the allowance for impairment in respect of receivables during the financial year is as follows:

	Note	2024	2023
		$'000	$'000
Allowance for impairment of receivables during the year:			
Balance at 1 July		11,900	9,500
Net debts written off		(4,457)	(5,550)
Allowance made		7,857	7,950
Balance at 30 June	*D2(b)*	**15,300**	**11,900**
Individual impairment assessment		9,697	2,711
Collective impairment assessment		5,603	9,189
	D2(b)	**15,300**	**11,900**

Other debtors are subject to the impairment requirements and the identified impairment loss was immaterial.

(b) Liquidity risk

Liquidity risk is the risk that WorkCover will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. WorkCover manages liquidity risk through its diversified investment portfolio that provides for the sale of investments to meet both short-term and long-term cash flow requirements. WorkCover regularly reviews its investment strategy having regard to the expected future obligations.

WorkCover's liquidity risk is grouped by the contractual maturity of the financial liabilities. Liabilities with maturity dates exceeding 12 months are calculated based on discounted cash flows. Commitments that are payable on demand are included in the 0 to 3 months category. WorkCover's liquidity risk is as follows:

	Note	0 - 3 months $'000	3 - 12 months $'000	1 - 3 years $'000	More than 3 years $'000	Total $'000
2024						
Financial liabilities						
Payables	*D2(c)*	44,536	-	-	-	44,536
Investment related liabilities:						
Cash and cash equivalents	*D2(d)*	7,590	-	-	-	7,590
Cash collateral and margin accounts	*D2(d)*	-	-	-	4,499	4,499
Payables	*D2(d)*	624	-	-	-	624
Derivatives	*D2(d)*	4,753	-	-	-	4,753
		57,503	**-**	**-**	**4,499**	**62,002**
2023						
Financial liabilities						
Payables	*D2(c)*	36,310	-	-	-	36,310
Investment related liabilities:						
Cash and cash equivalents	*D2(d)*	4,945	-	-	-	4,945
Cash collateral and margin accounts	*D2(d)*	-	-	-	1,050	1,050
Payables	*D2(d)*	791	-	-	-	791
Derivatives	*D2(d)*	23,362	354	-	2,173	25,889
		65,408	**354**	**-**	**3,223**	**68,985**

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk, being currency risk, interest rate risk and other price risk.

Due to the diverse nature of WorkCover's investments, the portfolio is subject to all of the risks and sensitivities outlined below. The investments are managed on a total portfolio basis.

Market risk is minimised by:

- regular review of investment strategy;
- set investment asset allocation ranges; and
- strict control over the use of derivatives and hedging instruments, which are only used to facilitate portfolio management or to reduce investment risk.

The methodology adopted for the purposes of sensitivity analysis involves forecasting a reasonably possible change in each of the risk variables and, where applicable, applying this change to the reporting date value of each investment to determine the impact caused by this change on the operating result after tax and equity for the financial year. This approach assumes that all variables remain constant. QIC has changed the approach to derive the exposure value subject to market risk that was reported in prior years. In prior years, the exposure value was derived utilising a 'bottom-up' approach which assessed each underlying QIC managed unit trust only. In this financial year, QIC has adopted a 'top-down' approach which considers the total investment portfolio to derive the exposure value. As a result, the 2023 financial year numbers have been reclassified to reflect the change in approach to provide a more appropriate comparative basis.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. WorkCover holds a portfolio of mainly forward exchange contracts within the foreign currency overlay to help achieve particular exposures, as well as hedge the foreign exchange risks of the investments in managed unit trusts and other non-hedge derivatives held by WorkCover. The currency hedging policy is updated as required. The current target risk exposure to foreign currency is 18.0% (2023: 18.0%). WorkCover's exposure to foreign currency risk at financial year end was 17.8% (2023: 18.4%) and a breakdown is as follows:

	US dollar	Euro	British pound	Japanese yen	Other	Total
2024			Currency (AUD $'000)			
Equities	1,133,471	107,841	46,015	72,307	255,729	1,615,363
Property	55,884	947	-	-	-	56,831
Infrastructure	30,923	-	-	-	16,680	47,603
Alternatives	387,471	111,838	5,382	-	8,190	512,881
Private equity	399,140	154,594	67,955	-	7,303	628,992
Fixed interest	40,295	33,609	-	-	-	73,904
Cash	40	(5,949)	3,644	1,738	531	4
Foreign currency derivatives	(1,288,597)	(327,825)	(85,403)	(13,936)	(75,163)	(1,790,924)
	758,627	**75,055**	**37,593**	**60,109**	**213,270**	**1,144,654**
2023			Currency (AUD $'000)			
Equities	774,352	120,718	50,393	78,972	267,417	1,291,852
Property	64,478	-	-	-	-	64,478
Infrastructure	54,142	-	8,699	-	16,749	79,590
Alternatives	397,644	70,534	1,122	-	-	469,300
Private equity	376,831	118,573	50,619	-	5,989	552,012
Fixed interest	28,469	23,339	-	-	-	51,808
Cash	3,116	854	6,276	3,319	4,237	17,802
Foreign currency derivatives	(1,042,369)	(254,570)	(77,540)	(22,184)	(78,472)	(1,475,135)
	656,663	**79,448**	**39,569**	**60,107**	**215,920**	**1,051,707**

Sensitivity analysis

This sensitivity analysis has been determined based on the exposure to foreign exchange rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the financial year. All other variables remaining constant, a 10% strengthening or weakening of the foreign currencies against the Australian dollar would have increased or decreased the operating result after tax and equity for the year as follows:

Variable	Movement in variable	Impact on operating result after tax and equity	
		2024	**2023**
		$'000	**$'000**
Foreign currency derivatives	+10%	+125,365	+103,259
	-10%	-125,365	-103,259
Investments (excluding foreign currency derivatives)	+10%	-205,490	-176,879
	-10%	+205,490	+176,879
Total	+10%	-80,125	-73,620
	-10%	+80,125	+73,620

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

WorkCover's exposure to interest rate risk and the effective weighted average interest rates on financial instruments are as follows:

	Note	Interest rate	Floating interest rate	Fixed interest maturing in			Non-interest bearing	Total
				1 year or less	1 - 5 years	More than 5 years		
		%	$'000	$'000	$'000	$'000	$'000	$'000
2024								
Financial assets								
Cash and cash equivalents	*D2(a)*	Note [1]	448,796	-	-	-	-	448,796
Receivables	*D2(b)*	11.25 [2]	-	-	-	-	56,959	56,959
Investments:		Note [3]						
Cash and cash equivalents			71,924	-	-	-	-	71,924
Cash collateral and margin accounts			6,072	-	-	10	-	6,082
Receivables			-	-	-	-	248,004	248,004
Managed unit trusts			-	-	-	-	6,057,832	6,057,832
Debt securities			-	-	-	-	1,309	1,309
Derivatives			-	8,442	-	-	60,066	68,508
Total investments	*D2(d)*	Note [3]	77,996	8,442	-	10	6,367,211	6,453,659
	D2		**526,792**	**8,442**	**-**	**10**	**6,424,170**	**6,959,414**
Financial liabilities								
Payables	*D2(c)*		-	-	-	-	44,536	44,536
Investment related liabilities								
Cash and cash equivalents			7,590	-	-	-	-	7,590
Cash collateral and margin accounts			-	-	-	4,499	-	4,499
Payables			-	-	-	-	624	624
Derivatives			-	2,591	-	-	2,162	4,753
Total investments	*D2(d)*	Note [3]	7,590	2,591	-	4,499	2,786	17,466
	D2		**7,590**	**2,591**	**-**	**4,499**	**47,322**	**62,002**
2023								
Financial assets								
Cash and cash equivalents	*D2(a)*	Note [1]	417,991	-	-	-	-	417,991
Receivables	*D2(b)*	11.25 [2]	-	-	-	-	51,923	51,923
Investments:		Note [3]						
Cash and cash equivalents			68,601	-	-	-	-	68,601
Cash collateral and margin accounts			20,101	-	-	3,218	-	23,319
Receivables			-	-	-	-	85,705	85,705
Managed unit trusts			-	-	-	-	5,554,994	5,554,994
Debt securities			-	-	-	-	1,120	1,120
Derivatives			-	1,035	-	-	27,568	28,603
Total investments	*D2(d)*	Note [3]	88,702	1,035	-	3,218	5,669,387	5,762,342
	D2		**506,693**	**1,035**	**-**	**3,218**	**5,721,310**	**6,232,256**
Financial liabilities								
Payables	*D2(c)*		-	-	-	-	36,310	36,310
Investment related liabilities								
Cash and cash equivalents			4,945	-	-	-	-	4,945
Cash collateral and margin accounts			-	-	-	1,050	-	1,050
Payables			-	-	-	-	791	791
Derivatives			-	7,428	-	-	18,461	25,889
Total investments	*D2(d)*	Note [3]	4,945	7,428	-	1,050	19,252	32,675
	D2		**4,945**	**7,428**	**-**	**1,050**	**55,562**	**68,985**

[1] WorkCover has three transaction banking accounts and one capital guaranteed cash fund account. The weighted average interest rate of the transaction banking accounts, and cash fund account are 4.70% (2023: 3.30%) and 4.99% (2023: 3.39%) respectively.

[2] WorkCover is entitled to charge interest on instalment plans at the rate published in the Queensland Government Gazette.

[3] The majority of securities in the derivative instruments are futures and although they are subject to interest rate risk they do not earn interest, except for a number of Australian cash accounts that earn minimal interest. Due to the number of buy and sell transactions it is impractical to obtain a weighted average interest rate for these investments.

Sensitivity analysis

All other variables remaining constant, a change of 100 basis points in interest rates at the reporting date would have increased or decreased the operating result after tax and equity for the year as follows:

Variable	Movement in variable	Impact on operating result after tax and equity	
		2024 $'000	2023 $'000
QTC Capital Guaranteed Cash Fund	+100	+7	+7
	-100	-7	-7
Investments	+100	+45,053	+40,108
	-100	-45,053	-40,108

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rates or currencies), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As a portfolio, WorkCover holds investments in managed unit trusts and derivative financial instruments. The managed unit trusts in turn hold investments in various instruments including equity, cash, property, infrastructure, private equity and alternative funds. The fair values of such financial instruments are affected by changes in the market price of the underlying instruments.

The market value exposure to other price risks for WorkCover is as follows:

Sector allocation	2024 $'000	2023 $'000
Australian equities	700,240	510,097
International equities	1,381,621	1,418,492
Private capital	680,440	600,997
Direct property	330,930	313,098
Direct infrastructure	522,140	476,597
Alternatives	523,420	482,397
Global fixed interest	1,265,861	1,129,893
Cash	729,131	555,997
Private debt	302,410	242,099
	6,436,193	**5,729,667**

Sensitivity analysis

All other variables remaining constant, based on gross return received from the portfolio, a 1% strengthening or weakening of the equities prices would have increased or decreased the operating result after tax and equity for the year as follows:

Variable	Movement in variable	Impact on operating result after tax and equity	
		2024 $'000	2023 $'000
Equities prices	+1%	+45,053	+40,108
	-1%	-45,053	-40,108

Supporting our business

Being the main provider of workers' compensation in Queensland requires the support of our people and infrastructure. This section provides information about the operating expenses and assets of WorkCover.

E1 Underwriting expenses

	Note	2024 $'000	2023 $'000
Employee expenses	*E2(a)*	135,227	119,541
Contractors		37,654	21,331
Other administration expenses		21,497	21,076
Depreciation and amortisation	*F2*	1,978	2,343
Net loss on disposal of property, plant and equipment and intangible assets	*F2*	8	-
Transfer to allowance for impairment of receivables		7,857	7,950
Bad debts expense		8,784	9,986
Workers' Compensation Regulator expenses		46,956	44,253
Workplace Health and Safety Queensland grant		79,723	74,403
		339,684	**300,883**
Claims handling expenses allocated to gross claims expense	*C1*	(272,965)	(257,511)
		66,719	**43,372**

Total external audit fees quoted in relation to the 2024 consolidated financial statements are $257,000 (2023: $277,500). The Auditor-General of Queensland is the auditor for both WorkCover and WEO. No non-audit services were provided during this financial year (2023: no non-audit services).

The Workers' Compensation Regulator levy and the Workplace Health and Safety Queensland (WHSQ) grant are payments made in accordance with the Minister's instruction as approved by the Governor-in-Council by gazette notice for the prevention, recognition and alleviation of injury to workers, making employers and workers aware of their rights and obligations, and scheme-wide rehabilitation and return to work programs for workers.

Special payments are payments that WorkCover is not contractually or legally obligated to make to other parties. Special payments in the form of a cash ex-gratia payment of $38,095 and an ex-gratia payment in kind with a market value of $1,545 were made to the former CEO, B Watson, upon his resignation (2023: no special payments made). The total ex-gratia payment of $39,640 is disclosed in note E3.

E2 Employee benefits

(a) Employee expenses

	Note	2024 $'000	2023 $'000
Salaries		111,994	99,743
Employer superannuation contributions		13,960	10,846
Other employee benefits		728	1,716
Payroll tax expense		6,253	5,476
Workers' compensation premium		633	572
Other employee related expenses		1,659	1,188
	E1	**135,227**	**119,541**

Post-employment benefits

Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Government's defined benefit plan as determined by the employee's conditions of employment.

Defined contribution plans

Contributions are made to eligible complying superannuation funds including QSuper (part of Australian Retirement Trust). Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

Defined benefit plan

The liability for defined benefits is held on a whole-of-government basis and reported in the Queensland General Government and Whole of Government Consolidated Financial Statements in accordance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The required contributions for defined benefit plan obligations are based upon the rates determined by the Treasurer on the advice of the State Actuary. Contributions are paid by WorkCover at the specified rate following completion of the employee's service each pay period. WorkCover's obligation is limited to its contribution to QSuper (part of Australian Retirement Trust).

(b) Employee benefits liabilities

	2024	**2023**
	$'000	**$'000**
Current		
Accrued salaries and other benefits	564	3,858
Provision for annual leave	8,757	8,090
Provision for long service leave	13,241	13,448
Provision for termination benefits	-	143
	22,562	25,539
Non-current		
Provision for long service leave	2,128	2,507
	24,690	**28,046**

Reconciliation of provision for employee benefits during the year:

Balance at 1 July	28,046	23,300
Amounts allocated to provision	7,944	14,200
Reductions in provision as a result of payments	(10,374)	(9,626)
Discount rate adjustments	(926)	172
Balance at 30 June	**24,690**	**28,046**

Short-term employee benefits

Accrued salaries and other benefits

Salaries due but unpaid at reporting date are recognised in the consolidated statement of financial position at current salary rates. As WorkCover expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts. Related on-costs of superannuation and payroll tax have been included in the liability.

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 it occurs. No liability for unused sick leave has been recognised as experience indicates on average, sick leave taken each financial year is less than the entitlement accrued in that year. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees.

Other long-term employee benefits

Long service leave and annual leave

The liabilities for long service leave and annual leave which are not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service are recognised and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future salary rates, experience of employee departures, and periods of service. Expected future payments are discounted using the QTC zero rates (2023: Commonwealth Government securities interest rates) with terms to maturity that match, as closely as possible, the estimated future cash outflows. Related on-costs of workers' compensation premiums, superannuation, payroll tax and mental health levy have been included in the liabilities.

(c) Expected settlement of employee benefits liabilities

Based on past experience, WorkCover does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Settlement expectations for annual leave and long service leave are as follows:

	2024 $'000	2023 $'000
No more than 12 months from reporting date:		
Annual leave	7,579	6,806
Long service leave	2,314	2,525
	9,893	**9,331**
More than 12 months from reporting date:		
Annual leave	1,178	1,284
Long service leave	13,055	13,430
	14,233	**14,714**

When WorkCover does not have an unconditional right to defer settlement of the obligation beyond 12 months, the entire amount is presented as current.

Key assumptions

The assumptions adopted to measure the present value of annual leave and long service leave are as follows:

	2024	2023
Discount rate	4.8%	3.9%
Settlement term for long service leave	6.3 years	5.9 years
Assumed annual leave days taken per year	20 days	20 days
Rate increase first year		
Assumed rate of increase for contract salaries - annual leave and long service leave	3.0%	7.0%
Assumed rate of increase for non-contract salaries - annual leave and long service	3.0%	8.0%
Rate increase thereafter		
Assumed rate of increase for contract salaries - annual leave and long service leave	3.0%	3.0%
Assumed rate of increase for non-contract salaries - annual leave and long service	3.0%	3.0%

The assumed rates disclosed are the base salary inflation rates, excluding the award progression increases based on the salary card rates. The higher assumed rates disclosed in 2023 reflect the higher inflation rate and the award back pay.

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is 1,095 (2023: 1,038).

E3 Related parties

(a) Details of key management personnel and remuneration

WorkCover's responsible Minister is identified as part of WorkCover's key management personnel, consistent with Australian implementation guidance included in AASB 124 *Related Party Disclosures*. WorkCover's Minister is the *Minister for State Development and Infrastructure, Minister for Industrial Relations and Minister for Racing*.

Ministerial remuneration entitlements are outlined in the *Legislative Assembly of Queensland's Members' Remuneration Handbook*. WorkCover does not bear any cost of remuneration of the Minister. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by the Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as key management personnel of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

Details of the remuneration of the non-Ministerial key management personnel, being the Directors, the Chief Executive Officer (CEO), and the Senior Executives of WorkCover are as follows:

Directors (Non-executive)		Short-term Fees[1] $'000	Post employment Superannuation $'000	Total $'000
A Lynham[2]	2024	78	10	88
Chair	2023	-	-	-
J King[2]	2024	51	6	57
Deputy Chair	2023	-	-	-
J Bertram	2024	40	5	45
Director	2023	40	4	44
K Dear	2024	43	5	48
Director	2023	40	4	44
S Havas[2]	2024	43	5	48
Director	2023	-	-	-
I Leavers	2024	40	5	45
Director	2023	40	4	44
S McCullagh[3]	2024	40	5	45
Director	2023	33	4	37
S Morris	2024	44	6	50
Director	2023	44	5	49
S Schinnerl	2024	40	5	45
Director	2023	40	4	44
F Gobbo[2]	2024	-	-	-
Chair	2023	78	8	86
M Clifford[2]	2024	-	-	-
Deputy Chair	2023	51	5	56
J Crittall[2]	2024	-	-	-
Director	2023	43	5	48
Total remuneration:	**2024**	**419**	**52**	**471**
Directors	**2023**	**409**	**43**	**452**

[1] Fees represent amounts paid in cash during the financial year.
[2] The Board contracts for F Gobbo, M Clifford and J Crittall expired on 30 June 2023. The Governor-in-Council appointed new Board members effective from 1 July 2023. The new Board members are A Lynham (appointed Chair), J King (appointed Deputy Chair) and S Havas. All are non-executive Directors.
[3] Commenced on 1 September 2022.

Responsibilities of Directors (Non-executive)

Chair

The Chair's principal responsibility is to lead and direct the activities of the Board and ensure the Board fulfils all its legal and statutory obligations in accordance with the Board charter.

Deputy Chair

The Deputy Chair, in addition to Director's responsibilities, assists the Chair in meeting their obligations as required. In the absence of the Chair at a meeting, the Deputy Chair will preside.

Director

The Directors are responsible for the strategic guidance, the monitoring of management, ensuring good governance and the successful operation of WorkCover Queensland.

CEO and Senior Executives		Short-term		Post employment	Other long-term benefits		Ex-gratia payments	Termination benefits	Total
		Salary[1]	Non-monetary[2]	Superannuation	Annual leave accruals	Long service leave accruals			
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
M Pennisi[3]	2024	18	-	1	2	-	-	-	21
CEO	2023	-	-	-	-	-	-	-	-
B Watson[4]	2024	256	19	20	27	36	40	288	686
CEO	2023	467	10	28	38	23	-	-	566
D Heley[5]	2024	364	12	27	29	1	-	-	433
CEO, Acting CEO and Deputy CEO	2023	288	17	28	29	20	-	-	382
A Jones[6]	2024	163	2	15	13	1	-	-	194
Chief Digital and Information Officer	2023	-	-	-	-	-	-	-	-
B Dwyer[7]	2024	147	-	17	20	7	-	-	191
Acting Chief Digital and Information Officer	2023	-	-	-	-	-	-	-	-
B Martin	2024	228	3	48	23	3	-	-	305
Chief New Claims Officer	2023	215	2	47	21	10	-	-	295
C Lajeunesse[8]	2024	1	-	-	2	-	-	-	3
Chief Digital and Information Officer	2023	223	1	66	22	4	-	-	316
E Wright	2024	273	22	28	23	6	-	-	352
Chief People Officer	2023	232	2	30	21	8	-	-	293
J Reid	2024	211	4	35	21	1	-	-	272
Chief Legal Officer	2023	241	5	29	22	12	-	-	309
L Plimmer[9]	2024	261	32	32	24	4	-	-	353
Chief Claims Management Officer	2023	137	3	12	12	1	-	-	165
M Dennett	2024	237	10	32	22	1	-	-	302
Chief Partnerships and Relationships Officer	2023	233	9	25	20	5	-	-	292
C Carras[10]	2024	-	-	-	-	-	-	-	-
Chief Claims Management Officer	2023	50	1	20	6	19	-	137	233
Total remuneration:	**2024**	**2,159**	**104**	**255**	**206**	**60**	**40**	**288**	**3,112**
CEO and Senior Executives	**2023**	**2,086**	**50**	**285**	**191**	**102**	**-**	**137**	**2,851**

[1] Salary represents amounts paid in cash during the financial year and associated adjustments.
[2] Short-term non-monetary benefits relate to packaged amounts and fringe benefits provided to the CEO and Senior Executives.
[3] Commenced on 18 June 2024.
[4] Ceased on 16 February 2024. A cash ex-gratia payment of $38,095 and an ex-gratia payment in kind with a market value of $1,545 were made to B Watson as part of the final settlement which were agreed and documented through a Deed of Release.
[5] Deputy CEO from 1 July 2023 to 26 November 2023 and from 18 June 2024. The Deputy CEO position has remained vacant from 27 November 2023 to 17 June 2024. Acted as CEO from 7 July 2023 to 21 August 2023, 27 November 2023 to 14 February 2024 and 18 June 2024 to 21 June 2024. Appointed as CEO from 15 February 2024 to 17 June 2024 following the resignation of B Watson.
[6] Commenced on 8 January 2024.
[7] Commenced on 3 July 2023 and ceased to be a key management personnel on 9 January 2024.
[8] Ceased on 3 July 2023.
[9] Commenced on 9 January 2023.
[10] Ceased on 9 September 2022.

Responsibilities of the CEO and Senior Executives

CEO

The CEO is responsible to the Board for the overall performance and strategic management of WorkCover Queensland. The CEO is also the Executive Officer (EO) of WEO and is responsible for the management and direction of WEO. No remuneration is paid for the role of EO of WEO.

Deputy CEO

The Deputy CEO is responsible for the strategic leadership of the Strategy and Finance Group, ensuring all necessary corporate, and financial management processes and systems are in place to support the achievement of the organisation's commercially focused financial objectives. The Deputy CEO is also responsible for facilitating a collaborative process on the design, development and implementation of strategic initiatives to continue to deliver an outstanding customer experience.

Chief Claims Management Officer

The Chief Claims Management Officer is responsible for the strategic leadership of the Claims Management Group, ensuring that all statutory and common law claims are outcome managed balancing the interests of both injured workers and employers. They also ensure implementation of all key strategies to provide an exceptional customer experience.

Chief Digital and Information Officer

The Chief Digital and Information Officer is responsible for the delivery of technology solutions to maximise the efficiency and effectiveness of the business operations to meet WorkCover's business needs.

Chief Legal Officer

The Chief Legal Officer acts as Company Secretary and oversees common law claims management, provides legal advice and strategy, and ensures effective management of legal and contractual risks.

Chief New Claims Officer

The Chief New Claims Officer is responsible for the strategic leadership of the registrations and claims determination functions to ensure the effective operation and performance of workers compensation liability decisions.

Chief Partnerships and Relationships Officer

The Chief Partnerships and Relationships Officer is responsible for the strategic leadership of the Partnerships and Relationships Group in creating trusted community and stakeholder engagement through interactions and relationships that are beneficial to WorkCover's business needs. The Chief Partnerships and Relationships Officer is also responsible for the management of stakeholder relationships business wide.

Chief People Officer

The Chief People Officer is responsible for the strategic leadership of the people experience function and to provide best practice contemporary workplace management, learning, change management and human resource related solutions to critical people issues.

Remuneration and appointment authority of key management personnel

Remuneration policy

Remuneration levels for key management personnel are competitively set to attract and retain appropriately qualified and experienced Directors, Senior Executives and the CEO. Remuneration is reviewed annually. No remuneration packages for key management personnel provide for any performance or bonus payments.

Payments to the CEO and the Directors are made by WorkCover Queensland. All other key management personnel are remunerated by WEO.

Directors

Director contracts are entered into in accordance with the Act. The remuneration of Directors is determined by the Governor-in-Council as part of terms of their appointment and is paid by way of annual fee in accordance with the Queensland Government Remuneration procedures for part-time Chairs and members of Queensland Government bodies.

CEO and Senior Executives

The CEO's executive employment contract is entered into in accordance with the Act, with the conditions of the contract decided by the Board and signed by the Chair. The CEO is appointed by the Governor in Council on the Board's recommendation. The CEO remuneration arrangements are made in alignment with the Queensland Government CEO remuneration framework.

The remuneration arrangements for the Senior Executives are determined by the CEO in consultation with the Chair of the Board. The Senior Executive contracts are entered into in accordance with the Act.

Remuneration and other terms of employment for each Senior Executive are formalised in executive employment contracts.

The CEO and Senior Executives are given the opportunity to receive their fixed remuneration in a variety of forms, including cash and fringe benefits.

(b) Transactions with key management personnel

No transactions, other than remuneration payments or the reimbursement of approved expenses, were entered into by WorkCover with key management personnel or related parties of such key management personnel during this financial year (2023: no transactions with key management personnel).

c) Transactions with other related parties

WorkCover is required to pay contributions to WHSQ and the Workers' Compensation Regulator. See note E1 for details.

Queensland Health public hospitals are utilised by WorkCover in the treatment of injured workers. The total payments in this financial year are $57.793 million (2023: $49.170 million).

As the provider of compulsory workers' compensation insurance in Queensland, WorkCover provides insurance to all Queensland State Government controlled entities other than those who self-insure. Policies are issued on the same terms and conditions as to other policyholders. The total premium income received or receivable from Queensland State Government controlled entities in this financial year is $488.389 million (2023: $358.957 million).

WorkCover utilises the services of QIC and QTC to invest excess cash not immediately required to cover expenses. The use of QIC and QTC is approved by Queensland Treasury. The total management fees paid or payable in this financial year to QIC and QTC are $37.671 million and $0.001 million respectively (2023: $34.108 million and $0.001 million respectively). Refer to note D1 for further details.

From 1 July 2016, the *Workers' Compensation and Rehabilitation Amendment Act 2016* implemented the NIIS for workplace accidents connected with Queensland. The scheme provides eligible seriously injured workers with a lifetime statutory entitlement to treatment, care and support payments such as rehabilitation, medical services and hospital expenses. In accordance with the scheme, payments are made by WorkCover to reimburse NIIS Queensland (NIISQ), the external case managers for the seriously injured workers, for costs in relation to these claims. The total NIISQ amounts paid or payable for this financial year are $11.407 million (2023: $4.830 million).

E4 Property, plant and equipment

	Note	Land	Building	Plant and equipment	Work in progress	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2022		28,000	45,000	903	254	74,157
Acquisitions		-	81	150	9	240
Disposals		-	-	-	(136)	(136)
Transfers between asset classes		-	118	-	(118)	-
Depreciation		-	(1,796)	(160)	-	(1,956)
Revaluation decrements	*F4(b)*	-	(903)	-	-	(903)
Balance at 30 June 2023		**28,000**	**42,500**	**893**	**9**	**71,402**
At 30 June 2023:						
Cost or fair value		28,000	51,215	7,573	9	86,797
Accumulated depreciation		-	(8,715)	(6,680)	-	(15,395)
Net carrying amount		**28,000**	**42,500**	**893**	**9**	**71,402**
Balance at 1 July 2023		28,000	42,500	893	9	71,402
Acquisitions		-	2	121	109	232
Disposals		-	-	(8)	-	(8)
Depreciation		-	(1,739)	(151)	-	(1,890)
Revaluation increments/(decrements)	*F4(b)*	(4,900)	4,737	-	-	(163)
Balance at 30 June 2024		**23,100**	**45,500**	**855**	**118**	**69,573**
At 30 June 2024:						
Cost or fair value		23,100	54,725	7,685	118	85,628
Accumulated depreciation		-	(9,225)	(6,830)	-	(16,055)
Net carrying amount		**23,100**	**45,500**	**855**	**118**	**69,573**

(a) Recognition and measurement

All items of property, plant and equipment are recognised at their cost of acquisition, being the fair value of the consideration provided and any incidental costs directly attributable to the acquisition.

With respect to plant and equipment, an asset recognition threshold of $5,000 exists. With respect to property, an asset recognition threshold of $10,000 exists for buildings and $1 for land. Property, plant and equipment with a lesser cost are expensed.

Costs incurred subsequent to initial acquisition are added to an asset's carrying amount if they increase the service potential or useful life of that asset. Subsequent costs that do not meet these criteria are expensed as incurred.

Plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Plant and equipment with an original cost of $4.259 million (2023: $3.352 million) and a written down value of zero is still being used in the provision of services. There is currently no asset (2023: no asset) written down to an above zero residual value which is still being used in the provision of services.

(b) Valuation

Land and buildings are shown at fair value, based on annual valuations by an external independent valuer. On revaluation, accumulated depreciation of revalued assets in the class is eliminated against the gross carrying amount of those assets and the net amount restated to the revalued amount of the asset.

Any revaluation increase is credited, net of tax equivalents, to the asset revaluation surplus of the appropriate class, except to the extent that it reverses a revaluation decrease for the same asset class previously recognised as an expense, in which case the increase is recognised as income. A decrease in the carrying amount on the revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class.

The land and building is valued having regard to the highest and best use of the asset. An independent valuation of land and building was performed as at 30 June 2024 and fair value was determined by reference to market based evidence, being active market prices adjusted for any differences in the nature, location or condition of the specific property. The independent valuer used the discounted cash flow, capitalisation and direct comparison approaches to determine the fair value. The land and building has been categorised as level 3 based on sensitivity of fair value to change in the unobservable inputs.

(c) Depreciation

Land is not depreciated.

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the cost or revalued amount of each asset, less its estimated residual value, over the estimated useful life of the assets as follows:

ITEM	USEFUL LIFE
Building	3 to 56 years
Plant and equipment	
Computer equipment	5 to 14 years
Office equipment and furniture	5 to 23 years
Fixtures and fittings	10 to 25 years
Motor vehicles	6 years

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate on an annual basis.

(d) Impairment

All non-current assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, WorkCover determines the asset's recoverable amount. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised as an expense, unless the asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The asset's recoverable amount is determined as the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(e) Derecognition

Property, plant and equipment assets are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Derecognition of property, plant and equipment assets includes writing back accumulated depreciation and any accumulated impairment losses against the cost of acquisition. Any resulting gain or loss is represented by the difference between the proceeds, if any, and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.

E5 Commitments

WorkCover has contractual commitments for expenditure as follows:

	Acquisition of property, plant and equipment $'000	Support and maintenance expenditure $'000	Other expenditure $'000	Total $'000
2024				
Not later than 1 year	88	4,526	3,267	7,881
1 - 5 years	-	2,559	1,716	4,275
	88	**7,085**	**4,983**	**12,156**
2023				
Not later than 1 year	-	6,230	3,426	9,656
1 - 5 years	19	2,477	1,186	3,682
	19	**8,707**	**4,612**	**13,338**

Other

This section includes other relevant information that must be disclosed to comply with AASBs and other requirements.

F1 Taxation

WorkCover Queensland and its controlled entity are State/Territory bodies as defined under the *Income Tax Assessment Act 1936* and are exempt from Commonwealth Government taxation with the exception of fringe benefits tax (FBT) and GST. As such, FBT and GST receivable from and payable to the Australian Taxation Office (ATO) are recognised and accrued.

WorkCover Queensland is the only entity in the consolidated group subject to the National Tax Equivalents Regime (NTER). Under the NTER, payments are made to the State Treasurer equivalent to the amount of Commonwealth Government income tax. The Taxation of Financial Arrangements (TOFA) legislation is applicable to WorkCover Queensland and the default realisation and accrual methods are used. In addition, QIC adopts the attribution managed investment trust (AMIT) regime in respect of eligible QIC managed investment trusts in which WorkCover invests in.

WorkCover Queensland and its controlled entity are also required to comply with pay as you go (PAYG) withholding requirements and Queensland State Government taxes including payroll tax, stamp duty and land tax.

Tax Risk Management

The Tax Risk Management Policy sets out WorkCover's approach to satisfying its obligations under the Risk Management Policy with respect to tax. WorkCover's tax strategy is focused on integrity in compliance and reporting. The strategy is implemented through WorkCover's Tax Risk Management Framework. This Framework is supported by governance processes which ensure it is implemented with continued effectiveness. WorkCover has effective policies and processes in place to manage tax risk.

(a) Income tax equivalent

Income tax equivalent expense

	2024 $'000	2023 $'000
Deferred tax expense	**43,481**	**6,032**

	2024	2023
Reconciliation of Income tax equivalent expense:		
Operating result for the year before income tax equivalent	175,985	32,862
Income tax equivalent expense at the standard tax rate of 30% (2023: 30%)	52,795	9,859
Tax effect of adjustments to income tax equivalent expense:		
Gross up of foreign income tax offset received	1,763	2,177
Gross up of franking tax offset received	2,206	2,539
Non-deductible expenses	1	-
Conversion of franking credit to tax loss	(6,285)	(8,464)
Tax offset for franked dividends	(1,069)	-
Tax offset for foreign income	(5,875)	-
Other deductible expenses	(55)	(78)
Adjustments for income tax equivalent of prior years	-	(1)
Income tax equivalent expense attributable to operating result	**43,481**	**6,032**

Income tax equivalent expense comprises current and deferred tax. Current and deferred tax is recognised as an expense in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax assets and liabilities are measured at the amount expected to be receivable or payable on the taxable income or loss for the current year. The amount is calculated using tax rates and tax laws that are enacted or substantively enacted at the reporting date.

No Pillar Two top up taxes have been recognised for this financial year. This is on the basis WorkCover is not within the scope of the Pillar Two top up taxes currently proposed for adoption in Australia.

Income tax equivalent expense recognised in other comprehensive loss

	2024 $'000	2023 $'000
Revaluation of land and building	**(49)**	**(271)**

Recognised deferred tax assets and liabilities

WorkCover is able to offset its deferred tax assets and liabilities and has disclosed the net balance in the consolidated statement of financial position. Deferred tax assets and liabilities are as follows:

	Assets		Liabilities		Net	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Income tax equivalent loss	322,948	316,891	-	-	322,948	316,891
Investment tax adjustments including unrealised (gain)/loss	-	-	(297,443)	(236,933)	(297,443)	(236,933)
Indirect claims handling expense	119,674	110,691	-	-	119,674	110,691
Employee expenses	1	43	-	-	1	43
Other provisions	4,590	3,570	-	-	4,590	3,570
Other items	1,580	1,012	(60)	(85)	1,520	927
Property, plant and equipment	-	-	(8,026)	(8,486)	(8,026)	(8,486)
Intangibles	-	-	(74)	(81)	(74)	(81)
Tax assets/(liabilities)	**448,793**	**432,207**	**(305,603)**	**(245,585)**	**143,190**	**186,622**

Movement in deferred tax balances during the year

Movement in deferred tax balances during the year	**Balance 1 July 2022 $'000**	**Recognised in operating result $'000**	**Recognised in other comprehensive loss $'000**	**Balance 30 June 2023 $'000**	**Recognised in operating result $'000**	**Recognised in other comprehensive loss $'000**	**Balance 30 June 2024 $'000**
Income tax equivalent loss	247,893	68,998	-	316,891	6,057	-	322,948
Investment tax adjustments including unrealised (gain)/loss	(140,818)	(96,115)	-	(236,933)	(60,510)	-	(297,443)
Indirect claims handling expense	90,415	20,276	-	110,691	8,983	-	119,674
Employee expenses	28	15	-	43	(42)	-	1
Other provisions	2,850	720	-	3,570	1,020	-	4,590
Other items	1,018	(91)	-	927	593	-	1,520
Property, plant and equipment	(8,948)	191	271	(8,486)	411	49	(8,026)
Intangibles	(55)	(26)	-	(81)	7	-	(74)
	192,383	**(6,032)**	**271**	**186,622**	**(43,481)**	**49**	**143,190**

Deferred tax is accounted for using the comprehensive balance sheet liability method and is provided on all temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base of those items at the reporting date.

Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences. However, deferred tax liabilities and assets are not recognised if the temporary differences arise from the initial recognition of assets or liabilities which affects neither the accounting profit nor taxable profit or loss. Unused tax credits and unused tax losses are carried forward to the extent it is probable that future taxable profit will be available against which they can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply for the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be utilised and such reductions are reversed when it becomes probable that sufficient taxable profit will be available.

(b) Goods and services tax

Income, expenses, assets, and liabilities are recognised net of the amount of associated GST, unless the GST is not recoverable from or remittable to the ATO. In this case, the GST is recognised as part of the cost of acquisition of the asset or in the amount of the expense.

Receivables and payables are stated with the amount of GST included, where applicable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables, respectively, in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows net of the amount of GST. The GST component of cash flows arising from investing activities which is recoverable from or payable to the ATO is classified as part of operating cash flow.

Commitments and contingencies are disclosed net of the amount of GST, unless the GST incurred is not recoverable from the ATO.

F2 Reconciliation of operating result to net cash from operating activities

	Note	2024 $'000	2023 $'000
Operating result for the year		132,504	26,830
Non-cash items included in operating result			
Net (gain)/loss on change in fair value of financial instruments		(299,151)	95,947
Net loss on disposal of property, plant and equipment and intangible assets	*E1*	8	-
Contribution of an asset		(9)	-
Reclassification of work in progress		-	136
Depreciation and amortisation expense	*E1*	1,978	2,343
Income tax effect on revaluation of land and building	*F4(b)*	49	271
Change in operating assets and liabilities			
Increase in receivables		(40,455)	(28,338)
Decrease/(increase) in other assets		235	(805)
Decrease in net deferred tax		43,432	5,761
Decrease in other liabilities		-	(34)
Increase in payables and unearned premium liability		9,553	19,712
Increase in outstanding claims liability and employee benefits liabilities		590,255	526,306
Net cash provided by operating activities		**438,399**	**648,129**

F3 Leases

Leases as lessor

WorkCover has 6 lease agreements (2023: 6) with respect of the 280 Adelaide Street building. The building is leased to tenants under operating leases with rentals payable on a monthly basis. These non-cancellable leases have remaining terms of between 2 and 10 years and include clauses to enable upward revision of the rental charge on an annual basis according to a fixed percentage where applicable. There are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, WorkCover may obtain bank guarantees for the term of the lease. Minimum lease payments receivable on operating leases are as follows:

	2024 $'000	2023 $'000
Within 1 year	586	568
Between 1 and 2 years	608	422
Between 2 and 3 years	548	437
Between 3 and 4 years	137	368
Between 4 and 5 years	144	-
Later than 5 years	709	-
	2,732	**1,795**

The total lease income included in other income presented in the consolidated statement of comprehensive income is as follows:

	2024 $'000	2023 $'000
Lease income	**843**	**1,345**

F4 Equity and reserves

(a) Contributed equity

In 2017, arising from the funding arrangement for the Workers' Compensation Regulator, WorkCover recognised a non-reciprocal cash transfer of $2.500 million from the Workers' Compensation Regulator as contributed equity.

(b) Asset revaluation surplus by asset class

	Note	Land $'000	Building $'000	Total $'000
Balance at 1 July 2022		16,520	22,446	38,966
Revaluation decrements	*E4*	-	(903)	(903)
Income tax effect on revaluation		-	271	271
Balance at 30 June 2023		**16,520**	**21,814**	**38,334**
Balance at 1 July 2023		16,520	21,814	38,334
Revaluation increments/(decrements)	*E4*	(4,900)	4,737	(163)
Income tax effect on revaluation		1,470	(1,421)	49
Balance at 30 June 2024		**13,090**	**25,130**	**38,220**

The asset revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value.

(c) Investment fluctuation reserve

The investment fluctuation reserve is held to mitigate the effects of financial volatility in the investment markets, allowing WorkCover to maintain a stable premium rate and minimise the impact on businesses during a downturn. It represents the excess capital held by WorkCover over the minimum funding ratio of 120% as set within WorkCover's Statement of Corporate Intent.

F5 Contingent liabilities

In the normal course of business, WorkCover is exposed to legal issues, including litigation arising out of insurance policies. There are no known potential material litigation exposures at reporting date that may give rise to a contingent liability (2023: no contingent liabilities).

F6 Differences between WorkCover consolidated financial statements and WorkCover Queensland financial statements

(a) Reconciliation of differences between consolidated and parent entity statements of comprehensive income

	Note	2024 $'000			2023 $'000		
		WorkCover	**WorkCover Queensland**	**WorkCover Employing Office**	**WorkCover**	**WorkCover Queensland**	**WorkCover Employing Office**
Underwriting expenses	i	(66,719)	(64,342)	(133,844)	(43,372)	(42,844)	(118,343)
Investment income	ii	590,637	588,262	2,375	380,412	379,886	526
Other income	i	956	954	131,469	1,458	1,456	117,817

i. The difference in underwriting expenses represents expenses incurred by WEO excluding GST. The difference in other income represents the service fees raised by WEO for services provided to WorkCover Queensland. The service fee income in WEO and the service fee expense in WorkCover Queensland are eliminated on consolidation.

ii. The difference represents the bank interest income of WEO.

(b) Reconciliation of differences between consolidated and parent entity statements of financial position

	Note	2024 $'000			2023 $'000		
		WorkCover	WorkCover Queensland	WorkCover Employing Office	WorkCover	WorkCover Queensland	WorkCover Employing Office
Current assets							
Cash and cash equivalents		448,796	423,507	25,289	417,991	389,670	28,321
Receivables	i	53,704	53,620	84	49,519	49,437	82
Other assets	ii	2,958	2,924	34	3,083	3,083	-
Current liabilities							
Payables	iii	44,536	43,817	719	36,310	35,810	500
Employee benefits	iv	22,562	2	22,560	25,539	143	25,396
Non-current liabilities							
Employee benefits	iv	2,128	-	2,128	2,507	-	2,507

i. The difference represents the WEO bank interest receivable balance.
ii. The difference represents the WEO prepayments balance.
iii. The difference represents the WEO salary related payables of $0.585 million (2023: $0.491 million) and other WEO payables of $0.134 million (2023: $0.009 million).
iv. The liabilities for employee benefits in WorkCover Queensland is the CEO's employee benefits. All other employee benefit liabilities are part of WEO.

(c) Reconciliation of differences between consolidated and parent entity statements of changes in equity

There are no differences between the figures disclosed on the face of the WorkCover consolidated statement of changes in equity and WorkCover Queensland's statement of changes in equity.

(d) Reconciliation of differences between consolidated and parent entity statements of cash flows

	Note	2024 $'000			2023 $'000		
		WorkCover	WorkCover Queensland	WorkCover Employing Office	WorkCover	WorkCover Queensland	WorkCover Employing Office
Cash flows from operating activities							
Interest received		45,910	43,549	2,361	27,981	27,518	463
GST collected on sales		251,374	251,322	52	214,389	214,337	52
GST paid on purchases		(38,391)	(38,144)	(247)	(32,429)	(32,201)	(228)
Employee benefits expense paid	i	-	-	(136,691)	-	-	(113,125)
Employment services revenue received	i	-	-	131,582	-	-	117,893
Other operating income received	ii	1,068	1,068	2	1,578	1,578	2
Other operating expenses paid	iii	(63,830)	(58,632)	(91)	(38,848)	(43,580)	(38)

i. The employee benefits expense paid by WEO and the employment services revenue received by WEO are categorised within other operating expenses paid for WorkCover. The employment services revenue is the amount paid by WorkCover Queensland to WEO for employment services provided.
ii. Other operating income received by WEO is amounts received from salary packaging providers. These are categorised within other operating expenses paid for WorkCover.
iii. The difference between the consolidated financial statements and WorkCover Queensland represents the net of WEO's employee benefits expenses paid, employment services revenue received, other operating income received, and other operating expenses paid. The other operating expenses paid in WEO are sundry administration payments and bad debts written off.

F7 Controlled entity

Summary of WEO financial statements

	2024 $'000	2023 $'000
Statement of comprehensive income		
Revenue	133,844	118,343
Expenses	133,844	118,343
Operating result for the year	-	-
Statement of financial position		
Total assets	25,407	28,403
Total liabilities	25,407	28,403
Net assets	-	-

F8 Summary of additional material accounting policy information

(a) Changes in material accounting policy information and disclosures

One amendment to standards relevant to WorkCover that has been applied for the first time in the presentation of these consolidated financial statements from 1 July 2023 is as follows:

Disclosure of material accounting policies and definition of accounting estimates

AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* amends the below AASB standards and AASB practice statement to require entities to disclose material accounting policy information rather than significant accounting policies and to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates:

- AASB 7 *Financial Instruments: Disclosures*
- AASB 101 *Presentation of Financial Statements*
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- AASB 134 *Interim Financial Reporting*
- AASB Practice Statement 2 *Making Materiality Judgements*

Impact on adoption

The adoption of AASB 2021-2 has not resulted in any significant changes in accounting policy information and adjustments to the amounts recognised in the consolidated financial statements.

(b) New and revised Australian Accounting Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2023 and have not been early adopted in preparing these consolidated financial statements.

The nature and effects of the standard applicable to WorkCover that is not yet effective is as follows:

Insurance Contracts

AASB 17 *Insurance Contracts* is intended to combine all existing insurance standards (i.e. AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*) into one standard.

The mandatory application date of AASB 17 for public sector entities has been deferred to annual periods beginning on or after 1 July 2026 as a result of the following amendment standards issued by the AASB:

- AASB 2022-8 *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments* which permits public sector entities to continue to apply AASB 4 and AASB 1023 up until 30 June 2026; and
- AASB 2022-9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector* which amends AASB 17 to include modifications that apply to public sector entities from 1 July 2026.

Measurement models

The standard introduces a new 'general model' for the recognition and measurement of insurance contracts. Insurance contracts must be measured using either the general measurement model or the simplified approach known as the premium allocation approach (PAA). Entities may apply the PAA, if the insurance contracts have a coverage period of one year or less or if the liability for remaining coverage under that approach is not expected to be materially different from that under the general measurement model.

AASB 2022-9 permits public sector entities to choose to apply the PAA to insurance contracts issued without the need to develop a model and methodology for assessing eligibility. All WorkCover's policies (except for the immaterial Household Workers' Insurance, which has a two-year coverage period) have a coverage period of one year. WorkCover will choose to apply the PAA across all insurance products.

For groups of contracts that apply the PAA and have a coverage period of one year or less, AASB 17 provides an option to recognise any insurance acquisition cash flows as expenses when incurred. WorkCover will continue to recognise any insurance acquisition cash flows as expenses as they incur for all policies, consistent with the current accounting treatment under AASB 1023.

Onerous contracts

AASB 17 requires the identification of 'groups' of onerous contracts which will be determined at a more granular level of aggregation than the level at which the liability adequacy test is performed under AASB 1023. Contracts that are measured using the PAA are assumed not to be onerous unless facts and circumstances indicate otherwise. In accordance with AASB 2022-9, WorkCover will not be required to recognise onerous contracts at initial recognition.

Risk adjustment

The measurement of insurance contract liabilities will include a risk adjustment which replaces the risk margin under AASB 1023. The risk margin under AASB 1023 reflects the inherent uncertainty in the net discounted central estimate, whereas the risk adjustment under AASB 17 is defined as the compensation required for bearing the uncertainty that arises from non-financial risk. WorkCover is currently assessing the approach to adopt in determining the risk adjustment for the liability for incurred claims.

Discount rates

AASB 1023 requires the net central estimate of outstanding claims to be discounted using risk-free rates as described in note C2. AASB 17 requires estimates of future cash flows to be discounted to reflect the time value of money and financial risks related to those cash flows (ie. the new liquidity premium) but does not prescribe a methodology for determining the discount rates used. WorkCover expects to estimate the level of illiquidity premium using historical long-term averages.

Presentation and disclosure

AASB 17 introduces changes to the presentation of insurance contracts in the consolidated statement of comprehensive income and consolidated statement of financial position. The standard contains more disclosures compared with existing reporting requirements.

Taxation impact

Current tax law in Australia has been amended to mirror AASB 17 and WorkCover is reviewing the financial and operational impact of the transition to AASB 17.

Transition

AASB 17 will be applied retrospectively to all insurance contracts on transition.

Financial impact

The requirements of AASB 17 are complex and the actual impact is subject to the finalisation of key assumptions in relation to each of the above components and may change. WorkCover's implementation of AASB 17 is in its initial stages and work is ongoing and the full impacts are still being determined.

Fair Value Measurement

AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* applies from reporting periods beginning on or after 1 January 2024. AASB 2022-10 amends AASB 13 *Fair Value Measurement* to include authoritative implementation guidance and providing related illustrative examples for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.

WorkCover does not expect any significant impact as a result of applying this amendment standard.

F9 Events after reporting date

There has not arisen in the interval between the end of the financial year and the date of this report, any other item, transactions or event of a material nature likely to affect significantly the operations of WorkCover, the results on those operations, or the state of affairs of WorkCover in future financial years.

Management certificate

These general purpose consolidated financial statements have been prepared pursuant to the provisions of the *Workers' Compensation and Rehabilitation Act 2003*, section 62(1) of the *Financial Accountability Act 2009*, section 39 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with section 62(1)(b) of the *Financial Accountability Act 2009* we certify that in our opinion:

- the prescribed requirements for establishing and keeping of accounts have been complied with in all material respects; and

- the consolidated financial statements have been drawn up to present a true and fair view, in accordance with the prescribed accounting standards, of the transactions of WorkCover for the financial year ended 30 June 2024 and of the financial position at the end of that year; and

We acknowledge responsibility under section 7 and section 11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

27 August 2024

A Lynham
BDSC BMed (HONS), FRACDS (OMS) FRCS Ed
CHAIR

M Pennisi
BEcon, BComm
CHIEF EXECUTIVE OFFICER

Queensland
Audit Office
Better public services

INDEPENDENT AUDITOR'S REPORT

To the Board of WorkCover Queensland

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of WorkCover Queensland (WorkCover) and its controlled entity (the Group).

The financial report comprises the consolidated statements of financial position as at 30 June 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statements of cash flows for the year then ended, notes to the financial statements including material accounting policy information and the management certificate.

In my opinion, the financial report:

a) gives a true and fair view of the Group's financial position as at 30 June 2024, and its financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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Valuation of gross outstanding claims liability ($5,348m)
Refer to Note C2(a) to the financial report.

Key audit matter	How my audit addressed the key audit matter
Valuation of gross outstanding claims liability The estimation of gross outstanding claims liability is a key audit matter due to the high degree of uncertainty that is inherent in estimating the expected future payments for claims incurred. It may take many years to finalise the cost of a claim and the ultimate cost may be influenced by factors unknown at 30 June 2024 or outside the control of WorkCover (refer Note C2(d) for key assumptions and judgements).	My procedures included, but were not limited to: • Challenging appropriateness of management's actuarial methods and assumptions through assessment of accuracy of previous estimates and changes made to the prior year's models • considering of the appropriateness of the assumptions adopted and methodologies applied for the individual benefit types • considering the reasonableness of movements in key claim experience and their impact on the calculation of the outstanding claims liability • benchmarking key economic assumptions such as discount rate, risk margin and inflation to observable market data. • assessing management's experts' qualifications, competence, capabilities, objectivity and the nature, scope and objectives of the work completed for appropriateness • evaluating management's experts' findings and conclusions for relevance, reasonableness and consistency with the evidence obtained from my testing.

Other information

Those charged with governance are responsible for the other information.

The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report this fact.

I have nothing to report in this regard.

Responsibilities of the Board for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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The Board is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the Group or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar5.pdf

This description forms part of my auditor's report.

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2024:

a) I received all the information and explanations I required.

b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.

mluwinga

28 August 2024

Martin Luwinga
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

WorkCover Queensland – Actuarial Certificate for Outstanding Claims Liabilities as at 30 June 2024

Taylor Fry was requested by WorkCover Queensland to advise on its provisions for outstanding claims liabilities at 30 June 2024.

Valuation report

Full details of data, methodology and assumptions are set out in our report dated 5 August 2024. The advice provided in this report complies with the requirements of the Institute of Actuaries of Australia's *Professional Standard 302 Valuations of General Insurance Claims* ("PS302').

Basis of estimates

The adopted provision as at 30 June 2024 is $5,036 million. This provision:

- Includes our central estimate of the liability of outstanding claims, net of recoveries.
- Is discounted (i.e. allows for the time value of money);
- Allows for future claims inflation;
- Includes a loading for claims handling expenses and a risk margin; and
- Complies with the requirements of Australian Accounting Standard AASB1023.

A risk margin has been included to allow for the risk and uncertainties inherent in the estimation of outstanding claims liabilities. The margin is expressed as a percentage of the central estimate. In recognition of the overall uncertainty in the claims experience, a risk margin of 9.0% has been adopted at 30 June 2024. The adopted margin is intended to provide a 75% probability of sufficiency.

Qualifications

There is inherent uncertainty in any estimate of the outstanding claims liability that limits its accuracy, no matter how rigorously the estimation exercise is performed. Deviations from our estimates are normal and are to be expected. The outcome depends on future events that are unpredictable, such as legislative, social, and economic factors. Our recommendations are based on assumptions we believe are reasonable given the current circumstances.

Yours sincerely

Richard Brookes

Richard Brookes
FIAA

Danielle Ling
FIAA

6 August 2024

Compliance checklist

Summary of requirement			Basis for requirement	Annual report reference
Letter of compliance	–	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	Letter of compliance
Accessibility	–	Table of contents	ARRs – section 9.1	Contents Page
	–	Glossary		Glossary
	–	Public availability	ARRs – section 9.2	About this report
	–	Interpreter service statement	*Queensland Government Language Services Policy* ARRs – section 9.3	About this report
	–	Copyright notice	*Copyright Act 1968* ARRs – section 9.4	About this report - License
	–	Information licensing	*QGEA – Information Licensing* ARRs – section 9.5	About this report - License
General information	–	Introductory information	ARRs – section 10	About WorkCover Queensland Chair and CEO report
Non-financial performance	–	Government objectives for the community and whole-of-Government plans/specific initiatives	ARRs – section 11.1	Chair and CEO report
	–	Agency objectives and performance indicators	ARRs – section 11.2	Our financial and non-financial performance indicators
	–	Agency service areas and service standards	ARRs – section 11.3	Highlights
Financial performance	–	Summary of financial performance	ARRs – section 12.1	Financial performance Consolidated Financial Statements
Governance – management and structure	–	Organisational structure	ARRs – section 13.1	Organisational structure
	–	Executive management	ARRs – section 13.2	Executive Leadership Team
	–	Government bodies (statutory bodies and other entities)	ARRs – section 13.3	WorkCover Board
	–	Public Sector Ethics	ARRs – section 13.4	Public Sector Ethics
	–	Human Rights	ARRs – section 13.5	Human Rights

Summary of requirement		Basis for requirement	Annual report reference
	– Queensland public service values	ARRs – section 13.6	Chair and CEO report
Governance – risk management and accountability	– Risk management	ARRs – section 14.1	Risk management
	– Audit committee	ARRs – section 14.2	Risk and Audit Committee
	– Internal audit	ARRs – section 14.3	Internal audit
	– External scrutiny	ARRs – section 14.4	External audit External scrutiny
	– Information systems and recordkeeping	ARRs – section 14.5	Information systems and recordkeeping
	– Information security attestation	ARRs – section 14.6	Applicable to Departments - Not applicable to WCQ
Governance – human resources	– Strategic workforce planning and performance	ARRs – section 15.1	Strategic workforce planning and performance
	– Early retirement, redundancy and retrenchment	Directive No. 04/18 *Early Retirement, Redundancy and Retrenchment* ARRs – section 15.2	Early retirement, redundancy and retrenchment
Open data	– Statement advising publication of information	ARRs – section 16	Open Data
	– Consultancies	ARRs – sections 16 and 31.1	https://data.qld.gov.au
	– Overseas travel	ARRs – sections 16 and 31.2	https://data.qld.gov.au
	– Queensland Language Service Policy	ARRs – sections 16 and 31.3	https://data.qld.gov.au
Financial statements	– Certification of financial statements	FAA – section 62 FPMS – sections 38. 39 and 46 ARRs – section 17.1	Consolidated financial statements Actuarial certificate on net outstanding claim liabilities Management certificate
	– Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	Consolidated financial statements Independent auditor's report

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2019*

ARRs *Annual report requirements for Queensland Government agencies*

Glossary

Term	Definition
A	
Accident insurance policy	An accident insurance policy is a workers' compensation insurance policy, compulsory for employers engaging workers. The policy covers the employer's liability for workers' compensation and damages arising out of a work-related injury sustained by their worker, no matter who or what caused it.
Allied health provider	Any allied health provider (for example a doctor, medical specialist, physiotherapist, chiropractor or occupational therapist) who is registered with the relevant professional board (e.g., Physiotherapist Board of Queensland).
AS / ISO	Australian Standard/International Organisation for Standardisation
Average premium rate	The average premium rate is a rate per $100 of wages, calculated by averaging net premium assessed for the year as a proportion of total wages declared by all employers for that year.
C	
CCC	Crime and Corruption Commission
CEO	Chief Executive Officer
Claims experience	An employer's claims experience is used when calculating premium and is comprised of the statutory claims amounts paid under an employer's accident insurance policy for the preceding three years and the damages claims amounts paid under the policy for one year preceding that.
Common law claim	A common law claim is the claim made by an injured worker who commences common law action against their employer for negligence (they are 'suing' their employer). Common law damages can include payments for economic loss, pain and suffering, legal costs, and medical and hospital costs. WorkCover may pay all damages awarded to the injured worker, including legal and investigative costs as part of the employer's accident insurance policy.
Customer experience measure / metric	Measures customers' overall perception of WorkCover and performance against the five customer strategy principles.
Customer strategy principles	These principles are the benchmark for the experience WorkCover wants customers to have across all interactions. There are five principles: easy, fair and transparent, empowered, consistent and valued, and they are based on customer research that identified what customers expect from WorkCover.

D	
Damages	Damages are payments made under a common law claim that are classified as ‘heads of damage’. These are different types of damage that may be suffered by an injured worker. Examples are: – general damages (compensation for pain and suffering) – economic loss (compensation for loss of past earnings or future earning capacity).
DIB	Diversity, Inclusion and Belonging
E	
ELT	Executive Leadership Team
F	
FMPM	Financial Management Practice Manual
H	
HRA	*Human Rights Act 2019*
I	
IME	Independent medical examiners
Injury	An injury, as defined by the *Workers’ Compensation and Rehabilitation Act 2003* is, ’A personal injury arising out of, or in the course of, employment if the employment is a significant contributing factor to the injury’. Some examples of injuries include: – a cut or fracture – a disease (example asbestos or Q fever) – industrial deafness – psychiatric or psychological disorders such as stress or depression – aggravation of a pre-existing condition – death from an injury, disease or aggravation of a disease.
IPaM	Injury Prevention and Management—WorkCover’s program in partnership with Workplace Health and Safety Queensland which helps employers who have a high frequency of claims bring about a workplace culture change and achieve a better standard of workplace health and safety and injury management.
IRRI	Injury Risk Reduction Initiatives
N	
NIISQ	National Injury Insurance Scheme Queensland

O	
OIR	Office of Industrial Relations
P	
PIEF	Personal Injury Education Foundation
Premium rate	The rate per $100 of wages for an individual employer
PSE	*Public Sector Ethics Act 1994*
PTSD	Post-traumatic stress disorder
Q	
QAO	Queensland Audit Office
QIC	Queensland Investment Corporation
QTC	Queensland Treasury Corporation
R	
RAC	Risk and Audit Committee
RACGP	Royal Australian College of General Practitioners
Rehabilitation	Under workers' compensation legislation, the purpose of rehabilitation is to ensure the injured worker's earliest possible safe return to work or to maximise the worker's independent functioning. Rehabilitation for return to work (sometimes called occupational, vocational or workplace rehabilitation) can include treatment from a range of health providers, assessments of work capacity and suitable duties programs. Under legislation, workers and employers must take every reasonable step to participate in rehabilitation and return to work programs.
Return to work	The worker's timely, safe and medically structured return to pre-injury duties, or other employment, following a workplace injury.
RTW	Return to work — the worker's timely, safe and medically structured return to pre-injury duties, or other employment, following a workplace injury.
S	
Statutory (no-fault) claims	A statutory or no-fault claim is when a worker is compensated for a work-related injury with payments and benefits prescribed in the *Workers' Compensation and Rehabilitation Act 2003*. These payments and benefits are referred to as statutory compensation and may include weekly payments, lump sums to compensate for permanent impairment, and hospital and medical expenses. Statutory claims are determined on a 'no fault' basis. That is, it doesn't matter if it is the worker's or the employer's fault that the injury occurred, compensation is still paid.

T	
The Act	*Workers' Compensation and Rehabilitation Act 2003*
TOCs	Table of Costs
W	
Wages	Wages are the total amount an employer pays to a worker as defined by Schedule 6 of the *Workers' Compensation and Rehabilitation Act 2003*.
WCRA	*Workers' Compensation and Rehabilitation Act 2003*
WCRS	Workers' Compensation Regulatory Services
WHSQ	Workplace Health and Safety Queensland
Worker	A 'worker' for the purposes of the *Workers' Compensation and Rehabilitation Act 2003* is an individual employed under a Contract of Service (sect 11) or specifically included under Schedule 2 Part 1, unless specifically excluded under Schedule 2 Part 2.