



**Australian Government**

**Comcare**

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# ANNUAL REPORT 2019-20

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The terms under which the Coat of Arms can be used are detailed on the Department of the Prime Minister and Cabinet website: <https://www.pmc.gov.au/government/commonwealth-coat-arms>

## Acknowledgements

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## Online access

Online access is available at [www.comcare.gov.au/annualreport](http://www.comcare.gov.au/annualreport) or alternatively through the Forms and Publications link on the Comcare website.

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Phone 1300 366 979

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# ABOUT THESE REPORTS

The Comcare and Safety, Rehabilitation and Compensation Commission (SRCC) annual reports document the activities of Comcare and the SRCC, and the performance of the Comcare scheme from 1 July 2019 to 30 June 2020.

These annual reports have been prepared in accordance with section 46 of the *Public, Governance, Performance and Accountability Act 2013* (PGPA Act) and Subdivision B of Division 3A of the *Public Governance, Performance and Accountability Amendment (Corporate Commonwealth Entity Annual Reporting) Rule 2014*.

## PART ONE – Comcare Annual Report 2019–20

*The Comcare Annual Report 2019–20* complies with the requirements contained in the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act), the *Work Health and Safety Act 2011* (WHS Act), and the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

### Overview

This section of the report provides an overview of Comcare. It details the objectives, functions, roles and responsibilities of Comcare and Comcare Executive. This section also highlights the overall performance of the Comcare scheme.

### Annual Performance Statements

The annual performance statements provide information about Comcare's performance in 2019–20.

### Management and accountability

The management and accountability section details Comcare's corporate governance, human resources and business capability. It includes information about Comcare's Committees, financial review, internal and external scrutiny.

### Financial statements

The financial statements provide detailed information about Comcare's financial performance.

### Appendices

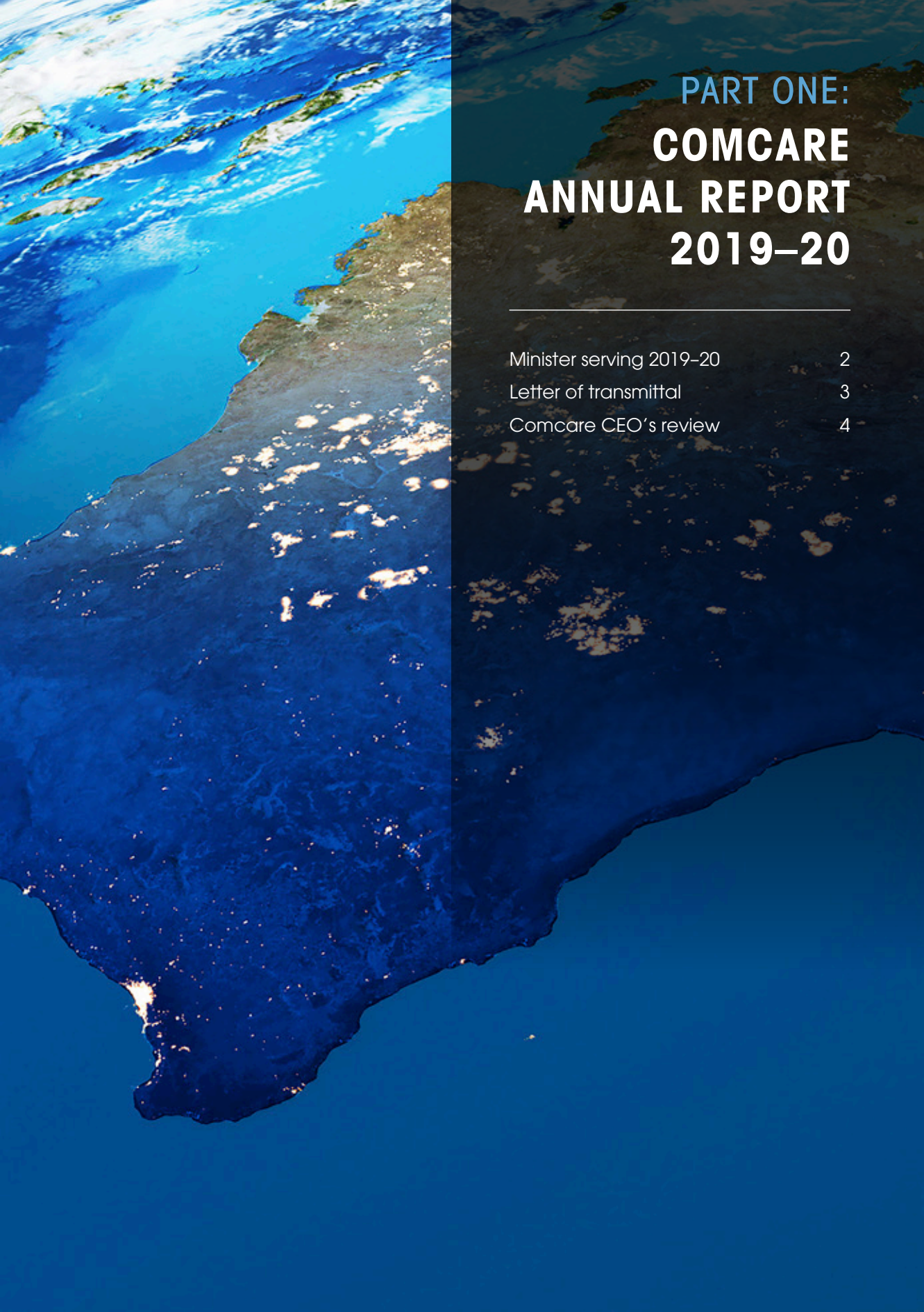
The appendices contain further information addressing mandatory reporting requirements under respective legislations. This section includes the legislative compliance index.

## PART TWO – Safety, Rehabilitation and Compensation Commission Annual Report 2019–20

The *SRCC Annual Report 2019–20* complies with the requirements of the SRC Act and the WHS Act.

This report details the objectives, roles, functions, membership and operations of the SRCC. It also provides details about the performance of the SRCC.

The SRCC does not have staff or a budget, so financial statements are only prepared and reported for Comcare.



**PART ONE:**  
**COMCARE**  
**ANNUAL REPORT**  
**2019–20**

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# MINISTER SERVING 2019–20

Responsible minister at 30 June 2020

The Hon Christian Porter MP

Attorney-General

Minister for Industrial Relations

Member for Pearce

# LETTER OF TRANSMITTAL



Australian Government

Comcare

CHIEF EXECUTIVE OFFICER

21 September 2020

The Hon Christian Porter MP  
Minister for Industrial Relations  
Parliament House  
CANBERRA ACT 2600

Dear Minister

I am pleased to submit to you Comcare's Annual Report for the year ended 30 June 2020.

The report meets the requirements of federal law including:

- > section 46 of the *Public Governance, Performance and Accountability Act 2013*
- > schedule 2, section 3 of the *Work Health and Safety Act 2011*
- > section 85 of the *Safety, Rehabilitation and Compensation Act 1988*.

Following its tabling in Parliament, the report will be available on the Australian Government Transparency Portal and Comcare website.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Susan Weston'.

SUSAN WESTON  
Chief Executive Officer

GPO BOX 9905  
CANBERRA ACT 2601  
P 1300 366 979

[COMCARE.GOV.AU](http://COMCARE.GOV.AU)

# COMCARE CEO'S REVIEW



**Susan Weston PSM**  
**Chief Executive Officer**

As the CEO and sole director of Comcare, I am pleased to present Comcare's Annual Report to the Minister for Industrial Relations, the Hon Christian Porter MP, and the Australian Parliament on the performance of Comcare for the year ended 30 June 2020.

## Our purpose

Comcare has several important roles. We are a work health and safety regulator, a scheme administrator and an insurer and claims manager.

We also have essential enabling roles, focused on the capability and capacity of our own workforce and on supporting engagement and better practice approaches to health and safety across our scheme.

For 2020–21, we have revised our organisational purpose to: *promote and enable safe and healthy work*. This new purpose reflects the connections between our different functions along the prevention – early intervention – injury management – compensation and rehabilitation continuum.

Comcare aims to deliver a national scheme that is not only outcome focused and cost effective but also reduces the administrative burden for employees and employers alike. Our scheme covers employees from a broad range of occupations and industries including government services, defence, law enforcement, transport, logistics, financial, banking services, manufacturing, construction, telecommunications and postal services.

As at 30 June 2020, the Comcare scheme comprised 397,496 full-time equivalent (FTE) employees covered under the *Safety Rehabilitation and Compensation Act 1988* (SRC Act), of whom 183,612 were Australian Government employees and 213,884 worked for licensee organisations who self-insure their workers' compensation.

We had 415,827 FTE employees covered under the federal *Work Health and Safety Act 2011* (WHS Act), of whom 249,044 were Australian Government employees and 166,783 were employees of licensee organisations.

Our partnerships are key to delivering better work health and safety outcomes. As a national work health and safety authority, we work collaboratively with a variety of stakeholders to share our knowledge and enhance our capability. We have developed a new Stakeholder Engagement Framework that will underpin our interactions with our diverse stakeholders.



In early 2020, as part of the Government's decentralisation agenda, we expanded our operations to Launceston and Darwin, adding to our existing locations in Canberra, Melbourne, Sydney, Newcastle, Brisbane, Adelaide and Perth. Expanding into Tasmania and the Northern Territory has enabled us to increase our national footprint. This will enhance our service delivery and allow us to be more responsive to our stakeholders' needs and expectations.

## The year in review

Like other government agencies, Comcare's operations have been impacted this year by the COVID-19 pandemic. The major impacts so far have been the rapid transitioning of the majority of our workforce to flexible working arrangements, and the shift in many aspects of our service delivery from face-to-face to virtual channels.

We are finalising a new internal Flexible Working Policy to harness the gains in productivity and balance our employees have recognised from implementing home-based working arrangements, while ensuring that any ongoing arrangements also work for Comcare. Early indications are that our approach of exercising 'flexibility with responsibility' is proving successful.

Since the pandemic surfaced, we have worked closely with Safe Work Australia to develop and disseminate nationally consistent work health and safety guidance. We have published a range of resources to help workers and employers manage risks. In particular, we are paying close attention to the mental health of workers either directly or indirectly affected by the pandemic, including our own employees.

We have fast-tracked the rollout of an expanded NewAccess workplaces pilot program that we have developed in partnership with Beyond Blue. Over the next two years, the expanded pilot will provide access to up to 120,000 Commonwealth employees to this low intensity cognitive behaviour therapy coaching service. The program will be independently evaluated and will build on the evidence base around mental health prevention and early intervention.

When the bushfires were impacting communities around Australia earlier in the financial year, we helped to promote and enable safe and healthy work by providing advice to employers, for example on monitoring air quality in the workplace.

We have been innovative and proactive in meeting our regulatory obligations this year, particularly since the start of the pandemic. Our Regulatory Operations group has diligently followed up on concerns and notifications received from across the jurisdiction.

In May, our Scheme Policy and Design area held our first virtual Comcare Claims Managers Forum, bringing together claims managers from across our scheme. Ninety-five per cent of participants said the forum would help them perform better in their roles. The success of the forum has laid the groundwork for future innovations in how we deliver important material in an engaging way.

With face-to-face training suspended during the pandemic, we have stepped forward with deployment of our new online learning management system, Comcare LMS. This has allowed us to pivot our proactive engagement from physical forums to delivering our training via virtual channels like webinars.

Although many of our Claims Management employees moved to home-based work, there has been no interruption to our claims operations, and we have continued to support clients and stakeholders throughout the pandemic.

Despite the uncertainty around economic conditions and the potential for this to further deteriorate, our funding ratio is forecast to be 128 per cent in 2020–21, which remains within our acceptable range and indicates the insured scheme remains fully funded.

In March 2020, we delivered our new website, which now has a brand-new look and navigation designed to streamline how users find, access and engage with our content. The content has also been completely rewritten in plain English and is now user-friendly and easy to understand.

We have streamlined the process for assessing applications from workplace rehabilitation providers (WRPs) to operate in our scheme. We have approved 70 WRPs under the new process. This has ensured that we continue to maintain a pool of experienced WRPs that provide national coverage while also achieving a red tape reduction for this group of more than half a million dollars.

Our new *Litigation Strategy 2020–2023* has been developed and implemented with the aim of resolving disputes promptly and with integrity.

Results from the 2020 Employer Survey show that our five new strategic priorities resonated well with employers. Our general engagement with employers has also improved. Notwithstanding the positive results, we continue to engage closely with our stakeholders as part of our continuous quality improvement approach.



## Looking ahead

We are continuously striving to improve our core functions such as prevention, compliance, early intervention, and recovery and return to work in a complex operating environment of workplace transformation, technological change and psychosocial health issues.

As mentioned earlier, we have revised our purpose to *Promote and enable safe and healthy work*, and this flows to revised strategic priorities to ensure ongoing excellence and leadership as a national work health and safety regulator and workers' compensation authority.

Our five new strategic priorities of *Excellence in service provision, Engagement with our stakeholders, Prevention and early intervention across our scheme, Insight driven and risk and evidence-based practice, and Being adaptable in the face of change* are reflected in our *Corporate Plan 2020–2021*, in Group business plans, individual Performance Development Plans and have also been incorporated into new performance measures that we have developed.

The new performance measures and targets focus on impact and ensure there is a clear methodology and identified data sources to enable us to measure our performance accurately. The changes will ensure that the results we monitor are specific enough to allow for a meaningful discussion of performance in our annual performance statements and annual reports.

Comcare acknowledges the traditional owners and custodians of country throughout Australia and acknowledges their continuing connection to land, sea and community. We pay our respects to the people, the cultures and the elders past, present and emerging.





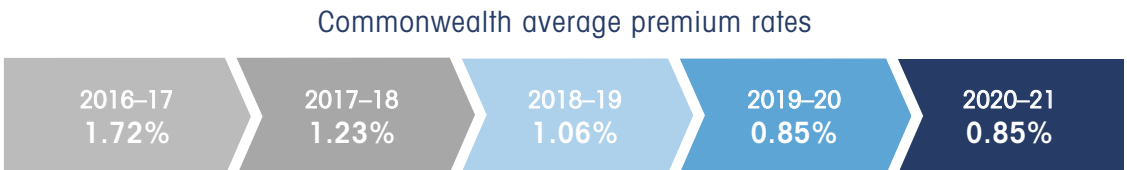
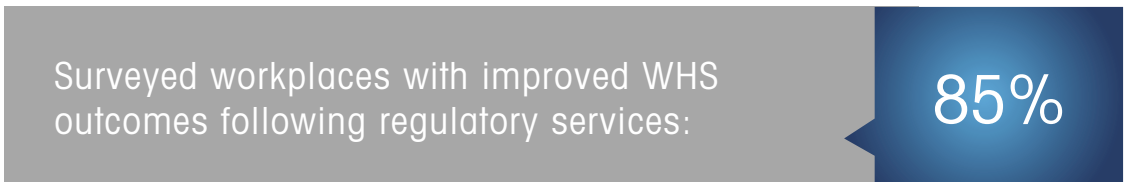
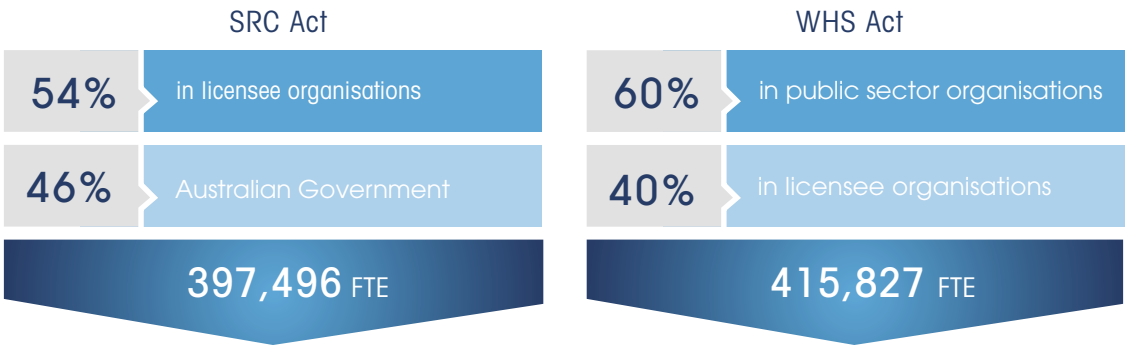


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# PERFORMANCE HIGHLIGHTS



Comcare Research Plan towards 2022 initiatives progressed under five themes:



Further details on current research projects are available on our website:  
<https://www.comcare.gov.au/safe-healthy-work/research-evidence/research-plan>.





No: \_\_\_\_\_  
Date: \_\_\_\_\_

**WORK  
FROM  
HOME**



# ABOUT COMCARE

## Our purposes

During 2019–20 Comcare worked to five purposes and strategic priorities, and our outcome of: **supporting participation and productivity through healthy and safe workplaces that minimise the impact of harm.**

We delivered a national work health and safety, and workers’ compensation scheme as per our functions specified in the *Work Health and Safety Act 2011* (WHS Act) and the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act). We also managed claims in relation to the *Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005* (ARC Act) and the Parliamentary Injury Compensation Scheme (PICS) which was established under the *Parliamentary Entitlements Act 1990*.

Figure 1: Comcare’s purposes and strategic priorities



Our focus was on driving innovation to deliver better practice in:

- > promoting healthy and safe workplaces
- > reducing illness and injury in workplaces
- > supporting work participation through improving recovery at and return to work
- > reducing premiums and workers' compensation liabilities
- > sharing what works nationally.

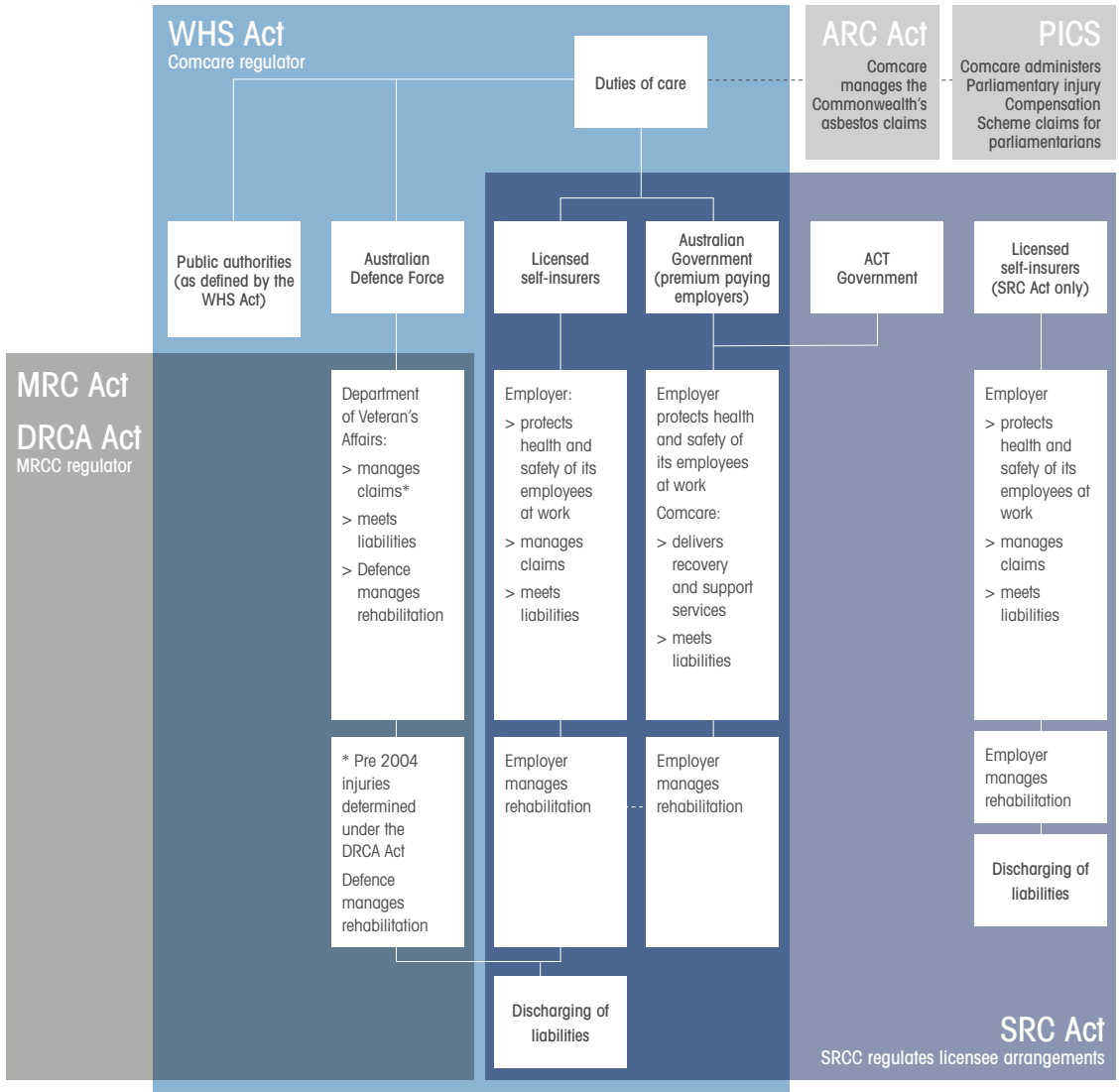
Using our partnerships, research and initiatives we provided expert advice and services to a wide variety of stakeholders including the Safety, Rehabilitation and Compensation Commission and the Seafarers Safety, Rehabilitation and Compensation Authority.

## Our governing legislation

The *Safety, Rehabilitation and Compensation Act 1988* (SRC Act) establishes Comcare and sets out its functions and powers. The SRC Act also establishes the Safety Rehabilitation and Compensation Commission (SRCC) which has powers in relation to the management of self-insured licensees operating under the SRC Act. Comcare provides secretarial and other assistance to the SRCC in the performance of its functions. Comcare has functions and responsibilities under both the SRC Act and the *Work Health and Safety Act 2011* (WHS Act), which include regulatory functions and powers for compliance and enforcement.

Comcare manages the Commonwealth asbestos claims under the *Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005* (ARC Act). We also administer compensation claims for members of parliament and the Prime Minister's spouse under the Parliamentary Injury Compensation Scheme (PICS) which was established under the *Parliamentary Entitlements Act 1990*.

Figure 2: Responsibilities under the Commonwealth legislation



at 30 June 2020

WHS Act – Scheme coverage

SRC Act – Scheme coverage

MRC Act – *Military Rehabilitation and Compensation Act 2004*

MRCC – Military Rehabilitation and Compensation Commission

DRCA – *Safety, Rehabilitation and Compensation (Defence-Related) Act 1988*



## Our roles and responsibilities

The SRC Act establishes a national workers' compensation scheme (the Comcare scheme) that applies to certain employees and employers in both the public and private sectors around the country.

Comcare is the national work health and safety regulator under the WHS Act. Comcare has regulatory functions and powers in relation to workplace rehabilitation under the SRC Act.

The Comcare scheme supports participation and productivity through healthy and safe workplaces by:

- > designing and delivering initiatives informed by research to prevent harm, promote work health and safety and improve rehabilitation outcomes
- > working in partnership with employers and their employees to prevent workplace injuries
- > appropriately using regulatory sanctions for any demonstrable failure of the employer's duty of care
- > empowering employers to support their employees with a workplace injury to safely recover at and return to work
- > providing those employees with a workplace injury with a statutory package of economic and non-economic benefits.

### Insurer role

Comcare is the claims and liability manager for premium paying employers (Commonwealth departments and agencies, including the delegated claims management arrangements) in the workers' compensation scheme.

This role includes the management of claims, setting and collecting of premiums for the premium paying scheme, including premiums specific to each agency. In Comcare's role as an insurer and fund manager, it has the power under the SRC Act to apply premiums to meet Comcare's liability and claims administration costs in order to maintain a financially viable scheme.

### Regulator role

Comcare is the national work health and safety regulator. This role also has some functions and powers in relation to workplace rehabilitation. Our compliance and enforcement activities are based on finding the right balance between:

- > fulfilling our responsibilities as a regulatory agency, being firm but fair
- > making full use of intelligence and data so that our activities are based on analysis of risk
- > enabling regulated entities to take responsibility for their own compliance, aiming to increase their levels of capability and commitment
- > being aware of the financial and other burdens that regulatory activities impose on regulated entities' operations.

Specific compliance and enforcement activities range across a spectrum from proactively providing information and advice, making authorisation and approval decisions and monitoring the extent of compliance in the jurisdiction, to investigating contraventions. We weigh up many factors depending on the circumstances of each particular case to arrive at the most appropriate response for each situation.

### **Scheme manager role**

Comcare manages the Comcare scheme which covers premium paying employers and self-insured licensees. As the scheme manager we develop, monitor and maintain legislation, policy and guidance that:

- > sets clear expectations of roles and obligations
- > promotes better practice for national schemes
- > creates effective early intervention and return to work practices and outcomes.

As scheme manager we provide quality assurance of 'whole-of-scheme' data, identifying trends to ensure we achieve sustainable and better practice national schemes. We also provide oversight advice to the Minister on the operation and effectiveness of the SRC Act.

We manage and monitor self insured licensees and outsourced claims management providers (used by the licensees). This includes the setting of annual cost-recovered licence fees and regulatory contributions under the SRC Act and the WHS Act.

We provide support through expert advice and services to the Safety, Rehabilitation and Compensation Commission (SRCC) and the Seafarers Safety, Rehabilitation and Compensation Authority (Seacare Authority).

### **The Seafarers Safety, Rehabilitation and Compensation Authority**

The Seacare Authority is responsible for overseeing the Seacare scheme. The Seacare scheme is a national scheme of occupational health and safety (OH&S)<sup>1</sup>, and rehabilitation and workers' compensation arrangements which applies to defined seafaring employees.

The Seacare Authority is not a body corporate and does not employ its own staff. Under section 72A of the SRC Act, Comcare must provide the Seacare Authority with secretariat support and other assistance for the proper performance of its functions or exercise of its powers.

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<sup>1</sup> In accordance with the *Occupational Health and Safety (Maritime Industry) Act 1993*

On behalf of the Seacare Authority, Comcare:

- > provides secretariat, policy and strategic support to the Seacare Authority, and assistance in implementing its decisions
- > administers Seacare scheme legislation and monitors the operation of such legislation
- > manages the annual appropriation for supporting the Seacare function
- > monitors and reports on Seacare scheme performance
- > prepares an annual report to the Parliament
- > reports to the Minister
- > liaises and communicates with Seacare scheme stakeholders
- > promotes the objectives of the Seacare scheme, particularly the reduction of the human and financial costs of workplace injury in the Australian maritime industry.

## The Safety, Rehabilitation and Compensation Commission

The SRCC administers functions under the SRC Act and WHS Act, other than those functions attributed to Comcare.

For more information on its role and functions refer to Part Two of this report – The Safety, Rehabilitation and Compensation Commission Annual Report 2019–20. The SRCC annual report is supplied in accordance with section 89S of the SRC Act.

## Who we cover

The Comcare scheme is diverse, covering a broad range of occupations and industries including government services, defence, law enforcement, transport, logistics, financial, banking services, manufacturing, construction, telecommunications, higher education and postal services.

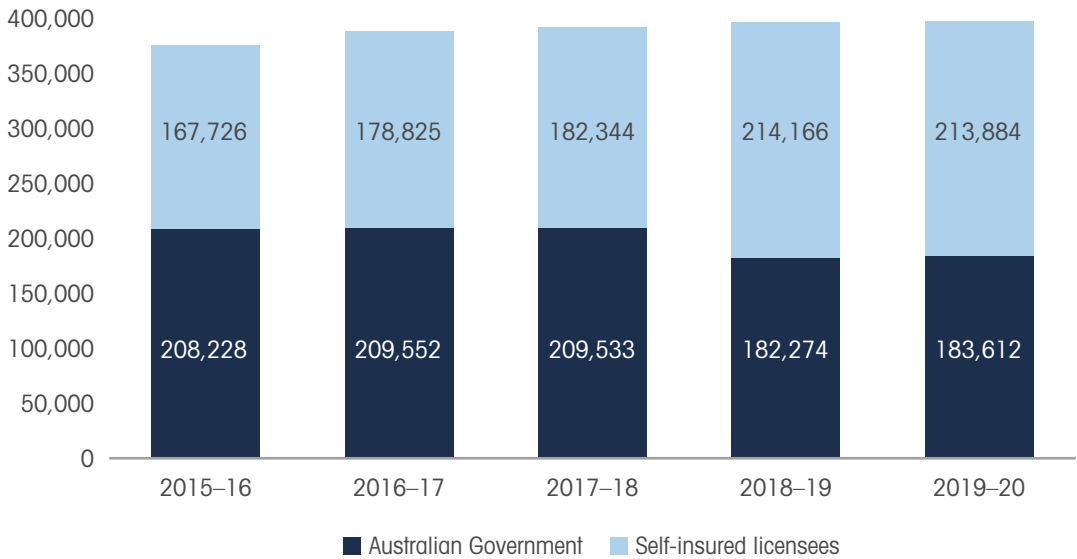
During the year our programs and services were used by:

- > Australian Government agencies, authorities and their employees
- > national companies and the ACT Government licenced by the SRCC and their employees
- > members of the Australian Defence Force including reservists and cadets<sup>2</sup>
- > individuals making claims against the Commonwealth for asbestos-related conditions.

At 30 June 2020 Comcare's scheme comprised of 397,496 full-time equivalent (FTE) employees covered under the SRC Act, and 415,827 FTE under the WHS Act. Figures 3 and 4 represent the five-year trend of Comcare's scheme responsibility and correlate with Figure 2.

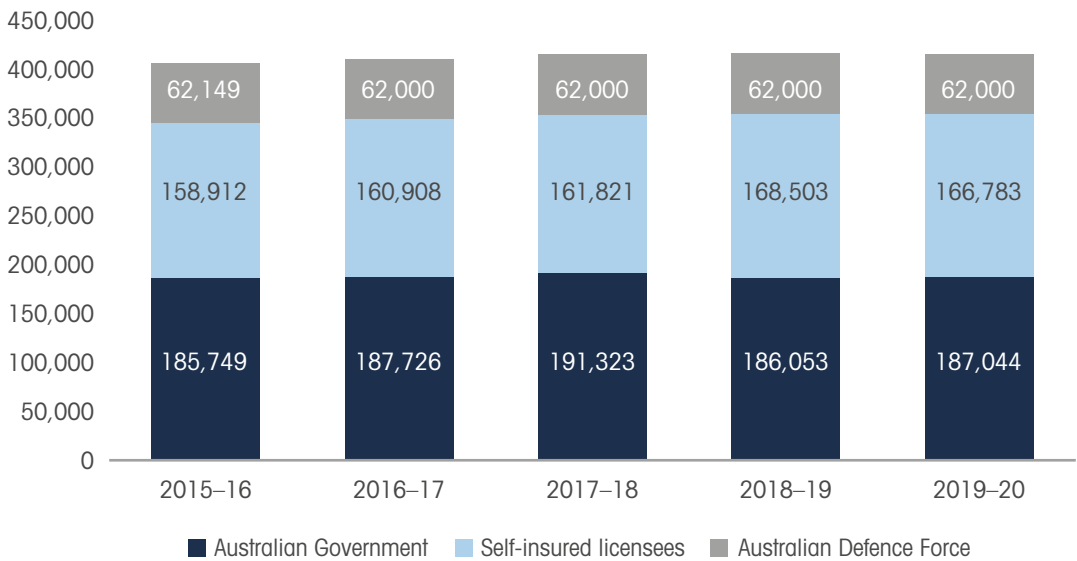
<sup>2</sup> Covered under the WHS Act but not the SRC Act

Figure 3: Comcare scheme coverage under the SRC Act



Note: Australian National University (1 July 2018) and ACT Government (1 March 2019) became self-insured licensees in 2018-19. The FTE for these two employers is counted against the self-insured licensee sector for 2018-19.

Figure 4: Scheme coverage – WHS Act



## Our scheme's performance

The overall scheme premium rate is decreasing, with a significant contributing factor being the reductions in the incidence of claims received and accepted and serious claims.

Table 1 shows Scheme incidence rate trends from 2015–16 and 2019–20:

- > Claims received – 11 per cent decrease
- > Claims accepted – 11 per cent decrease
- > Serious claims – 5 per cent increase
- > Scheme compensable deaths – lowest point in last 5 years

Table 1: Comcare scheme workers' compensation data

	Under the SRC Act	Incidence of claims received*	Incidence of accepted claims*	Incidence of serious claims* <sup>1</sup>	Total number of compensable deaths
2015–16	Premium paying employers	12.7	8.7	5.3	10
	Self-insured licensees	20.6	15.8	7.1	5
	<b>Scheme total</b>	<b>16.8</b>	<b>12.4</b>	<b>6.2</b>	<b>15</b>
2016–17	Premium paying employers	11.3	7.2	4.2	18
	Self-insured licensees	20.1	15.6	7.2	8
	<b>Scheme total</b>	<b>16.0</b>	<b>11.7</b>	<b>5.8</b>	<b>26</b>
2017–18	Premium paying employers	11.1	6.5	3.7	9
	Self-insured licensees	19.0	15.0	7.2	9
	<b>Scheme total</b>	<b>15.3</b>	<b>11.0</b>	<b>5.6</b>	<b>18</b>
2018–19	Premium paying employers	9.5	5.7	3.6	13
	Self-insured licensees	19.2	14.9	8.2	1
	<b>Scheme total</b>	<b>14.7</b>	<b>10.7</b>	<b>6.1</b>	<b>14</b>
2019–20	Premium paying employers	8.7	5.2	3.6	3
	Self-insured licensees	20.5	16.0	8.9	2
	<b>Scheme total</b>	<b>15.0</b>	<b>11.0</b>	<b>6.5</b>	<b>5</b>

Data extracted on 15 July 2020

<sup>1</sup> Serious claims are those claims that reach one week or more of time lost during the reporting period

\*All incidence rates are per 1000 FTE employees

Note: Australian National University (1 July 2018) and ACT Government (1 March 2019) became self-insured licensees in 2018–19. Claims data for these employers are recorded against the self-insured licensees sector for all financial years in the above table.

## Return to work

Improving return to work outcomes remains a key focus. Comcare is working to enhance our partnerships with employers, and we are expanding and evaluating pilots and other proactive initiatives that aim to ensure there are strong processes in place to support workers' timely, safe and durable return to work across the scheme. During 2019–20 this included the development of the revised Guidelines for Rehabilitation Authorities. These guidelines require employers to effectively manage rehabilitation, to consult with key stakeholders, ensure appropriately skilled and capable case managers and monitor workplace rehabilitation provider services.

We publish a suite of guidance material and deliver face-to-face and digital training for stakeholders on effective rehabilitation and return to work practices. Our guidance and training is evidence-based and focuses on what makes a difference. For employers the message is clear: act early, support the employee and develop a positive workplace culture.

## Reconsiderations and appeals

An employee or employer who is dissatisfied with a decision made under the SRC Act may ask for that decision to be reviewed through a reconsideration request. The decision is reviewed by an officer not involved in the original decision.

If an employee or employer is dissatisfied with the reconsideration outcome, they may apply to the Administrative Appeals Tribunal (AAT) requesting an independent review.

Table 2: Claim dispute rates

	Under the SRC Act	Number of reconsideration requests received	Reconsideration affirmation rate <sup>1</sup> (per cent)	Number of applications to the AAT	AAT affirmation rate <sup>2</sup> (per cent)
2015–16	Premium paying employers	1,562	83	624	50
	Self-insured licensees	1,609	81	795	77
	<b>Scheme total</b>	<b>3,171</b>	<b>82</b>	<b>1,419</b>	<b>67</b>
2016–17	Premium paying employers	1,824	81	803	57
	Self-insured licensees	1,344	83	755	72
	<b>Scheme total</b>	<b>3,168</b>	<b>82</b>	<b>1,558</b>	<b>66</b>
2017–18	Premium paying employers	1,565	88	840	69
	Self-insured licensees	1,167	83	543	74
	<b>Scheme total</b>	<b>2,732</b>	<b>86</b>	<b>1,383</b>	<b>72</b>
2018–19	Premium paying employers	1,267	84	656	64
	Self-insured licensees	1,107	85	464	66
	<b>Scheme total</b>	<b>2,374</b>	<b>84</b>	<b>1,120</b>	<b>65</b>
2019–20	Premium paying employers	942	80	396	53
	Self-insured licensees	1,313	86	654	72
	<b>Scheme total</b>	<b>2,255</b>	<b>84</b>	<b>1,050</b>	<b>60</b>

Data extracted on 15 July 2020

1 Reconsideration affirmation rate is the percentage of reviewable decisions that affirmed the original determination with a decision in the reporting period. Excludes initiated by own motion and withdrawn.

2 AAT affirmation rate is the percentage of AAT decisions that affirmed the reviewable decision. Note that applications withdrawn by the applicant or that have been dismissed are considered to have been affirmed. Excludes initiated by own motion.

Note: Australian National University (1 July 2018) and ACT Government (1 March 2019) became self-insured licensees in 2018–19. Claims data for these employers are recorded against the self-insured licensees sector for all financial years in the above table.

## Workplace incidents

The WHS Act defines certain events as notifiable. This requires persons conducting a business or undertaking (PCBUs) to notify Comcare of incidents that result in the death, serious injury or illness of a person, or are dangerous.

Table 3: Notifiable work health and safety incidents – as the national regulator

	WHS jurisdiction	Serious injury or illness	Dangerous incidents	Notifiable worker fatalities
2015–16	Australian Government	195	391	5
	Self-insured licensees	148	270	6
	Australian Defence Force	180	191	3
	<b>WHS jurisdiction total</b>	<b>523</b>	<b>852</b>	<b>14</b>
2016–17	Australian Government	195	395	5
	Self-insured licensees	164	234	5
	Australian Defence Force	180	152	5
	<b>WHS jurisdiction total</b>	<b>539</b>	<b>781</b>	<b>15</b>
2017–18	Australian Government	170	458	7
	Self-insured licensees	168	229	7
	Australian Defence Force	154	174	0
	<b>WHS jurisdiction total</b>	<b>492</b>	<b>861</b>	<b>14</b>
2018–19	Australian Government	223	393	4
	Self-insured licensees	183	268	5
	Australian Defence Force	140	129	2
	<b>WHS jurisdiction total</b>	<b>546</b>	<b>790</b>	<b>11</b>
2019–20	Australian Government	215	401	4
	Self-insured licensees	186	259	4
	Australian Defence Force	126	134	1
	<b>WHS jurisdiction total</b>	<b>527</b>	<b>794</b>	<b>9</b>

1. Serious Injury or Illness and Dangerous Incident data extracted on 2 September 2020

2. Notifiable Worker Fatalities data extracted on 15 September 2020

3. Not all self-insured licensees within Comcare's scheme are covered by the WHS Act



## Comcare's Executive team



Names clockwise from left: Susan Weston, Vanessa Graham, Natalie Bekis, Aaron Hughes, Matthew Swainson, Michael Duke, Justin Napier

### Susan Weston PSM – Chief Executive Officer

Susan Weston PSM was appointed Chief Executive Officer and accountable authority of Comcare in April 2019.

Before joining Comcare Sue was a Deputy Secretary at the Department of Industry, Innovation and Science, working across many areas and providing policy advice and support to portfolio Ministers. Most recently this included working with the portfolio's science groups and the Corporate Division. Sue has held the role of Head of the Office of Small Business and has had an extensive career in the Australian Taxation Office covering a broad range of areas including tax objections and appeals and business education and training in implementing the Goods and Services Tax and Pay As You Go reforms.

Sue holds a Bachelor of Science degree, a post graduate diploma in accounting, is a Graduate of the Australian Institute of Company Directors, a Fellow of CPA Australia and a Chartered Accountant.

### **Aaron Hughes – General Manager Claims Management Group (Deputy Chief Executive Officer)**

Aaron Hughes joined Comcare on 24 February 2014. In July 2019 he took on leadership of Comcare's claims management functions moving from previous roles in Scheme Management. Aaron leads the group responsible for workers' compensation claims management across Australian Public Service (APS) agencies, Commonwealth asbestos liability claims, and the management of third-party claims service providers.

Prior to joining Comcare, Aaron has held a variety of senior executive roles across a number of Australian Government portfolios including agriculture and the environment. Aaron is a qualified lawyer with experience across corporate governance, finance, procurement, policy and program management roles.

Aaron holds a Master of Business Administration, Bachelor of Laws and Bachelor of Creative Arts. Aaron is a Graduate of the Australian Institute of Company Directors.

### **Vanessa Graham – Chief Operating Officer Corporate Group**

Vanessa joined Comcare on 5 August 2019 as General Manager, Corporate Management Group. In February 2020, the Group name was changed to Corporate Group and her title was changed to Chief Operating Officer.

Prior to joining Comcare, Vanessa was the Chief Finance and Human Resources Officer at Geoscience Australia for three years. She has over 20 years' experience in the APS as an executive leading corporate operations and finance functions across a number of agencies, including the Department of Finance, the Department of Employment and Workplace Relations, and the Department of Industry, Science and Resources. She also worked for two years at the UK Border Agency and Home Office. She is a qualified accountant with experience across human resources, legal, communications, finance, procurement, facilities and security management, technology and information management, governance and risk.

Vanessa holds a Bachelor of Commerce, majoring in accounting, from Griffith University and is a Fellow of CPA Australia.

### **Natalie Bekis – General Manager Strategic Partnerships and Engagement Group**

Natalie Bekis joined Comcare on 29 May 2017. With over a decade of experience working across various state and national personal injury compensation systems, including with one of Australia's largest self-insured employers and more recently within the e-Health sector, she has led the design and implementation of a range of strategic projects and policy changes to improve the health and recovery outcomes for injured employees nationally.

Natalie's experience across clinical, operational and executive roles has enabled her to build deep insights and a broad network of relationships and partnerships across government, industry and medical associations within the health and disability sectors. This experience is further underpinned by a Bachelor of Nursing, a Master of Business Management and she is a graduate of the Australian Institute of Company Directors.

### **Matthew Swainson – General Manager Legal Group**

Matthew Swainson joined Comcare on 15 June 2015 as the Chief Legal Officer, Scheme Management and Regulation Legal. In October 2018, Matthew was appointed General Manager of Comcare's newly established Legal Group and has successfully centralised Comcare's diverse legal services to create a cohesive Legal Group that is committed to providing consistent legal services and assurances that legal risk in Comcare's operations is effectively managed.

Matthew holds a Bachelor of Law (Honours), a Bachelor of Arts and is admitted to practice law in Australia, New Zealand and the Solomon Islands. He has a broad range of legal experience in the public sector, private sector and international aid consulting.

### **Michael Duke – General Manager Scheme Management Group**

Michael joined Comcare on 13 June 2016, commenced acting in the role of General Manager Scheme Management Group from 14 August 2019, and was permanently appointed to the role with effect from 17 September 2020. Michael leads a range of functions covering workers compensation policy design and guidance, rehabilitation, provider management, self-insurance, premium setting, data analysis and secretariat support for both the Safety Rehabilitation and Compensation Commission and the Seacare Authority.

Prior to joining Comcare Michael worked as Director at the Fair Work Ombudsman with a particular focus on leading data analysis and reporting functions. Michael has a broad range of public sector experience with 20 plus years' experience in the APS.

Michael holds a Graduate Diploma in Employee Relations and Human Resource Management and a Bachelor of Arts both from the University of Melbourne.

## Justin Napier – General Manager Regulatory Operations Group

Justin Napier joined Comcare on 1 June 2015. He has oversight of Comcare’s inspectorate function, regulatory policy, WHS and rehabilitation audits, WHS authorisations, regulatory intelligence and regulatory education and stakeholder engagement.

Prior to joining Comcare, Justin was General Manager Corporate and Operations at the Australian Skills Quality Authority (ASQA) and an Executive member of the Establishment Taskforce responsible for implementation of the Fair Work Act, including the establishment of Fair Work Australia and the Fair Work Ombudsman.

Justin holds a Graduate Diploma in Business and Administration from the Latrobe Graduate School of Management and a Bachelor of Arts from Deakin University.

## Changes in our Executive team during 2019–20

The tables below provide details of changes to Comcare’s Executive team during 2019–20.

Table 4: Acting Executive team members during 2019–20

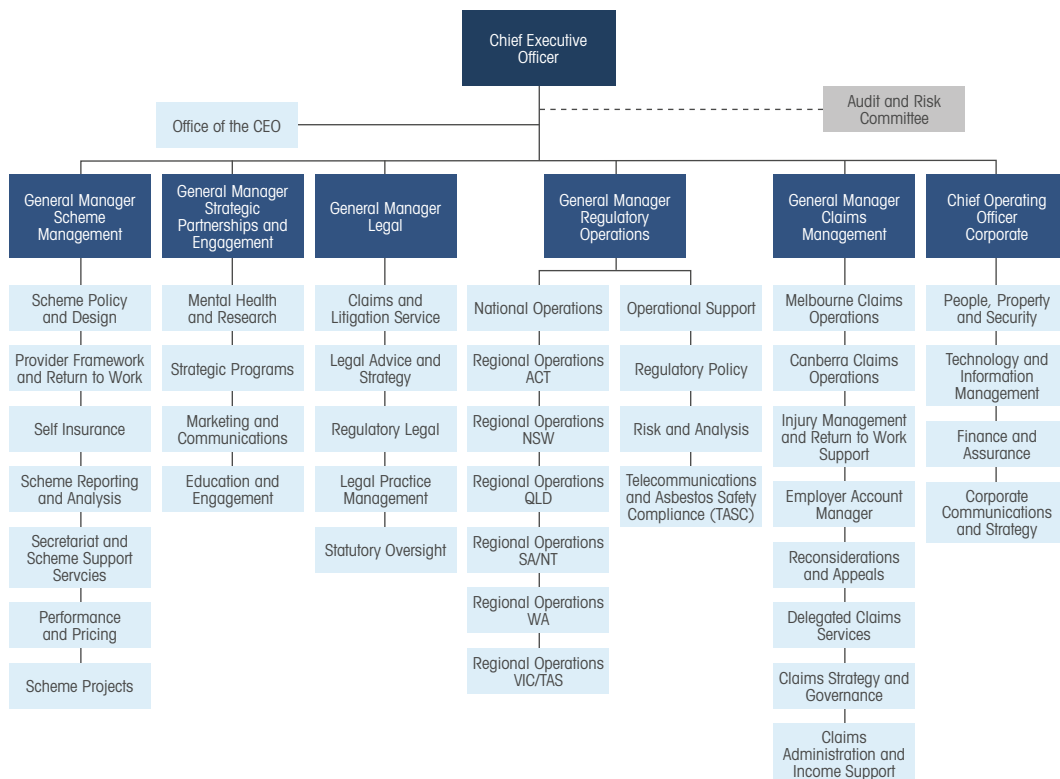
Role	Name	Dates
Chief Executive Officer	Aaron Hughes	2 to 19 January 2020
General Manager, Claims Management Group	Mark Harper	3 to 28 July 2019
Chief Operating Officer, Corporate Group	Lyndall Moore	1 to 26 July 2019
	Seyhan Aka	18 to 30 October 2019
	Yvette Adeney	3 to 5 June 2020
General Manager, Legal Group	Elizabeth Bell	4 to 11 October 2019
	Chloe Eaton	16 to 24 December 2019
General Manager, Regulatory Operations Group	Anthony Blucher	16 to 27 September 2019 20 to 31 January 2020
General Manager, Scheme Management Group	Michael Duke	1 to 7 July 2019 14 August 2019 to 16 September 2020
General Manager, Strategic Partnerships and Engagement Group	Thea Robotis	23 December 2019 to 15 January 2020

Table 5: Departed Comcare Executive team members during 2019–20

Role	Name	Dates
General Manager Claims Management Group	Kim Ward	12 November 2018 to 15 July 2019

## Our organisational structure

Figure 5: Comcare’s organisational chart as at 30 June 2020



## Comcare's office locations

Figure 6: Comcare's office locations



### National office

- 1 Canberra office**  
Level 4, 121 Marcus  
Clarke Street  
Canberra ACT 2600

### Regional offices

- 2 Sydney office**  
Level 30,  
Sydney Central Building  
477 Pitt Street  
Sydney NSW 2000
- 3 Newcastle office**  
Suite 1,  
47 Bolton Street  
Newcastle NSW 2300
- 4 Melbourne office**  
Level 6,  
535 Bourke Street  
Melbourne VIC 3000
- 5 Adelaide office**  
Level 6,  
26 Flinders Street  
Adelaide SA 5000
- 6 Brisbane office**  
Level 13,  
410 Queen Street  
Brisbane QLD 4000
- 7 Perth office**  
Level 3,  
233 Adelaide Terrace  
Perth WA 6000
- 8 Darwin office**  
Level 9 ,  
39–41 Woods Street  
Darwin NT 0800
- 9 Launceston office**  
Suite 12,  
87-91 Brisbane Street  
Launceston TAS 7250

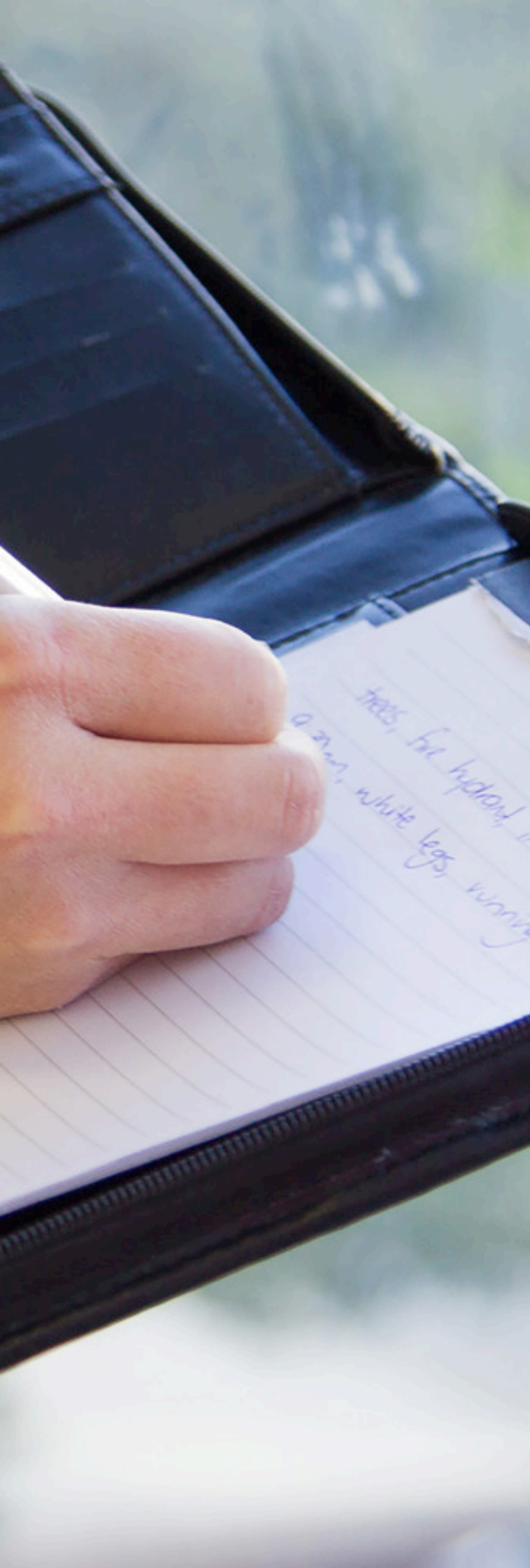










A close-up photograph of a person's hand holding a pen over an open notebook. The notebook has lined pages and some handwritten text in blue ink, including the words "trees, but highest, widest" and "a small, white legs, running". The background is blurred, showing what appears to be a window with a view of greenery.

## CHAPTER TWO: ANNUAL PERFORMANCE STATEMENTS 2019–20

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# OVERVIEW

## Introductory statement

I, Susan Weston, as the Chief Executive Officer and sole director of Comcare, present the 2019–20 annual performance statements of Comcare, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of Comcare and comply with subsection 39(2) of the PGPA Act.



Susan Weston

## Our performance

Comcare’s efforts are geared to achieve our strategic outcome – *support participation and productivity through healthy and safe workplaces that minimise the impact of harm.*

The performance results in this chapter convey how Comcare measures our success against our five strategic priorities and purposes. We are committed to improving our performance and set ambitious targets to achieve our outcome. An overview of our 2019–20 Corporate Plan results is provided in the table below. We have achieved 18 of the 28 performance targets that we set for the year. Results for three targets were not available due to delays in the conduct of external surveys due to the pandemic. Further details are provided in the following sections, including actions taken to address the seven performance measures where we did not achieve the targets set.

# 2019–20 CORPORATE PLAN RESULTS SUMMARY

Table 6: 2019–20 Corporate Plan results summary

Performance criterion	Target	Result	Status
<b>Driving innovation and better practice<sup>1</sup></b> – Collaborating in the design and delivery of research, education and innovative initiatives to enhance scheme outcomes			
1.1 Design and deliver innovative and prevention-focused programs and services for the scheme	Six active innovative and/or prevention-focused initiatives delivered	Eight active innovative and prevention-focused initiatives were delivered	Achieved
1.2 Build, deliver and evaluate contemporary education and engagement services for the scheme	Work towards 80 per cent or more of end users who participate in Comcare’s education and engagement services are satisfied	98 per cent	Achieved
1.3 Demonstrated national cross-sector collaboration	Five active cross-sector initiatives co-designed and established	Three of the five initiatives completed	Partly achieved, progressing during 2020–21
1.4 Comcare undertakes strategic research to inform better practice across the scheme	All research undertaken by Comcare aligns with stakeholder needs	Comcare Research Plan 2018–2022 initiatives progressed under five themes: <ol style="list-style-type: none"> <li>1. Enabling healthy and safe workplaces</li> <li>2. Enhancing employer capability</li> <li>3. Guiding and supporting mental health and wellbeing</li> <li>4. Fostering work participation and recovery</li> <li>5. Adapting to the future of work</li> </ol>	Achieved

<sup>1</sup> Portfolio Budget Statements (PBS) component – Supports and contributes to the outcomes of all components

Performance criterion	Target	Result	Status
<b>Leading workers' compensation insurer<sup>2</sup> – Working with employees and employers to minimise the impact of harm in workplaces, supporting optimal recovery and return to work, and delivering a sustainable scheme</b>			
2.1 Increased proportion of employees who have returned to work, measured by duration on incapacity benefits			
> 4 weeks	70 per cent	36 per cent	Not achieved
> 13 weeks	76 per cent	59 per cent	Not achieved
> 26 weeks	84 per cent	73 per cent	Not achieved
> 52 weeks	86 per cent	86 per cent	Achieved
> 78 weeks	92 per cent	89 per cent	Not achieved
2.2 Sustained high levels of satisfaction and engagement with services offered	Stakeholder satisfaction rating of 85 per cent or more	76 per cent	Not achieved
2.3 Claims administration cost as a ratio of all <sup>3</sup> claims expenses is 17 per cent or lower for each injury year	Administration cost ratio is 17 per cent or lower	19.7 per cent	Not achieved
2.4 The annual average Commonwealth premium rate is set to ensure the workers' compensation scheme remains financially sustainable	Average Commonwealth premium rate = 1 per cent of payroll	0.85 per cent (excluding GST)	Achieved
2.5 The scheme financial sustainability is ensured by reducing workers' compensation liabilities	Scheme liability is \$1.71 billion or less (at 30 June 2020)	\$1.708 billion (premium funded liability for the insured scheme)	Achieved
2.6 The insured workers' compensation scheme continues to be fully funded	100–125 per cent	128 per cent	Achieved

2 PBS components – 1.4 Premium claims, 1.5 Pre-premium claims, 1.6 Asbestos claims

3 Includes pre-premium claims

Performance criterion	Target	Result	Status
2.7 Asbestos claims <sup>4</sup>			
2.7.1 Timeliness of claims resolution (i.e. percentage of primary asbestos claims resolved within 180 calendar days)	80 per cent	57 per cent	Not achieved
2.7.2 Third party recovery rate (i.e. percentage of the value of asbestos claims settlements recovered from third parties)	10 per cent	27 per cent	Achieved
<b>Effective national regulator<sup>5</sup> – Increasing duty holders' levels of compliance and commitment to best practice through regulatory oversight of work health and safety and workplace rehabilitation</b>			
3.1 A refined proactive regulatory approach and increase targeted proactive activities over time	Refine targeted proactive regulatory approach and establish a baseline of activity levels	The Provide information and advice business process has been updated to include greater clarity around the proactive and reactive activities	Achieved
3.2 Regulatory priorities identified to deliver targeted regulatory activities	Deliver and evaluate at least one programme against identified regulatory priorities	Work was postponed due to risks and restrictions as a result of the pandemic	Not achieved
3.3 Regulated entities report that our regulatory approach improves WHS outcomes	85 per cent or more evaluated entities report improved WHS outcomes as a result of Comcare's regulatory activities	85 per cent	Achieved
3.4 Regulatory activities delivered within statutory timeframes (where applicable)	100 per cent of WHS activities are delivered within statutory timeframes	100 per cent	Achieved

4 PBS only performance criteria

5 PBS component – 1.1 Work health, safety and rehabilitation regulation

Performance criterion	Target	Result	Status
<b>Excellence in scheme design and management<sup>6</sup> – Excellence in scheme design and management to achieve sustainable and better practice national schemes</b>			
4.1 Sustainable schemes evidenced through outcomes achieved by scheme participants and providers (including financial and return to work outcomes)			
> Return to work rates developed through the existing biennial Return to Work Survey indicating the rehabilitation outcomes achieved	Comcare Scheme return to work rate = 95 per cent	SafeWork Australia led – delayed due to the pandemic	Not available
> Improve the financial sustainability of the scheme measured by notional premium rate	Comcare scheme notional premium rate = 0.94 per cent	0.86 per cent	Achieved
4.2 Schemes identify and adopt better practice as far as possible, measured by benchmarking against better practice  Better practice scheme management assessed through qualitative review	Improvement in better practice scheme management measured against relevant benchmarks	Better practice was improved through: <ul style="list-style-type: none"> <li>&gt; initiatives to advocate and implement change to deliver better practice and consistency across the schemes</li> <li>&gt; holistic employer engagement across Comcare using targeted service offerings including improved accessibility and digitisation</li> <li>&gt; improved scheme-wide analytics and reporting products</li> </ul>	Achieved

6 PBS components – 1.2 Comcare workers' compensation scheme management, 1.3 SRCC and Seacare Authority support

Performance criterion	Target	Result	Status
4.3 Satisfaction with support provided to SRCC and Seacare Authority			
> SRCC satisfaction of support provided by Comcare	Qualitative evaluation using structured services and feedback from the Chair	Service levels for the support Comcare provides to the SRCC were achieved 91 per cent of the time  No actions were required or requested by Commissioners in response to performance measures reported	Achieved
> Seacare Authority satisfaction of support provided by Comcare	Qualitative evaluation using structured services and feedback from the Chair	Service levels for the support Comcare provides to the Seacare Authority were achieved 94 per cent of the time	Achieved
4.4 Assurance over scheme operations under licence, approval or delegation achieved (evidence of compliance and required behaviours and practices)  CEO and SRCC satisfaction with assurance levels	Qualitative evaluation using structured services and feedback from the CEO and Chair	Positive feedback provided on scheme operations	Achieved
<b>Efficient and effective operations<sup>7</sup> – Working collaboratively and innovatively across the organisation providing trusted advice, assurance and robust frameworks, to effectively enable and support the delivery of our outcome</b>			
5.1 Increased satisfaction with corporate services measured through responses to a quarterly survey	85 per cent satisfaction rates	Average of 96 per cent. The Corporate Group Satisfaction Survey was sent to 150 respondents from across Comcare each quarter. Results show that an average of 96 per cent of respondents were “Very satisfied/Satisfied” with the services they received	Achieved

7 PBS component – Supports and contributes to the outcomes of all components



Performance criterion	Target	Result	Status
5.2 Maintain or exceed employee levels of engagement, measured through ratings in the APSC employee census	Comcare employees rate their: a) job engagement at higher than 7.5 b) team engagement at higher than 7.2 c) supervisor engagement at higher than 7.9 d) agency engagement at higher than 6.4 e) collaboration between groups at higher than 45 per cent f) agency innovation at higher than 70 per cent	The 2020 APS Employee Census was delayed to October 2020 as a result of the pandemic	Not available
5.3 Comcare employees have the knowledge and skills to meet operational needs, measured through the APSC employee census results	90 per cent of employees indicate they have the skills and knowledge to undertake their job	The 2020 APS Employee Census was delayed to October 2020 as a result of the pandemic	Not available
5.4 Maintain Comcare's workers compensation premium by improving work health and safety, rehabilitation and recovery at work performance	Comcare's workers' compensation premium is 2.0 per cent or less [Note: premium rate set for 2020–21]	1.77 per cent	Achieved
5.5 Improved management of Comcare's litigation activities and legal risk	Develop litigation strategy and monitoring framework		Achieved
	50 per cent of AAT applications received will be finalised within 12 months of lodgement	41 per cent	Not achieved
	AAT applications open longer than 24 months are no more than 15 per cent of the overall total number of AAT applications	26 per cent	Not achieved

# LINKS BETWEEN THE CORPORATE PLAN AND THE PORTFOLIO BUDGET STATEMENTS COMPONENTS IN 2019–20

Table 7: Links between the Corporate Plan and the Portfolio Budget Statements components in 2019–20

Corporate Plan performance measure	PBS component
<b>Drive innovation and better practice</b>	<b>Supports and contributes to the outcomes of all components</b>
Design and deliver innovative and prevention-focused programs and services for the scheme.	
Build, deliver and evaluate contemporary education and engagement services for the scheme.	
Demonstrated national cross-sector collaboration.	
Comcare undertakes strategic research to inform better practice across the scheme.	<b>1.1 – Work health, safety and rehabilitation regulation</b>
<b>Effective national regulator</b>	
Refine our proactive regulatory approach and increase targeted proactive activities over time.	
Identify regulatory priorities to deliver targeted regulatory activities.	
Regulated entities report that our regulatory approach improves WHS outcomes.	<b>1.4 – Premium claims</b>
Deliver regulatory activities within statutory timeframes (where applicable).	
<b>The leading workers' compensation insurer</b>	<b>1.5 – Pre-premium claims</b>
Increase the proportion of employees who have returned to work, measured by duration on incapacity benefits.	<b>1.6 – Asbestos claims</b>
Deliver appropriate, responsive and relevant services shown in sustained high levels of satisfaction and engagement with services offered.	
Claims administration cost as a ratio of all claims expenses is 17 per cent or lower for each injury year.	
The annual average Commonwealth (Cth) premium rate is set to ensure the workers compensation scheme remains financially sustainable.	
Reduce the workers compensation scheme liability to ensure it remains financially sustainable.	
Ensure the insured workers compensation scheme continues to be fully funded.	

Corporate Plan performance measure	PBS component
<p><b>Excellence in scheme design and management</b></p> <p>Sustainable schemes evidenced through outcomes achieved by scheme participants and providers (including financial and return to work outcomes).</p> <ul style="list-style-type: none"> <li>&gt; Return to work rates developed through the existing biennial <i>Return to Work Survey</i> indicating the rehabilitation outcomes achieved.</li> <li>&gt; Improve the financial sustainability of the scheme measured by notional premium rate.</li> </ul> <hr/> <p>Schemes identify and adopt better practice as far as possible, measured by benchmarking against better practice.</p> <ul style="list-style-type: none"> <li>&gt; Better practice scheme management assessed through qualitative review.</li> </ul> <hr/> <p>Assurance over scheme operations under licence, approval or delegation achieved (evidence of compliance and required behaviours and practices).</p> <ul style="list-style-type: none"> <li>&gt; CEO and SRCC satisfaction with assurance levels.</li> </ul>	<p><b>1.2 – Comcare workers’ compensation scheme management</b></p>
<p>Satisfaction with support provided to SRCC and Seacare.</p> <ul style="list-style-type: none"> <li>&gt; SRCC satisfaction of support provided by Comcare.</li> <li>&gt; Seacare Authority satisfaction of support provided by Comcare.</li> </ul>	<p><b>1.3 – SRCC and Seacare Authority support</b></p>
<p><b>Efficient and effective operations</b></p> <p>Increased satisfaction with corporate services, measured through responses to a quarterly survey.</p> <hr/> <p>Maintain or exceed employee levels of engagement, measured through rating in the <i>APSC employee census</i>.</p> <hr/> <p>Comcare employees have the knowledge and skills to meet operational needs, measured through the <i>APSC employee census</i> results.</p> <hr/> <p>Maintain Comcare’s workers compensation premium by improving work health and safety, rehabilitation and recovery at work performance.</p> <hr/> <p>Improve management of Comcare’s litigation activities and legal risk.</p>	<p><b>Supports and contributes to the outcomes of all components</b></p>

# STRATEGIC PRIORITY: Driving innovation and better practice

**Purpose** – Collaborating in the design and delivery of research, education and innovative initiatives to enhance scheme outcomes

Performance criterion	Target
1.1 Design and deliver innovative and prevention-focused programs and services for the scheme	Six active innovative and/or prevention-focused initiatives delivered

### Result – Achieved

Innovative and prevention-focused initiatives were delivered in 2019–20, including:

1. NewAccess Workplaces Pilot Trial
2. Early Intervention Services pilot
3. Workplace Mental Health Strategy
4. Education – Comcare Learning Management System (LMS)
5. Lead Indicators Mentoring Program
6. The development and dissemination of prevention focused information

Each initiative was underpinned by marketing and communication activities across multiple channels to raise awareness or encourage adoption by our jurisdiction. Further details are provided in the analysis section below.

1.2 Build, deliver and evaluate contemporary education and engagement services for the scheme	Work towards 80 per cent or more of end users who participate in Comcare’s education and engagement services are satisfied in 2020–21
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### Result – Achieved

#### 1. Education services for the scheme

Comcare developed several contemporary education and engagement services for the scheme, including one on psychological health and safety in the workplace in response to demand from the jurisdiction.

Overall, Comcare exceeded the delivery of scheduled training KPI: 94 per cent [80 per cent target] and the training satisfaction measure KPI: 98 per cent [80 per cent of training participants report that the course content met their needs and improved health, safety or rehabilitation outcomes at their workplace].

Through education services, Comcare achieved 100 per cent interaction with all WHS entities.

## 2. Engagement services for the scheme

Numerous events and forums were hosted and facilitated as part of Comcare's engagement services for the scheme, including:

- a) Inter-departmental Forum on Mental Health (IFMH): This bi-annual Senior Executive Service level forum is chaired by Comcare for APS agencies to share research and initiatives on workplace mental health.
- b) Mental Health Community of Practice (MHCoP): The bi-annual event brings together managers, human resources and health and safety practitioners to drive better practice across the Comcare scheme as part of creating mentally healthy workplaces.
- c) Deputy Secretaries' Safety and Compensation Forum (DSSC): The inaugural forum was held in February 2020. The purpose of the DSSC is to achieve best practice in work health and safety (WHS) and workers' compensation management across the Australian Public Service (APS).
- d) Comcare National Work Health Safety Forums: The series brings people together to promote and enable safe and healthy work.
- e) New webinar offering: COVID-19 Navigating a new normal: In response to the pandemic, and in the wake of face-to-face sessions being cancelled, a webinar covering current and emerging issues across our jurisdiction was developed and presented on 30 July 2020: [Navigating a new normal](#)
- f) National Safe Work Month: In October 2019 Comcare held a number of events including a Leadership Forum and promoted educational and prevention focused content as part of Safe Work Australia's annual *National Safe Work Month* with the theme **Be a Safety Champion**.

## 3. Comcare Engagement Strategy and Framework

The *Comcare Engagement Strategy and Framework* has been developed and endorsed to deliver a client and stakeholder centric approach to engagement that is increasingly well coordinated, collaborative and effective.

## 4. The new Comcare website

The new Comcare website was released on 30 March 2020. Beta testing conducted with users indicates the website is much easier to use and navigate, and the content is easier to search and understand.

## 5. COVID-19 and bushfire response

Comcare responded to the impacts of the national bushfires and poor air quality by providing guidance to employers and workers regarding WHS obligations and duties.

Comcare's dedicated pandemic webpage has provided the jurisdiction with the latest guidance and information on employer and worker WHS obligations, workers' compensation requirements and mental health and wellbeing, working from home and transitioning back to usual workplaces. Comcare worked with the Australian Public Service Commission, Safe Work Australia and Heads of Workplace Safety Authorities to inform our approach.

## 6. Email marketing

Comcare has a new communication channel to reach and engage with our stakeholders and clients via email marketing. Comcare's new e-newsletter, Comcare News, was launched and distributed to more than 450 subscribers in May 2020.

## 7. The Comcare National Conference and Awards

The Comcare National Conference and Awards have been postponed from September 2020 to May 2021 due to the pandemic. Comcare has established a theme – *creating a safer workplace together* – which will respond to the current environment.

Performance criterion	Target
1.3 Demonstrated national cross-sector collaboration	Five active cross-sector initiatives co-designed and established

### Result – Achieved

The Collaborative Partnership for Work Participation (the Partnership) is an alliance between the public, private and not-for-profit sectors with a shared focus on improving work outcomes for people with a temporary or permanent physical or mental health condition or disability.

The Partnership has delivered and completed three of the five initiatives. The GP Support Project, the Employer Awareness Project and the Employer Mobilisation Project have been delivered and closed in 2019–20. In 2020, the Partnership developed a new strategy to build on the work to date, with five pillars:

1. measure the movement of people between the benefit and income support systems and find ways to improve work and health outcomes
2. design and trial transition services to better support people moving between systems
3. deliver a national awareness program aimed at changing culture and behaviour
4. build the capability of employers to support people with health conditions or disability in the workplace
5. develop and deliver tools to support General Practitioners to facilitate work participation.

1.4 Comcare undertakes strategic research to inform better practice across the scheme	All research undertaken by Comcare aligns with stakeholder needs
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### Result – Achieved

#### *Comcare Research Plan towards 2022*

Following extensive consultation across the business and externally with the jurisdiction, five research themes were identified as part of driving innovation and better practice for the scheme:

1. Enabling healthy and safe workplaces
2. Enhancing employer capability
3. Guiding and supporting mental health and wellbeing
4. Fostering work participation and recovery
5. Adapting to the future of work.

The development of a program of work that delivers and supports research initiatives against these key themes has continued. Further details on current research projects are available on our website:

<https://www.comcare.gov.au/safe-healthy-work/research-evidence/research-plan>.



## Analysis of performance against strategic priority: Driving innovation and better practice

### Performance Criterion 1.1

Comcare is applying a user-centric approach in the development of our programs and activities to ensure that a wide range of feedback is captured from internal and external stakeholders. Further details on our key programs that are promoting and enabling safe and healthy work are provided below.

#### 1. NewAccess workplaces pilot trial delivered

In partnership with Beyond Blue, Comcare ran a six-month trial (“Pilot Trial”) in two APS agencies. The trial involved 50 individuals who received up to six mental health coaching sessions. The two participating APS agencies also received aggregated and de-identified data to inform potential strategies to improve the mental health and wellbeing of their workplaces. The research program was independently evaluated by PricewaterhouseCoopers (PwC). The evaluation by PwC found that:

- > Of the 50 participants, 34 (68 per cent) had symptoms sufficiently severe to be considered above clinical threshold for anxiety or depression
- > The recovery rate of the program was 78 per cent – that is, 78 per cent of individuals who entered the program experienced significant recovery and exited the program below the clinical threshold. This rate is higher than what is seen at the community level which is reported at 67.5 per cent
- > The estimated cost benefit ratio for the trial was 1:3 in productivity benefits, with indicative benefits including absenteeism, presenteeism, and psychological claims.

# CASE STUDY

## NEWACCESS WORKPLACES – CHAMPIONING A PREVENTATIVE APPROACH TO WORKPLACE MENTAL HEALTH

An estimated 450 million people worldwide suffer from mental health conditions, making it one of the largest and fastest growing contributors to the burden of disease.

In Australia, it is estimated that half the population will experience a mental illness in their lifetime. Yet, 65 per cent of affected individuals are still not receiving the evidence-based care they need and remain untreated. The lack of evidence-based mental health care is costing workplaces over \$10 billion each year. This shows the need to change the way workplaces are looking after their employees' mental health and wellbeing. Workers can benefit from early intervention services such as NewAccess by Beyond Blue – an innovative prevention model of low-intensity cognitive behavioural therapy targeted at people with mild to moderate anxiety and/or depression.

NewAccess is based on the UK's Improving Access to Psychological Therapies program and has proven to be highly successful in reducing rates of anxiety and depression. In 2018–19, Comcare ran a six-month pilot trial with 50 employees across two federal agencies. The aim of the trial was to determine if NewAccess is a suitable and appropriate service for workplaces, and whether engagement with the service improves mental health and wellbeing, and work productivity.

The results demonstrated that it is an appropriate service for workplace settings – delivering a 78 per cent recovery rate, meeting the needs and expectations of employees, enhancing job satisfaction and productivity, and proving to be economically viable.

Comcare is now leading NewAccess workplaces in partnership with Beyond Blue, in response to the mental health pressures emerging due to the pandemic. The APS is delivering essential services to many Australian communities – it is important that we enable this work by continuing to promote and protect the mental health of this essential workforce.

NewAccess workplaces is an expanded pilot two-year program offering the service to 15 federal agencies in the national scheme. The program will provide an early intervention mental health coaching service to employees while also enabling further evaluation of its effectiveness in the workplace setting.

## 2. Early Intervention (EI) Services pilot delivered

Over the past year, Comcare partnered with three APS agencies to test whether a structured and independent early intervention service provided:

- > early access to treatment support services
- > self-management where clinically appropriate
- > enhanced ability, and support, to recover at and return to work.

The pilot results demonstrated significant improvements to recovery at and return to work and a positive cost benefit for employers. Some of the key findings were the EI pilot achieved double the recovery rates from injury and illness (compared to the control groups), EI participant's likelihood of developing a chronic condition was estimated to be around half the likelihood for the control group for physical injuries and around 10 per cent to 30 per cent lower for psychological injuries, and of the 25 per cent of participants that were triaged to see a GP, 93 per cent were certified 'fit for work'.

# CASE STUDY

## EARLY INTERVENTION PILOT DOUBLES RECOVERY RATE

Comcare partnered with three APS agencies to trial a structured early intervention service to reduce the impact and duration of employee injury or illness that impact their ability to work.

The early intervention pilot achieved double the recovery rate and improved recovery, return to work and high levels of satisfaction.

A total of 375 employees participated in the pilot. The pilot was open to any employee who sustained an injury/illness at work or developed symptoms that impacted their ability to work, regardless of the cause of the injury/illness.

Employees called an independent service provider for a phone consultation with a triage nurse, who clinically assessed the employee's condition using evidence-based protocols and provided treatment advice, including self-management, first aid or referral to a General Practitioner, Physiotherapist or Psychologist.

The aim of the pilot was to work with agencies to test whether an independent and structured early intervention service provided:

- > early access to treatment support services
- > self-management where clinically appropriate
- > enhanced ability, and support, to recover at and return to work.

The independently evaluated pilot measured participant outcomes in comparison to a control group, a cost benefit analysis and a set of recommendations on the use of early intervention.

The pilot results demonstrated:

- > Improved rates of recovery: Pilot participants achieved double the recovery rate and around half the likelihood of developing a chronic condition.
- > Early access to treatment: 80 per cent of pilot participants accessed treatment within three days for physical injuries and within eight days for psychological injuries.
- > Enhanced ability to recover at and return to work: Participants had around half the level of absenteeism (time off work) compared to the control group.
- > High rates of employee satisfaction: 94 per cent of participants described their experience with the service provider and their practitioner as "good or very good" (highest rating).

The pilot evaluation is part of Comcare's plan to share the research and learnings around better practice to support employers across the scheme to offer high quality and effective early intervention services. An early intervention e-learning module is now available and accessible through Comcare's learning management system.

Other tools and resources are currently in development in the form of early intervention better practice information and an evaluation and monitoring framework.

### **3. Workplace Mental Health Strategy delivered**

The Workplace Mental Health Strategy provides a strategic focus for how Comcare will perform its legislative duties under the WHS Act and SRC Act as an employer, and to support scheme employers to prevent harm and injury and to protect the health and safety of workers. These initiatives are designed to support and guide the scheme to pro-actively prevent psychological harm, support recovery and return to work and promote positive mental health practices in workplaces. Comcare will use an evidence-based, integrated approach to holistically identify opportunities to address the spectrum of mental health, including strategies and supports in workplaces.

### **4. Education – Comcare Learning Management System (LMS) delivered**

In March 2020 Comcare launched the Comcare LMS. The courses and learning cover topics related to the WHS Act and SRC Act.

While some face-to-face training and events were suspended due to the pandemic, the secure LMS now allows users to progress work health and safety capability online. Further developments will continue in 2020–21 to deliver a contemporary learning program through an expanded content library, digital classrooms, communities of practice, and coaching and mentoring.

# CASE STUDY

## OUR NEW LEARNING MANAGEMENT SYSTEM (COMCARE LMS)

As part of our role in promoting and enabling safe and healthy work through training, Comcare now has a learning management system, called Comcare LMS, to support our jurisdiction and stakeholders in building their work health and safety capability regardless of where they are working.

One of the major disruptions to our operations during the pandemic has been the suspension of our face-to-face training and events. However, the 1 April 2020 deployment of Comcare LMS has enabled us to continue delivering training and learning through digital channels like self-paced courses and virtual classrooms. Since the launch of the Comcare LMS there have been over 1,000 course completions. The course catalogue offers 34 learning opportunities. The top three trending courses were: Managing work health and safety risks related to the pandemic; Work health and safety for workers, and Introduction to WHS risk management.

The Comcare LMS delivers fast and easy access to Comcare's training and education offerings. It's also a practical system to expand and diversify our delivery to the jurisdiction. Whether it's live workshops, self-paced learning, guidance materials, presentations or forums – the Comcare LMS aims to cater for a broad range of training and learning approaches.

Comcare's curriculum covers various topics including legislation, workplace rehabilitation and case management, psychological health and safety, workers' compensation payroll and establishing effective health and safety committees. Once an account is created, all these resources can be easily accessed through Comcare LMS.

The catalogue of content, courses and programs is being expanded as we continue to identify and develop learning opportunities and partnerships that would be useful for our jurisdiction.



## 5. Lead Indicators Mentoring Program delivered

Comcare partnered with the University of South Australia's Centre for Workplace Excellence in 2019–20 to conduct the Lead Indicator Mentoring Program, aiming to help employers better predict and mitigate health and safety risks.

The program trialled the use of a lead indicator tool – the Psychosocial Safety Climate (PSC). Several APS agencies identified the desire to learn more about lead indicators and to use them within their workplaces to support workplace health and safety prevention and risk management. Employers were educated about psychosocial risks within workplaces, used the PSC tool to identify such risks, and developed action plans to address the psychological hazards identified. The program concluded in June 2020 and a final report has since been received.

## 6. Development of prevention focused communication

Comcare's General Practitioner and Treating Health Practitioner Engagement Strategy has been in place since January 2019. Areas of focus include:

- > Certification – promoting and support GPs to use the certificate of capacity.
- > National certificate – leading the work with the state and territory jurisdictions to develop a national certificate of capacity.
- > E-certificate – development of an electronic capability for the national certificate of capacity
- > Targeted GP education and engagement – provision of information and resources to support GPs in their work, including management and functional assessment of patients with a work-related mental health condition.

# STRATEGIC PRIORITY: Leading workers' compensation insurer

**Purpose** – Working with employees and employers to minimise the impact of harm in workplaces, supporting optimal recovery and return to work, and delivering a sustainable scheme

Performance criterion	Target	Result
2.1 Increased proportion of employees who have returned to work, measured by duration on incapacity benefits		
> 4 weeks	70 per cent	36 per cent – Not achieved
> 13 weeks	76 per cent	59 per cent – Not achieved
> 26 weeks	84 per cent	73 per cent – Not achieved
> 52 weeks	86 per cent	86 per cent – Achieved
> 78 weeks	92 per cent	89 per cent – Not achieved

The accrued incapacity metric measures the proportion of all claims where the employee has had time off work (incapacity) and the accrued incapacity is less than a given threshold of weeks (4, 13, 26, 52 and 78 weeks). When assessing incapacity claims against these thresholds, maturity/lag periods are applied. In the case of the 4-week measure (lowest threshold), claims in scope were first accepted between three and fifteen months before the end of the reporting period. In the case of the 78-week threshold (highest threshold), claims in scope were first accepted between 2.5 and 3.5 years before the end of the reporting period.

Limitations include:

- > The incapacity claims being assessed are not recently accepted claims and are not necessarily reflective of the year under review in this annual report.
- > Claims where no incapacity has been paid are not considered, and therefore this measure does not reflect the work and outcomes achieved across all claims.
- > The measure tallies accrued incapacity but doesn't show continuous incapacity weeks and/or changes in capacity over time which could show different outcomes.
- > The measure does not address variability of results between different employers.

Comcare has not met four out of the five targets set against this measure. The data shows that Comcare met its target for the 52-week threshold and was three percentage points away from the target for the 78-week threshold. The results for the 4, 13 and 26-week thresholds tells us that of those claims where incapacity is claimed more claims are reaching the incapacity week thresholds than expected.

It is important to note that, based on the relevant claim accepted date ranges being assessed, approximately 40 per cent of accepted claims (450 claims on average per threshold) did not have any incapacity and that these claims are not considered as part of this measure.

Claims with limited or no potential to return to work potential (such as catastrophic injury claims and asbestos claims) have been excluded from the measure.

Despite the limitations of the measure, Comcare recognises return to work is a key challenge and component of recovery from workplace injury.

Performance criterion	Target
2.2 Sustained high levels of satisfaction and engagement with services offered	Stakeholder satisfaction rating of 85 per cent or more
<b>Result – 76 per cent</b>	
<p>In 2019–20, 76 per cent (N=99) of employers reported satisfaction with the quality of service from Comcare staff. A number of significant changes were made to the Employer Survey over the last year such as: extending the distribution to ensure greater representation across the scheme; whilst changing the Survey methodology and instrument. Due to these changes, the results for 2019–20 should be considered a new baseline for Comcare going forward.</p> <p>The 2019–20 National Return to Work (RTW) Survey with injured employees was delayed due to the pandemic. A decision was made on 27 March 2020 by the Commonwealth and Safe Work Australia to delay the biennial National RTW Survey by 6–12 months. The last Survey was conducted in 2017–18 with 72 per cent (N=301) of employees indicating satisfaction with the quality of claims management service from Comcare staff.</p> <p>Note: N is the number of people who answered the questions.</p>	
2.3 Claims administration cost as a ratio of all <sup>8</sup> claims expenses is 17 per cent or lower for each injury year	Administration cost ratio is 17 per cent or lower
<b>Result – Not achieved – 19.7 per cent</b>	
<p>Note: A new methodology was developed in consultation with the fund actuary and applied for 2019–20.</p>	
2.4 The annual average Commonwealth premium rate is set to ensure the workers' compensation scheme remains financially sustainable	Average Commonwealth premium rate = 1 per cent of payroll
<b>Result – Achieved – 0.85 per cent</b>	
<p>The target for the average Commonwealth premium rate was achieved, the average Commonwealth premium rate for 2019–20 remains at 0.85 per cent.</p>	
2.5 The scheme financial sustainability is ensured by reducing workers' compensation liabilities	Scheme liability is \$1.71 billion or less (at 30 June 2020)
<b>Result – Achieved – \$1.708 billion</b>	
<p>The premium funded scheme target was met. The premium funded liability was \$1.708 billion.</p>	
2.6 The insured workers' compensation scheme continues to be fully funded	100–125 per cent
<b>Result – Achieved – 128 per cent</b>	
<p>The scheme remains fully funded – the insured workers' compensation scheme was funded at 128 per cent for 2019–20.</p>	

8 Includes pre-premium claims

Performance criterion	Target
2.7 Asbestos claims <sup>9</sup>	
2.7.1 Timeliness of claims resolution (i.e. percentage of primary asbestos claims resolved within 180 calendar days)	80 per cent
<b>Result – Not achieved – 57 per cent</b>	
2.7.2 Third party recovery rate (i.e. percentage of the value of asbestos claims settlements recovered from third parties)	10 per cent
<b>Result – Achieved – 27 per cent</b>	

The result for timeliness of asbestos claims resolution within the 180-day timeframe is 57 per cent. In most cases, Comcare completed all actions necessary to settle these matters promptly, however due to the complexity of asbestos-related claims, delays can occur for the following reasons outside of Comcare's control:

- > court processes and timetabling in jurisdictions other than the NSW Dust Diseases Tribunal (DDT). Only the DDT provides for a mediation within 120 days, and/or
- > delays when claimants pass away and their estate needs to be substituted to manage the claim.

## Analysis of performance against strategic priority: Leading workers' compensation insurer

Performance results for claims management this year indicate that while the financial sustainability of the scheme has returned to a strong position, we must improve the way we are working with employees, employers and other stakeholders within the claims ecosystem to improve return to health and return to work outcomes as well as improving the claims experience. We have a program of work and initiatives underway now to improve those outcomes, including looking at ways to test and measure the claimant experience.

In relation to our *Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005* program, our data tells us that while we are completing actions to resolve a claim quickly, processes outside of our control mean that claims are not being resolved within 180 days. Comcare continues to readily achieve the program objective of recovering settlements from third parties.

<sup>9</sup> PBS only performance criteria

# STRATEGIC PRIORITY: Effective national regulator

**Purpose** – Increasing duty holders’ levels of compliance and commitment to best practice through regulatory oversight of work health and safety and workplace rehabilitation

Performance criterion	Target
3.1 A refined proactive regulatory approach and increase targeted proactive activities over time	Refine targeted proactive regulatory approach and establish a baseline of activity levels
<b>Result – Achieved</b>	
The provider information and advice business process has been updated and embedded in the business to include greater clarity around the proactive and reactive activities.	
3.2 Regulatory priorities identified to deliver targeted regulatory activities	Deliver and evaluate at least one programme against identified regulatory priorities
<b>Result – Not achieved</b>	
Regulatory priorities identified through the Regulatory Work Activity Planning Model (RWAPM) are: > Psychosocial injury associated with organisational change > WHS management systems > Transport industry body stressing > WHS contractor management. Phase one (consisting of proactive activities) was intended to be delivered during quarters three and four 2019–20. However, work was postponed due to risks and restrictions related to the pandemic.	
3.3 Regulated entities report that our regulatory approach improves WHS outcomes	85 per cent or more evaluated entities report improved WHS outcomes as a result of Comcare’s regulatory activities
<b>Result – Achieved</b>	
Following a survey of recipients of Comcare’s regulatory services, 85 per cent of respondents indicated that Comcare’s regulatory services had improved WHS outcomes.	
3.4 Regulatory activities delivered within statutory timeframes (where applicable)	100 per cent of WHS activities are delivered within statutory timeframes
<b>Result – Achieved</b>	
100 per cent of Authorisations activities were delivered within statutory timeframes. 100 per cent of prosecutions commenced within statutory limitation periods.	

## Analysis of performance against strategic priority: Effective national regulator

Comcare has met three of the four performance measures for 2019–20 against our purpose of being an effective national regulator.

We developed a prioritisation model to identify regulatory priorities for use in planning and delivering national and regional engagement activities using a risk based, structured and measurable approach. The priorities are:

- > Psychosocial injury associated with organisational change
- > WHS management systems
- > Transport industry body stressing
- > WHS contractor management

These priorities were to be addressed using a phased approach across 2019–20 and 2020–21. We did not achieve the performance measure (3.2) to deliver and evaluate at least one program against identified regulatory priorities due to restrictions as a result of the pandemic during 2020.

We conduct an annual evaluation of our regulatory services to assess if our approach has improved WHS outcomes in workplaces, and if stakeholders are satisfied and engaged with the services provided. The 2019–20 evaluation program focused on a range of regulatory services, including inspections and verification activities. This year, the program included a follow-up survey focussed on verification inspections to re-evaluate the compliance of the Person Conducting a Business or Undertaking (PCBUs) that were subject to a verification in 2018–19. This longitudinal study gauges if the recommendations made in the initial 2018–19 inspection report continue to have a positive impact on improving the PCBU's compliance.

Eighty-five per cent of respondents reported that our regulatory approach improved their WHS outcomes, a decrease from 86 per cent last year. The performance measure for the evaluation program changed from two measures in the 2018–22 Corporate Plan to one measure in the 2019–23 Plan. The evaluation survey includes identical questions as previous years allowing for year to year comparison of performance.



# CASE STUDY

## OUR PRACTICAL, RISK-LED REGULATORY APPROACH DURING THE PANDEMIC

Like other businesses and organisations, Comcare's operations have been impacted by the pandemic. We have focused on maintaining our core operations, and the health and wellbeing of our people and clients remains our highest priority.

While field work for our work health and safety (WHS) inspectors has been limited in line with the evolving public health orders in different states and territories, we have taken a centralised approach to incident notifications – requiring employers to notify Comcare of all work-related cases of COVID-19. This has allowed us to monitor patterns of notifications or any high-risk exposures to inform our regulatory response.

Comcare has taken a measured and proportionate approach to regulation during the pandemic, following a National Statement of Regulatory Intent adopted by state and territory WHS regulators. In addition, employers were advised they should notify Comcare of all COVID-19 confirmed cases that are work-related and arise from the business or undertaking of the employer. Notifications allowed Comcare to consider and address risks to work health and safety. Comcare assessed each notification and considered whether regulatory action was required on a case by case basis. To the end of June 2020, Comcare received 23 COVID-19 related incident notifications. These related to confirmed cases, tests resulting in negative results, and possible exposures. In addition, Comcare raised 49 work health and safety (WHS) concerns in response to COVID-19 related complaints or enquiries. Between March and 30 June 2020, Comcare commenced 60 COVID-19 monitoring compliance inspections.

An important element of Comcare's pandemic related support has been providing our diverse jurisdiction with practical and timely information. Our Regulatory Operations Group and Strategic Partnerships and Engagement Group worked together to deliver comprehensive guidance to more than 200 public and private sector employers and 400,000 workers across the Comcare scheme.

This includes detailed guidance on WHS risks in workplaces and in home-based work, workers' compensation and rehabilitation, mental health and wellbeing, and phased transition of workers back to usual workplaces when possible.

Throughout the pandemic, we also partnered with other APS agencies to provide advice to the jurisdiction. Comcare continues to work closely with Safe Work Australia, for example, to identify emerging WHS risks and any gaps in national policy. We also worked with the Australian Public Service Commission to develop a series of factsheets and other resources on workforce and mental health issues.

## WHS Act Schedule 2 Part 3 CEO report to Minister:

Table 8: Notifiable incidents notified to Comcare under section 38 of the WHS Act

Type of notifiable incidents	2015–16	2016–17	2017–18	2018–19	2019–20
<b>Total notifiable incidents</b>	<b>1,407</b>	<b>1,353</b>	<b>1,377</b>	<b>1,358</b>	<b>1,344</b>
Serious injury or illness	523	539	492	546	527
Dangerous incident	852	781	861	790	794
Death of a person*	32	33	24	22	23
Worker deaths	14	15	14	11	9
Other person deaths	18	19	10	12	17

1. Serious Injury or Illness and Dangerous Incident data extracted on 2 September 2020

2. Notifiable Worker Fatalities data extracted on 15 September 2020

3. Not all self-insured licensees within Comcare's scheme are covered by the WHS Act

\* An incident may result in harm (or death) to one or more people. Therefore, the total number of Worker and Other Person deaths may be equal to or greater than the total number of notifiable death incidents.

Table 9: Telecommunication Asbestos Safety Compliance Program activities commenced

	2016–17	2017–18	2018–19	2019–20
<b>Total Telecommunications Asbestos Safety Compliance program activities</b>	<b>720</b>	<b>1,682</b>	<b>2,008</b>	<b>2,058</b>

## Inspectorate compliance and enforcement activities

Table 10: Inspectorate activities commenced

2019–20				
<b>Total Inspectorate Compliance and Enforcement Activities</b>	<b>1,337</b>			
Provide information and advice activities	362			
Monitoring compliance inspections and investigations	975			
Historical Investigation and Inspection Totals				
2015–16	2016–17	2017–18	2018–19	
1,807	1,248	1,826	1,673	

Table 11: Notices issued under the WHS Act

	2015–16	2016–17	2017–18	2018–19	2019–20
Improvement notices issued under section 191	18	8	24	20	7
Prohibition notices issued under section 195	8	9	17	14	1
Non-disturbance notices issued under section 198	2	14	27	14	6

Table 12: Other statutory reporting requirements under the WHS Act

	2015–16	2016–17	2017–18	2018–19	2019–20
Seizures made under section 175 or 176	0	0	0	14	0
Remedial action taken under section 211 or 212	0	0	0	0	0
Applications for internal review under section 224	5	3	3	5	3
Applications for external review made under section 229	0	0	0	1	0
Written undertaking accepted by Comcare under section 216	0	0	0	0	0
*Infringement notices given under section 243	0	0	0	0	0

\* The WHS Regulations do not currently prescribe any provision of the WHS Act that is enforceable by infringement notice.

## Prosecutions

In 2019–20, Comcare commenced one criminal proceeding under the WHS Act. As at 30 June 2020, eight proceedings continued, and two proceedings have concluded during this period.

### Commonwealth (Department of Defence) – commenced

On 14 August 2019, criminal proceedings were commenced in the Townsville Magistrates Court against the Commonwealth (Department of Defence) for offences against section 32 of the WHS Act. The proceedings relate to an incident on 16 August 2017 in which a worker sustained serious injuries during a maintenance exercise at the Royal Australian Air Force base at Townsville airport.

### John Holland Group Pty Ltd, Omega Constructions Pty Ltd and Universal Reo Pty Ltd – continued

On 31 January 2019, criminal proceedings were commenced in the Magistrates Court of Western Australia against John Holland Group Pty Ltd, Omega Constructions Pty Ltd and Universal Reo Pty Ltd for offences against section 32 of the WHS Act. The proceedings relate to an incident on 1 February 2017 in which a worker sustained serious injuries after being struck by a telescopic handler.

### **Lendlease Building Contractors Pty Ltd and Bromar Nominees Pty Ltd – continued**

On 30 April 2019, criminal proceedings were commenced in the Magistrates Court of Western Australia against Lendlease Building Contractors Pty Ltd and Bromar Nominees Pty Ltd for offences against section 32 of the WHS Act. The proceedings relate to an incident on 1 May 2017 in which a worker sustained serious injuries after being struck by a pipe at a Department of Defence worksite.

### **Commonwealth (Department of Defence) – continued**

On 8 May 2019, criminal proceedings were commenced in the Local Court of the Northern Territory against the Commonwealth (Department of Defence) for offences against section 32 of the WHS Act. The proceedings relate to an incident on 10 May 2017 in which a soldier was fatally shot during a live fire exercise at the Mount Bunday training area.

### **Commonwealth (Commonwealth Scientific and Industrial Research Organisation) – continued**

On 5 June 2019, criminal proceedings were commenced in the Magistrates' Court of Victoria against the Commonwealth (Commonwealth Scientific and Industrial Research Organisation) (CSIRO) for offences against section 32 of the WHS Act. The proceedings relate to an incident on 6 June 2017 in which an explosion occurred at the CSIRO's Clayton site.

### **Lendlease Building Contractors Pty Ltd and Kuredale Pty Ltd (t/a Metro Lintels) – Lendlease continued and Kuredale concluded**

On 5 June 2019, criminal proceedings were commenced in the Magistrates Court of Western Australia against Lendlease Building Contractors Pty Ltd and Kuredale Pty Ltd (t/a Metro Lintels) for offences against section 32 of the WHS Act. The proceedings relate to an incident on 7 June 2017 in which a worker sustained serious injuries after being struck by a steel truss at a Department of Defence worksite. On 22 October 2019, Kuredale Pty Ltd pleaded guilty and was convicted and fined \$75,000.

### **Commonwealth (Department of Defence) – continued**

On 27 June 2018, criminal proceedings were commenced in the Magistrates' Court of Victoria against the Commonwealth (Department of Defence) for offences against section 32 of the WHS Act. The proceedings relate to an incident in which two workers suffered injuries during a training exercise at the Puckapunyal training area on 4 July 2016.

### **Commonwealth (Department of Environment and Energy) and Helicopter Resources Pty Ltd – continued**

On 20 December 2017, criminal proceedings were commenced in the Magistrates Court of the Australian Capital Territory against the Commonwealth (Department of Environment and Energy) and Helicopter Resources Pty Ltd for offences against section 32 of the WHS Act. The proceedings relate to an incident in which a helicopter pilot sustained fatal injuries after falling down a crevasse in Antarctica on 11 January 2016. The Commonwealth was found guilty on two charges and acquitted of a third. Helicopter Resources Pty Ltd was found not guilty on all charges. On 3 January 2020, an appeal was lodged in relation to the acquittal of Helicopter Resources Pty Ltd. On 11 March 2020, the Commonwealth lodged an appeal.

### **Cleanaway Operations Pty Ltd – continued**

On 15 August 2016, criminal proceedings were commenced in the Magistrates Court of South Australia against Cleanaway Operations Pty Ltd for offences against section 32 of the WHS Act. The proceedings relate to a fatal collision involving a Cleanaway vehicle on Adelaide's South-Eastern Freeway on 18 August 2014.

### **Commonwealth (Department of Defence) – concluded**

On 17 September 2018, criminal proceedings were commenced in the New South Wales Local Court against the Commonwealth (Department of Defence) for offences against sections 32 and 38 of the WHS Act. The proceedings relate to an incident on 19 September 2016 in which an army cadet sustained serious injuries during a cadet camp activity. The Commonwealth pleaded guilty and, on 9 March 2020, was convicted and fined \$300,000.

### **Linfox Australia Pty Ltd and Thales Australia Ltd – concluded**

On 17 July 2017, criminal proceedings were commenced in the Magistrates Court of Queensland against Linfox Australia Pty Ltd and Thales Australia Ltd for offences against sections 32 and 33 of the WHS Act. The proceedings relate to an incident on 22 July 2015 in which an Army vehicle collided with a worker. Linfox Australia Pty Ltd pleaded guilty and was convicted and fined \$200,000. Thales Australia Ltd pleaded not guilty and was convicted and fined \$160,000. On 26 April 2019 Thales Australia Ltd lodged an appeal. On 18 October 2019, Thales' appeal was allowed and its conviction and sentence were set aside.

# STRATEGIC PRIORITY: Excellence in scheme design and management

**Purpose** – Excellence in scheme design and management to achieve sustainable and better practice national schemes

Performance criterion	Target
4.1 Sustainable schemes evidenced through outcomes achieved by scheme participants and providers (including financial and return to work outcomes)	
> Return to work rates developed through the existing biennial <i>Return to Work Survey</i> indicating the rehabilitation outcomes achieved	Comcare Scheme return to work rate = 95 per cent
<b>Result – Not available</b> The National RTW Survey was postponed due to the pandemic	
> Improve the financial sustainability of the scheme measured by notional premium rate	Comcare scheme notional premium rate = 0.94 per cent
<b>Result – Achieved – 0.86 per cent</b>	

For 2019–20 the notional premium rate target has been achieved and is 0.86 per cent. This result is comparable to last year (0.87 per cent in 2018–19) and is largely attributable to the continuing improvement in Comcare claims performance.

4.2 Schemes identify and adopt better practice as far as possible, measured by benchmarking against better practice Better practice scheme management assessed through qualitative review	Improvement in better practice scheme management measured against relevant benchmarks
<b>Result – Achieved</b>	

Improvements made to the legislative framework and better practice guidance for rehabilitation authorities and workplace rehabilitation providers.

Better practice was improved through:

- > initiatives to advocate and implement change to deliver better practice and consistency across the schemes
- > holistic employer engagement across Comcare using targeted service offerings including improved accessibility and digitisation
- > improved scheme-wide analytics and reporting products.

Performance criterion	Target
4.3 Satisfaction with support provided to SRCC and Seacare Authority	
> SRCC satisfaction of support provided by Comcare	Qualitative evaluation using structured services and feedback from the Chair
<b>Result – Achieved</b>	
> Seacare Authority satisfaction of support provided by Comcare	Qualitative evaluation using structured services and feedback from the Chair
<b>Result – Achieved</b>	

SRCC – Service level performance measures are set through the SRCC meeting protocols and statement of services provided by Comcare to the SRCC. Service levels for the support Comcare provides to the SRCC were achieved 91 per cent of the time.

Seacare Authority – Service level performance measures are set through the Seacare Authority meeting procedures and protocols and the application of better practice benchmarking. Service levels for the support Comcare provides to the Seacare Authority were achieved 94 per cent of the time.

4.4 Assurance over scheme operations under licence, approval or delegation achieved (evidence of compliance and required behaviours and practices) CEO and SRCC satisfaction with assurance levels	Qualitative evaluation using structured services and feedback from the CEO and Chair
<b>Result – Achieved</b>	

Comcare monitors licence compliance on behalf of the SRCC and escalates matters for regulatory action as required. Comcare continued to support the SRCC to review and refine its Licence Compliance and Performance Model. Briefing and reporting requirements met SRCC expectations and positive feedback was provided on scheme operations.

Comcare supported the SRCC to respond to the pandemic through:

- > extensive engagement with licensee key staff to provide additional assurance that the SRCC was kept apprised of actions in critical performance areas
- > moving to a revised operational approach including increased use of desktop audits
- > implementing a revised regulatory approach focused on ensuring that:
  - licensees implemented appropriate responses to minimise the risk and impact of the pandemic on their workers and operations
  - licensees had arrangements in place to ensure the continuity of claims processing and payments
  - the financial viability of licensees is managed in accordance with the SRCC’s Financial and Prudential Model.



## Analysis of performance against strategic priority: Excellence in scheme design and management

Comcare has a range of functions and powers under the SRC Act that relate to the management of our scheme. These functions span the entire scheme including premium paying employers and self-insured licensees. Our objective in performing these functions is to be a national leader in the design, implementation and management of a workers' compensation scheme and ensure our efforts improve work health and safety and rehabilitation outcomes.

In 2019–20, we delivered several key initiatives and engagements including publishing new *Guidelines for Rehabilitation Authorities 2019*. These guidelines allow rehabilitation authorities (employers) to tailor rehabilitation practices to achieve positive recovery and return to work outcomes for employees. The Guidelines are supported by new guidance material that supports employers to understand their obligations and achieve better outcomes for employees.

We also finalised the application and renewal process for workplace rehabilitation providers (WRPs). Employers in our scheme now have access to 70 experienced providers to support the return to work of an employee with a work-related injury or illness. We also launched a portal that supported an effective assessment process, allowing WRPs to apply digitally.

We developed scheme guidance on the following topics, which were subsequently published on our website:

- > injury arising out of or in the course of employment
- > injury in an interval or interlude during an overall period or episode of work
- > injury 'suffered as a result of' reasonable administrative action
- > travel and recess provisions
- > firefighter provisions
- > calculating normal weekly earnings
- > adjusting normal weekly earnings
- > incapacity payments when in receipt of superannuation

We held four Claims Manager Forums and three Licensee Liaison Forums in 2019–20. This included the first virtual Claims Managers Forum and Licensee Liaison Forum in May and June 2020 respectively.

# CASE STUDY

## VIRTUAL CLAIMS MANAGER FORUM A SUCCESS

Comcare provides assistance and guidance to our scheme participants on issues relating to the interpretation and application of the SRC Act in several ways.

Our inaugural virtual Claims Manager Forum held on 28 May 2020 is an example of Comcare delivering such guidance in an agile and adaptable way after the outbreak of the pandemic.

The forum, organised by our Scheme Policy and Design area, brought together claims managers from across our scheme.

The quarterly forums have been in place since 2011 and are intended to promote a consistent approach to applying the SRC Act among claims managers. They also provide an avenue for participants to discuss matters of common interest.

After the pandemic surfaced, we recognised the need to deliver relevant and timely information to the scheme regarding the pandemic and the impact it may have on new compensation claims. We then decided to run a virtual forum via a digital channel.

The forum covered SRC Act initial liability topics including:

- > home-based working
- > injury and disease provisions
- > COVID-19 claims
- > exclusionary provisions and
- > evidentiary requirements

Questions raised by participants were collated and answers provided to all attendees.

The feedback received was overwhelmingly positive and in a post-event survey, 95 per cent of respondents said the forum would help them perform better in their roles.

The success of the forum has laid the groundwork for future innovations in how we deliver important material in an engaging way.

The virtual Claims Manager Forum brought together claims managers from across the Comcare scheme via a virtual platform and focused on workers' compensation considerations relating to the pandemic and working from home. Attendance at the forum more than doubled compared to previous face-to-face forums. Feedback from participants has been overwhelmingly positive, with 95 per cent of participants agreeing or strongly agreeing that the forum will help them perform better in their roles. Comcare will continue to utilise the virtual delivery of this forum into the future.

Feedback from participants in 2019–20 on the Licensee Liaison Forums indicated that this forum meets the needs of participants through providing relevant and engaging content and beneficial networking opportunities.

No new licensees commenced in 2019–20. We supported the SRCC in conducting elements of its five-year review plan for the SRCC's regulatory model, including:

- > reviewing the SRCC performance standards and measures
- > reviewing the general conditions of self-insurance licences for efficacy and relevance
- > review of SRCC policies on variation, suspension and revocation of licences
- > refining the SRCC's approach to complaints management and legislative breaches
- > ongoing clarification of the application of licensee key performance indicators.

We continued to provide extensive advice and support to the Seacare Authority in 2019–20 to manage the Safety Net Fund and administer the Seacare scheme. Key outcomes included support provided to the Seacare Authority in relation to a Federal Court matter, the development and delivery of the Seacare Authority's Mental Health Strategy and commencing a review of services provided by Comcare to the Seacare Authority.

# CASE STUDY

## STREAMLINED ASSESSMENT PROCESS FOR WORKPLACE REHABILITATION PROVIDERS

Workplace Rehabilitation Providers (WRPs) are organisations approved by Comcare under the SRC Act to deliver rehabilitation services to help injured workers in our scheme remain at or return to work.

The approved WRPs are used by Comcare, Department of Veterans Affairs and Seacare (the schemes) to support improved recovery and return to work outcomes.

Comcare recently delivered a streamlined application and assessment process for WRPs in an online, easy-to-use interface.

Working with an external service provider, we developed a WRP portal that supports an effective assessment process, allowing WRPs to submit their application and make payment online and for Comcare to assess the applications digitally.

Previously, the application process was highly manual and imposed an administrative burden on both Comcare and the applicants. Correspondence between Comcare and applicants was undertaken via email and it was difficult to manage communications with applicants and provide a quality service.

The new WRP portal contributed to a significant red tape reduction for WRPs and a better experience for applicants.

The new portal supported Comcare to approve 70 WRPs to deliver services. This ensures that the schemes have skilled and qualified WRPs to support employees to recover and return to work and for employers to engage these WRPs for effective and efficient services.

The WRP portal also continues to inform Comcare's design thinking for upcoming digital solutions across the organisation.

# STRATEGIC PRIORITY: Efficient and effective operations

**Purpose** – Working collaboratively and innovatively across the organisation providing trusted advice, assurance and robust frameworks, to effectively enable and support the delivery of our outcome

Performance criterion	Target
5.1 Increased satisfaction with corporate services measured through responses to a quarterly survey	85 per cent satisfaction rates

### Result – Achieved

The Corporate Group Satisfaction Survey was sent to 150 respondents from across Comcare each quarter. Results show that an average of 96 per cent of respondents were “Very satisfied/Satisfied” with the services they received.

5.2 Maintain or exceed employee levels of engagement, measured through ratings in the APSC employee census	Comcare employees rate their: <ul style="list-style-type: none"> <li>a) job engagement at higher than 7.5</li> <li>b) team engagement at higher than 7.2</li> <li>c) supervisor engagement at higher than 7.9</li> <li>d) agency engagement at higher than 6.4</li> <li>e) collaboration between groups at higher than 45 per cent</li> <li>f) agency innovation at higher than 70 per cent</li> </ul>
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### Result – Not available

The 2020 APS Employee Census was delayed to October 2020 as a result of the pandemic

Performance criterion	Target
5.3 Comcare employees have the knowledge and skills to meet operational needs, measured through the <i>APSC employee census</i> results	90 per cent of employees indicate that they have the skills and knowledge to undertake their job
<b>Result – Not available</b>	
The 2020 APS Employee Census was delayed to October 2020 as a result of the pandemic	
5.4 Maintain Comcare’s workers’ compensation premium by improving work health and safety, rehabilitation and recovery at work performance	Comcare’s workers’ compensation premium is 2.0 per cent or less [Note: premium rate set for 2020–21]
<b>Result – Achieved</b>	
The premium for 2020–21 is 1.77 per cent	
5.5 Improved management of Comcare’s litigation activities and legal risk	Develop litigation strategy and monitoring framework
<b>Result – Achieved</b>	
50 per cent of AAT applications received will be finalised within 12 months of lodgement	
<b>Result – Not achieved</b>	
AAT applications open longer than 24 months are no more than 15 per cent of the overall total number of AAT applications	
<b>Result – Not achieved</b>	

Comcare’s approach to litigation has matured over the past 12 months and there has been improved collaboration across the organisation in managing and monitoring claims litigation.

The litigation strategy and monitoring framework has been embedded within the *Claims Litigation Strategy 2020–2023* and a Claims Litigation Committee has been established to monitor implementation of the Strategy.

Performance against the Administrative Appeals Tribunal (AAT) measures, has not been achieved. Over the past 12 months the Legal Group has focused on key initiatives to improve litigation performance, including greater collaboration with legal service providers and quarterly engagements with the AAT. The implementation of new litigation governance frameworks coupled with the maturing of litigation data and assessment of trends, has had an unintended consequence on current performance measures. Therefore, the Legal Group has updated its litigation performance measure and targets for 2020–21 to provide a more holistic assessment of litigation performance.

## Analysis of performance against strategic priority: Efficient and effective operations

Despite only meeting two of the five performance measures for 2019–20 against our purpose of efficient and effective operations, Comcare has continued to work collaboratively and provide trusted advice in a challenging environment during 2020. This is evidenced by the Corporate Group Satisfaction Survey which was sent to 150 respondents across Comcare each quarter. Results show that an average of 96 per cent of respondents were “Very satisfied/Satisfied” with the services they received in 2019–20. There was an increased focus on Corporate operations across the period, particularly in response to the poor air quality as a result of bushfires impacting offices across the organisation, and more recently in response to the pandemic where the majority of employees moved to remote working arrangements.

Results for two of the performance measures were unable to be reported due to the 2020 APS Employee Census being delayed as a result of the pandemic. The Census is due to be released in October 2020 and results will not be known in these areas until the end of the calendar year. However, pulse surveys have been conducted as part of Comcare’s response to the pandemic. Results from the July survey indicated that 58 per cent of managers who responded, believed that collaboration and engagement had been positively impacted (35 per cent had no impact, while six per cent had a negative impact) through the pandemic response due to the technology improvements and flexible working arrangements.

Improvements were also made in work health and safety, rehabilitation and recovery at work performance as demonstrated by a reduction in our workers’ compensation premium, from 2.1 per cent in 2018–19 to 1.77 per cent in 2019–20.

Over the past 12 months, Comcare has focused on improving management of Administrative Appeals Tribunal (AAT) matters. This has involved resolving older matters and progressing new matters promptly. However, the maturing of data and interconnectedness of the targets adversely impacted on the performance measure for improved management of our litigation activities.

While the performance measures were not fully achieved, progress has been made in maturing litigation performance and governance over the past 12 months. This includes:


- > The litigation strategy and monitoring framework being embedded within the *Claims Litigation Strategy 2020–2023* and a Claims Litigation Committee being established to monitor implementation of the Strategy.
- > A focus on key initiatives to improve litigation performance, including greater collaboration with legal service providers and quarterly engagements with the AAT.
- > A review and amendment of the Litigation performance measure and targets for 2020–21 to provide a more holistic assessment of litigation performance.



Notwithstanding the delays in being able to report against several performance measures in 2019–20 as a result of the pandemic, Comcare continues to enable and support the delivery of effective and efficient operations. Both the *2019–2023 ICT Strategy* and *2019–2022 People Strategy* enter their second year, maturing the approach to both capability and capacity of systems and employees. This includes the investments made in digital capability, cyber security, leadership and wellbeing. This is further supported by the progress of the Portfolio Maturation Project, which is ensuring the organisation’s capacity and capability for change is considered, investments in programs and projects are balanced to maximise benefits, and efforts are aligned with Comcare’s strategic purpose and priorities.







# CHAPTER THREE: MANAGEMENT AND ACCOUNTABILITY

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## 3.1 OUR GOVERNANCE

Comcare aims for excellence in its governance to promote public trust and confidence. Good governance for Comcare focuses on two key requirements:

- > performance – governance procedures and practices are designed to shape our results
- > accountability – governance procedures and practices are designed to demonstrate results to Comcare’s Executive, the government and stakeholders and to conform with applicable legislative and policy requirements in addition to the public expectations of transparency and integrity.

An established committee structure oversees the strategies and plans to improve our service delivery and capability. The key principles are:

- > committed to continuous improvement, driving transformation throughout the organisation
- > being performance orientated – planning for high performance through ambitious targets
- > being transparent, innovative and collaborative in promoting and enabling safe and healthy work, both now and into the future.

Comcare hosts a number of external consultation forums and participates in a range of external meetings to provide expert advice or gain insight and perspective.

### Strategic planning

Comcare’s efforts have been driven by our outcome – *support participation and productivity through healthy and safe workplaces that minimise the impact of harm.*

To deliver on our outcome in 2019–20, the Comcare 2019–2023 Corporate Plan (Corporate Plan) focused our efforts around five strategic priorities and purposes:

- > driving innovation and better practice
- > leading workers’ compensation insurer
- > effective national regulator
- > excellence in scheme design and management
- > efficient and effective operations.

Our performance measures against each strategic priority cascade from the Corporate Plan through our operational, business groups, team and individual performance plans.

The Corporate Plan is the primary planning document that commenced our annual performance cycle for 2019–20. Planning culminates in the annual publication of:

- > Comcare’s Corporate Plan for the next four years, inclusive of the non-financial performance measures
- > Portfolio Budget Statements (PBS), which set out resourcing arrangements and performance measures over the same four-year period.

Performance against the targets set out in the Corporate Plan and PBS are monitored quarterly by the Executive Committee and the Audit and Risk Committee.

## Executive Committee and senior management committees

Under the PGPA Act, Comcare is a corporate Commonwealth entity with a Chief Executive Officer (CEO) as the accountable authority. The CEO is assisted in the corporate governance functions by Comcare’s Executive Committee, comprising the CEO and general managers.

The Executive Committee is directly responsible and accountable to the CEO in relation to:

- > statutory obligations – recommending to the CEO or delegating the exercise of their legislative delegations for the administration of Comcare
- > corporate administration – making decisions on policy or actions to be taken with regard to Comcare’s:
  - people and culture
  - assets and property
  - information systems and records management
  - compliance issues – including legislative and government policy obligations
  - marketing and communications
  - finance
  - external scrutiny
  - risk and fraud control
  - corporate governance, including reports from subsidiary committees
  - external relationships, including the Minister, portfolio department, Australian Public Service Commission, and Department of Finance.



Other committees directly responsible to the CEO, reporting through the Executive Committee, are:

- > People Committee
- > Portfolio Management Board
- > Investment Committee
- > Enforcement Committee
- > National Health and Safety Committee
- > Security Committee
- > Privacy Committee

## Fraud

Comcare is fully committed to complying with the *Commonwealth Fraud Control Framework 2017* (Fraud Control Framework) (in particular section 10 of the *Public Governance, Performance and Accountability Rule 2014*) to minimise fraud.

During 2019–20 Comcare:

- > revised the enterprise fraud risk assessment and developed a new fraud control policy and plan
- > strengthened fraud governance arrangements through establishing Executive Committee oversight of fraud risks assessments and Enforcement Committee oversight of fraud investigations
- > implemented a revised operating model for managing fraud investigations
- > participated in the Commonwealth Fraud Prevention Centre counter-fraud capability baseline assessment to identify future improvement opportunities.

Comcare undertakes investigations of criminal fraud and corruption against Comcare. All criminal fraud investigations are conducted in compliance with the Commonwealth Fraud Control Framework and the *Australian Government Investigations Standards 2011*.

One matter referred to the Commonwealth Director of Public Prosecution (CDPP) for prosecution in the previous reporting period was finalised, with the offender receiving a 6-month sentence for the first charge and a 3-month sentence for the second charge, released immediately on an 18-month good behaviour bond. A reparation order for \$21,989.57 was also handed down.



## Internal audit

The internal audit program is a key element of the Comcare corporate governance framework. The program provides assurance to the Audit and Risk Committee (ARC), the CEO and senior management. It adds value to what Comcare does by highlighting opportunities for improvement in statutory compliance, internal control, and efficiency and effectiveness of business processes.

Internal audit topics are identified through consultation with senior management and the ARC. In deciding the final program of internal audit work for the year, the ARC considers the strategic and operational risk profile of Comcare and relevant audit reports published by the ANAO.

Nine internal audits were presented to the ARC in 2019–20. The audits included performance and compliance reviews, focused on the management of our programs, implementation of legislative and Government policy requirements and management of key risks.

Internal audit recommendations are tracked and reported to the ARC to ensure identified risks are addressed. During 2019–20 there were 44 recommendations made through internal audit reports (compared with 55 in the previous year). At the end of 2019–20 there were 22 recommendations open – 5 are rated as high risks and 17 are rated as medium risks.

## Risk management

Comcare has embedded systematic risk management as part of its governance and planning processes and organisational culture. Comcare's particular focus is on:

- > establishing a high-quality agency-wide risk management framework
- > providing comprehensive training and development on risk
- > evaluating and improving risk performance
- > strengthening engagement with stakeholders on risk issues.

Comcare’s Executive Committee is responsible for monitoring and maintaining our Strategic Risk Register. In 2019–20 the Executive Committee revised Comcare’s strategic risks based upon focus areas aligned to our strategic priorities where risk may arise in our operating environment. Comcare has identified treatments, including strategies to mitigate risks for each focus area which are linked to deliverables in Comcare’s future corporate plan:

Focus area	Description	Risk mitigation strategies
Capability	The resources required to achieve our purpose and priorities.	Comcare is implementing a range of strategies to ensure we are insight driven, adaptive and sustainable and enhance our service delivery. Our portfolio management approach will guide the implementation of new capabilities.
Culture	The application of our values and the behaviours of our employees.	Comcare has established a new set of values that our Executive will support the implementation of. Our People strategy will support the executive in driving change in the organisation. Our new service charter will set clear standards to our employees.
Governance	The approaches we use for making decisions, assigning accountability, setting standards and monitoring outcomes.	Comcare is reviewing its governance arrangements to ensure our decision making is guided by principles, based upon the best available information and provides sufficient opportunity for input and understanding to our stakeholders. Our performance monitoring is being strengthened through the implementation of revised performance measures. Comcare is also actively monitoring emerging issues in our operating environment to ensure risks are identified and managed.
Stakeholders	The parties we engage with, work with and deliver services to.	Comcare has a new Stakeholder Strategy to enhance our engagement and collaboration with key stakeholders. This is underpinned by targeted strategies for key stakeholders and ongoing efforts to build partnerships with industry and professional bodies. Comcare will continue to use its marketing capability, forums and events to engage with stakeholders and improve our understanding of the scheme and the jurisdiction.

## Audit and Risk Committee

The CEO has established the Comcare and Seacare Authority Audit and Risk Committee (ARC) in accordance with section 45 of the PGPA Act. The objective of the committee is to provide independent assurance and assistance to Comcare's CEO on risk, the control and compliance framework, and external accountability responsibilities in line with the functions set out in the Committees charter: <https://www.comcare.gov.au/about/forms-publications/documents/publications/corporate-publications/audit-and-risk-committee-charter.pdf>.

For 2019–20, the ARC consisted of four independent members, including the Chairperson appointed by the CEO. Comcare's senior executive, the Chief Financial Officer, internal audit officers and the Australian National Audit Office (ANAO) regularly attend as observers.

### Lisa Woolmer (ARC Member and Chairperson)

Ms Lisa Woolmer has a background in audit and accounting, including 22 years of professional services experience advising on governance, risk and assurance frameworks.

In her professional services career, Ms Woolmer worked extensively with federal, state and local government agencies, and across areas such as health, education, emergency services, water, gas and financial services. In addition to the ACT and Victoria, Ms Woolmer has worked in Tokyo and New York.

Ms Woolmer chairs the Audit and Risk Committee for the Adult Community and Further Education Board and is a member of the Orygen and City of Whitehorse Audit Committees. She also chairs the Audit and Risk Committee for the Cities of Glen Eira, Bayside and the Mornington Peninsula Shire in Victoria and is a member of the Audit Committee at the Australian Securities and Investment Commission.

### Kate Hughes (ARC Member)

Ms Kate Hughes is a risk management, compliance, internal audit and governance professional who also holds non-executive roles with the Department of Justice and Community Safety, the Department of Transport and the Australian Prudential Regulation Authority.

Ms Hughes' most recent executive role was as Chief Audit and Risk Officer at RMIT University, with responsibility for the University's internal audit, risk management, compliance and regulatory affairs functions. Prior to this Ms Hughes was the Chief Risk Officer at Telstra, with global responsibility for the enterprise wide risk management, resilience, investigations, privacy, compliance and health and safety functions.

Ms Hughes has led international teams for 15 years and she has broad risk management, compliance, safety and governance experience in many sectors, including financial services, agribusiness, retail, manufacturing, public administration and telecommunications. Ms Hughes has also provided risk management and compliance consulting services on trade practices, employment and environmental issues.

### **Kevin Noonan (ARC Member)**

Mr Kevin Noonan is an Emeritus Chief Analyst at Omdia, the global technology research company, with more than 400 analysts covering 150 markets in the technology, media, and telecommunications industries.

Mr Noonan has more than 40 years' experience in technology-based governance, strategy and direction. This includes 28 years in the government sector as a Chief Information Officer, senior executive and manager, and a further 12 years as an international senior industry analyst.

Prior to joining the Comcare and Seacare ARC in 2019, Mr Noonan held the dual positions of Chief Analyst and Practice Leader for Ovum's worldwide government practice. In this role he worked with government and industry executives in various locations around the world.

Mr Noonan also worked as a Head of Consulting at Intermedium, where he specialised in government sector industry development, and provided advice to executives from more than half the top 100 IT companies.

### **Peter Hughes (ARC Member from November 2019)**

Mr Peter Hughes has over 35 years' experience as a consulting actuary. Mr Hughes retired in 2016 as a Mercer Partner when he was the Leader of the Insurance Investment Consulting practice for the Pacific region. He continues as an independent actuary and insurance investment consultant as well as holding a number of Audit, Risk, Finance and Investment governance roles.

Mr Hughes provided specialist strategic investment consulting and asset/liability risk management advice to insurance companies to help them meet their business goals. Mr Hughes' clients during his career with Mercer included general insurers, life offices, worker's compensation, compulsory third party, professional indemnity, lender's mortgage and health insurance funds.

Table 13: Comcare’s Audit and Risk Committee

Member name	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended / total number of meetings	Total annual remuneration
Lisa Woolmer (Chairperson)	<p>Qualifications:</p> <ul style="list-style-type: none"> <li>&gt; Bachelor of Economics and a Diploma in Japanese Business Communication from Monash University</li> <li>&gt; Graduate Diploma in Employment Relations from the University of Canberra</li> <li>&gt; Graduate of the Australian Institute of Company Directors and Chartered Accountant.</li> </ul> <p>Knowledge, skills and experience:</p> <ul style="list-style-type: none"> <li>&gt; Accounting and Financial Management</li> <li>&gt; Audit, Assurance and Risk Management</li> <li>&gt; Governance and Public Administration</li> <li>&gt; Experienced Audit and Risk Committee member</li> </ul>	5/5	\$17,280
Kate Hughes (Deputy Chairperson)	<p>Qualifications:</p> <ul style="list-style-type: none"> <li>&gt; Bachelor of Commerce from Western Sydney University</li> <li>&gt; Graduate Diploma in Applied Finance from FINSIA</li> <li>&gt; Graduate Diploma in OH&amp;S from RMIT</li> <li>&gt; Graduate of the Australian Institute of Company Directors.</li> </ul> <p>Knowledge, skills and experience:</p> <ul style="list-style-type: none"> <li>&gt; Accounting and Finance</li> <li>&gt; Audit, Assurance and Risk Management</li> <li>&gt; Security and Compliance</li> <li>&gt; Governance and Public Administration</li> <li>&gt; Strategic Advice and Business Development.</li> </ul>	5/5	\$14,400
Kevin Noonan	<p>Qualifications:</p> <ul style="list-style-type: none"> <li>&gt; Australian Government computing programmer accreditation in 1975</li> <li>&gt; Member of Australian Computer Society and Australian Information Industry Association</li> </ul> <p>Knowledge, skills and experience:</p> <ul style="list-style-type: none"> <li>&gt; Security and Compliance</li> <li>&gt; Governance and Public Administration</li> <li>&gt; Strategic Advice and Business Development</li> <li>&gt; Information Technology.</li> </ul>	5/5	\$14,400

Member name	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended / total number of meetings	Total annual remuneration
Peter Hughes	<p>Qualifications:</p> <ul style="list-style-type: none"> <li>&gt; Fellow of the Institute of Actuaries of Australia</li> <li>&gt; Graduate of the Australian Institute of Company Directors.</li> </ul> <p>Knowledge, skills and experience:</p> <ul style="list-style-type: none"> <li>&gt; Accounting and Finance</li> <li>&gt; Audit, Assurance and Risk Management</li> <li>&gt; Industry-specific Knowledge – Insurance</li> <li>&gt; Strategic Advice and Business Development</li> <li>&gt; Actuarial and Investment.</li> </ul>	3/5 <sup>10</sup>	\$9,600

<sup>10</sup> Attended 3/3 meetings since commencing in November 2019

## 3.2 EXTERNAL SCRUTINY

### Ministerial directions

Comcare received no Ministerial Directions in 2019–20.

### Government general policy orders

Comcare complied with the General Policy Order Public Governance, Performance and Accountability (Charging for Regulatory Activities) issued by the Minister for Finance on 24 August 2017.

### Significant non-compliance with finance law

In 2019–20, there were no reports of any significant non-compliance with finance law reported to the Minister by Comcare under paragraph 19(1)(e) of the PGPA Act.

### External audit

No external audits were conducted during 2019–20.

### Freedom of information

Comcare is required to publish information to the public as part of the *Freedom of Information Act 1982* (FOI Act) Information Publication Scheme (IPS).

In accordance with rule 17AH of the PGPA Rule 2014:Comcare’s Agency Plan and other categories of information specified by the IPS are available at: <https://www.comcare.gov.au/about/governance/comcare-information-publication-scheme>

### Office of the Australian Information Commissioner (OAIC)

#### Freedom of Information requests for review

During 2019–20, the Office of the Australian Information Commissioner (OAIC) notified Comcare that it had received 20 requests for Information Commissioner reviews of FOI decisions made by Comcare.

In the period, the five Information Commissioner reviews were finalised:

- > Three reviews were finalised under section 54W(a) of the FOI Act as the Information Commissioner declined to review the matters
- > Two reviews were withdrawn by the applicant.

The remaining Information Commissioner reviews notified to Comcare in the period remained ongoing as at 30 June 2020.

## Privacy complaints

During 2019–20, OAIC notified Comcare that it had received six privacy complaints about Comcare's actions.

In the period, two complaints were resolved as the OAIC was satisfied that Comcare had not interfered with the complainants' privacy.

The remaining OAIC privacy complaints notified to Comcare in the period remained ongoing as at 30 June 2020.

## Commonwealth Ombudsman

During 2019–20, Comcare received two formal investigation enquiries from the Commonwealth Ombudsman.

Two investigations were finalised with the Commonwealth Ombudsman deciding that no further review of the matters was warranted.



## 3.3 OUR PEOPLE

It is through our people that Comcare will achieve its core purpose of promoting and enabling safe and healthy work, as well as delivery of our key priorities.

To succeed we must anticipate and adapt to the changing workplace environments in our jurisdiction, and the environment within which we operate. Comcare's People Strategy 2019–2022 provides an overarching agenda to achieve an agile, flexible and capable workforce, focusing on:

- > Capability and talent, with an emphasis on investing in our employees' capabilities, providing opportunities to develop knowledge and experience, and managing our workforce to ensure we have the agility and capacity to deliver on priorities now and into the future.
- > Culture and engagement, which is based on our cultural priorities that articulate our approach to work and the behaviours expected of all employees. It also focuses on how we will continue to build an inclusive, open culture that encourages a collaborative, innovative and risk-based approach to work, particularly through times of change.

As at 30 June 2020, we employed 556 ongoing employees and 78 non-ongoing employees based in various locations in Australia. Further details are provided in the tables below.

Table 14: All ongoing employees current report period (2019–20)

	Male			Female			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	
NSW	14	0	14	10	1	11	25
Qld	7	0	7	8	4	12	19
SA	3	0	3	4	4	8	11
Tas	3	0	3	4	0	4	7
Vic	48	3	51	56	16	102	153
WA	8	0	8	3	0	3	11
ACT	110	9	119	177	59	236	355
NT	2	0	2	2	1	3	5
External Territories	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0
<b>Total</b>	<b>195</b>	<b>12</b>	<b>207</b>	<b>264</b>	<b>85</b>	<b>379</b>	<b>556</b>

Note: Nil employees identified their gender as indeterminate

Table 15: All non-ongoing employees current report period (2019–20)

	Male			Female			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	
NSW	3	3	6	0	0	0	6
Qld	2	0	2	1	0	1	3
SA	1	0	1	0	0	0	1
Tas	0	0	0	0	0	0	0
Vic	6	1	7	7	1	88	15
WA	0	0	0	0	0	0	0
ACT	17	0	17	32	4	36	53
NT	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0
<b>Total</b>	<b>29</b>	<b>4</b>	<b>33</b>	<b>40</b>	<b>5</b>	<b>45</b>	<b>78</b>

Note: Nil employees identified their gender as indeterminate

Table 16: All ongoing employees previous report period (2018–19)

	Male			Female			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	
NSW	14	0	14	4	4	8	22
Qld	9	0	9	5	3	8	17
SA	3	0	3	6	3	9	12
Tas	0	0	0	0	0	0	0
Vic	52	4	56	58	19	77	133
WA	10	0	10	4	0	4	14
ACT	108	12	120	184	66	250	370
NT	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0
<b>Total</b>	<b>196</b>	<b>16</b>	<b>212</b>	<b>261</b>	<b>95</b>	<b>356</b>	<b>568</b>

Note: Nil employees identified their gender as indeterminate

Table 17: All non-ongoing employees previous report period (2018–19)

	Male			Female			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	
NSW	1	0	1	0	0	0	1
Qld	1	0	1	1	0	1	2
SA	1	0	1	0	0	0	1
Tas	0	0	0	0	0	0	0
Vic	2	0	2	7	0	7	9
WA	0	0	0	0	0	0	0
ACT	11	3	14	23	2	25	39
NT	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0
<b>Total</b>	<b>16</b>	<b>3</b>	<b>19</b>	<b>31</b>	<b>2</b>	<b>33</b>	<b>52</b>

Note: Nil employees identified their gender as indeterminate

## Executive remuneration

Information about remuneration for key management personnel, senior executives and other high paid staff is provided in the table below:

Table 18: Information about remuneration for key management personnel

Name	Position title	Base salary	Short-term benefits		Post-employment benefits	Other long-term benefits	Termination benefits	Total remuneration	
			Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits		
Susan Weston	Chief Executive Officer	406,946	0	389	71,516	8,144	0	0	486,995
Vanessa Graham	General Manager	206,498	0	22,716	52,231	4,360	0	0	285,804
Michael Duke	General Manager	176,120	0	22,045	25,835	4,945	0	0	228,945
Aaron Hughes	General Manager	226,949	0	25,112	41,283	9,325	0	0	302,670
Justin Napier	General Manager	223,767	0	25,112	33,847	5,625	0	0	288,351
Matthew Swainson	General Manager	192,278	0	25,112	28,997	6,130	0	0	252,517
Natalie Bekis	General Manager	217,373	0	25,112	32,704	4,787	0	0	279,975

### Notes:

1. The amounts above reconcile to Note 4.2: Key management personnel remuneration in the financial statements
2. During the reporting period there were no other senior executive not already included as key management personnel in the table above
3. During the reporting period there were no other highly paid staff not already included in the table above.

## 3.4 OUR WORK HEALTH AND SAFETY MANAGEMENT AND PERFORMANCE

### Health and safety initiatives

Throughout the year, Comcare undertook various initiatives to ensure it provides a healthy and safe workplace including:

- > a six-week, 10,000 steps challenge during National Safe Work Month, to promote the importance of being physically active. During this period, 126 employees achieved a combined total of 21,371,151 steps
- > providing employees access to an annual influenza vaccination. For the 2019–20 period, 273 employees received the vaccination
- > hosting a guest speaker for World Mental Health Day, to talk about their personal experience in overcoming mental health challenges and contribute to empowering others to overcome challenges in their own lives
- > facilitating the delivery of training for employees in mental health first aid reaccreditation for those with expired qualifications
- > delivery of ergonomic workstation assessments by suitably qualified persons
- > continuation of the sit-stand program utilising the Wellnomics work pacing software.

### Mental health first aid training

To ensure support is provided to our employees, Comcare continued to provide mental health first aid training and commenced the delivery of reaccreditation training across the organisation. These team members make up Comcare's Mental Health Contact Officer network. The continued commitment and promotion of this contact network is believed to have enhanced employee awareness.

Demonstrating our commitment to the mental health and wellbeing, Comcare has maintained our gold accreditation status in the Mental Health First Aid Australia Skilled Workplaces Initiative for the third consecutive year. Comcare is proud to be the first Australian Government agency to be awarded this accreditation.

### Work Health and Safety

During 2019–20, Comcare continued to review work health and safety management with four work health and safety management system documents reviewed.

## WHS training and awareness

During 2019–20, Comcare has released a range of resources and continued to deliver services to support employees maintain their health and wellbeing. For example:

- > Comcare’s WHS Team Talk program was progressed, empowering managers to select an appropriate WHS team talk relevant to their team’s WHS risk profile and to facilitate a team discussion. Overall, Comcare achieved an average implementation rate of 64 per cent.
- > Tools and resources were developed and released to support employees and their families during the pandemic. These included home based work checklists, mental health and psychological wellbeing team talks and fact sheets.
- > New WHS risk management guidance was developed and released to assist employees to appropriately consider risk during the course of their work.
- > Workgroup inspections were conducted during 2019–20 by the Health and Safety Representatives to ensure the safety of our workplace. In the first half of the period, 81 per cent of inspections were completed, however inspection rates diminished as employees moved to home-based work in response to the pandemic.

## Employee Assistance Program

The Employee Assistance Program (EAP), provided by Assure Programs, provides telephone and face-to-face access to confidential individual counselling that supports the psychological wellbeing of employees and their families. In addition to individual counselling, a Manager’s Hotline, online information, onsite trauma and critical incident counselling, conflict resolution and mediation support services are available. In 2019–20, the EAP usage rate was 15.21 per cent of the total Comcare workforce, compared to the contract rate of 15 per cent. Comcare employees accounted for 76 per cent of EAP users, with 24 per cent non-Comcare employees (family members). The primary reasons for accessing EAP were categorised as personal concerns (65 per cent) and workplace concerns (35 per cent). These figures indicate that of those employees accessing the EAP, personal issues continue to be the significant factor for those that access it.

## Early intervention

Comcare continues to focus on reducing injury claims through active injury prevention strategies and provision of early intervention. The early intervention program provides timely and tailored support to employees and includes provision of short-term treatment (physical or psychological), access to EAP support, workplace rehabilitation providers, workplace assessments and fitness for duty medical assessments.

As part of the early intervention program, Comcare provides workstation assessments for all new employees on commencement and existing employees reporting pain or discomfort as a prevention strategy. In 2019–20, 68 assessments were undertaken for new employees and 37 were completed for existing employees.

## Notifiable incidents

During the reporting period there were no notifiable incidents reported to the regulator. One Provisional Improvement Notice was issued relating to the maintenance of the Work Health and Safety Management System. Four non-compliance areas were identified arising from the investigation. Work is continuing to address the findings.

## Workers' compensation claims

In total there were three workers' compensation claims for Comcare employees accepted in 2019–20. This is a decrease from the five accepted claims in 2018–19 (Table 19). The average weeks lost time decreased from 20.52 weeks in 2018–19 to 0.17 weeks in 2019–20.

Table 19: Mechanism of injury for Comcare accepted claims from 2016–17 to 2019–20

Mechanism of injury	2016–17	2017–18	2018–19	2019–20
Falls, trips and slips	1	0	1	0
Hitting objects with body	0	1	0	0
Being hit by moving objects	0	0	0	0
Sound and pressure	0	0	0	0
Body stressing	0	1	1	1
Heat, electrical and other environmental factors	0	0	0	0
Chemicals and other substances	0	0	0	0
Biological factors	0	0	0	0
Mental stress	0	1	2	1
Other and unspecified	1	0	1	1
<b>Total</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>3</b>

Table 20: Continuance rates – incapacity durations

Time period	2017–18 Number of employees (percentage)	2018–19 Number of employees (percentage)	2019–20 Number of employees (percentage)
No Incapacity	1 (33 per cent)	1 (20 per cent)	2 (67 per cent)
Less than 4 weeks	0 (0 per cent)	2 (40 per cent)	1 (33 per cent)
4 weeks	1 (33 per cent)	0 (0 per cent)	0 (0 per cent)
13 weeks	1 (33 per cent)	1 (20 per cent)	0 (0 per cent)
26 weeks	0 (0 per cent)	0 (0 per cent)	0 (0 per cent)
52 weeks	0 (0 per cent)	1 (20 per cent)	0 (0 per cent)



## 3.5 FINANCIAL REVIEW

### Key financial results

In 2019–20 Comcare’s financial results continue to demonstrate that Comcare remains on a strong financial base.

Comcare met its performance targets relating to premium scheme financial sustainability and funding. At year end Comcare’s funding ratio of 128 per cent exceeded its target and net premium liabilities matched its target of \$1.71 billion.

Comcare also delivered its cost recovered activities, including work health and safety regulation, scheme management services and support of the SRCC, with no significant increase in overall licence fees and regulatory contributions.

Table 21: Comcare financial operating result

	2019–20	2018–19	2017–18	2016–17	2015–16
	\$m	\$m	\$m	\$m	\$m
Workers’ compensation premiums	163.3	242.3	285.2	382.5	414.7
Other cost-recovery revenue	36.4	35.5	36.0	35.9	36
Interest and other revenue	24.0	36.1	32.4	33.4	29.5
Revenue from government	61.2	60.3	56.8	61.0	66.2
Claim payments	(216.9)	(234.3)	(255.2)	(264.7)	(281.8)
Administration costs (business-as-usual)	(101.1)	(98.5)	(96.8)	(98.6)	(99.7)
Administration expenses (projects)	(4.2)	(4.2)	(5.8)	(9.3)	(7.5)
Administration costs (finance costs)	(3.2)	(2.2)	0.0	0.0	0.0
<b>Surplus of revenue over expenses</b>	<b>(40.5)</b>	<b>35.0</b>	<b>52.6</b>	<b>140.2</b>	<b>157.4</b>
<b>Movement in claims provisions and appropriations receivable</b>					
Movement in provisions for outstanding claims liabilities	124.3	81.7	301.9	454.4	75.3
Available funding from movement in claims provisions <sup>1</sup>	(92.9)	(117.1)	(346.8)	(127.2)	20.4
<b>Surplus/(deficit) on continuing operations</b>	<b>(9.1)</b>	<b>(0.4)</b>	<b>7.7</b>	<b>467.4</b>	<b>253.0</b>
<b>Net equity</b>	<b>17.2</b>	<b>23.0</b>	<b>22.9</b>	<b>15.3</b>	<b>(452.1)</b>
<b>Cash and cash equivalents</b>	<b>986.6</b>	<b>1,005.1</b>	<b>1,028.2</b>	<b>979.8</b>	<b>820.3</b>

<sup>1</sup> Available funding reduced due to favourable movements in premium and common law asbestos-related claims provision in 2016–17, 2017–18, 2018–19 and 2019–20.

## Premium scheme

In 2019–20 Comcare continued efforts to be the leading workers' compensation insurer by working with employees and employers to minimise the impact of harm in workplaces, supporting optimal recovery and return to work, and delivering a viable service.

The financial sustainability of the Comcare's premium scheme remained strong in 2019–20.

Following the recovery of the Comcare premium scheme, when the scheme returned to a fully funded position in 2016–17, the scheme has now been fully funded for the past three years.

In 2019–20 Comcare's funding ratio was 128 per cent, a small decrease from last year's result of 131 per cent, which represents a move closer to our target range of 100–125 per cent.

The positive funding ratio represents a surplus of premium funds of \$471.9m (\$521.5m in 2018–19) available to settle claims liabilities.

Table 22: Comcare historical funding ratio

	2019–20	2018–19	2017–18	2016–17	2015–16
Funding ratio	128%	131%	116%	102%	84%

The movement from last year was due to a small decrease in premium scheme assets of \$6.7m and an increase in net premium scheme liabilities.

Net premium scheme liabilities increased by \$42.8 million, mainly due to a temporary adjustment to the actuarial central estimate and an increase in the risk margin applied on the valuation by Comcare's independent actuaries due to uncertainty created by the pandemic.

Comcare's net premium scheme liabilities at 30 June 2020 were \$1.7 billion, which exactly corresponded with Comcare's target.

Comcare's net premium scheme liabilities have now reduced by \$1.1 billion over the past four years.

Table 23: Comcare historical net premium liabilities

	2019–20	2018–19	2017–18	2016–17	2015–16
	\$m	\$m	\$m	\$m	\$m
Net premium liabilities	1,708	1,665	2,192	2,421	2,758

Due to the strong financial results in recent years, Comcare has significantly reduced premiums.

The average 2020–21 premium rate is 0.85 per cent of wages, which is less than the Comcare target of 1.0 per cent. Over the past four years, Comcare's annual premiums have reduced by \$251.4 million, from \$414.7 million to \$163.3 million.







# CHAPTER FOUR: FINANCIAL STATEMENTS

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## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Industrial Relations

#### Opinion

In my opinion, the financial statements of Comcare (the Entity) for the year ended 30 June 2020:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2020 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2020 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

#### Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office 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 Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Chief Executive Officer is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under the Act. The Chief Executive Officer is also responsible for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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### Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are 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 National Audit Office 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 the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Peter Kerr  
Executive Director  
Delegate of the Auditor-General

Canberra  
22 September 2020

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# **COMCARE FINANCIAL STATEMENTS**

## **for the year ended 30 June 2020**

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## Statement by the Accountable Authority and the Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2020 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that Comcare will be able to pay its debts as and when they fall due.



Susan Weston  
Accountable Authority and Chief Executive Officer  
21 September 2020



Seyhan Aka  
Chief Financial Officer  
21 September 2020

## Comcare Statement of comprehensive income

for the period ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000	2020 Original Budget \$'000
<b>Net cost of services</b>				
<b>Expenses</b>				
Employee benefits	1.1A	67,146	67,686	70,188
Suppliers	1.1B	25,460	30,274	34,982
Depreciation and amortisation	2.2A	12,208	4,641	4,873
Finance costs	1.1C	3,331	2,225	-
Write-downs and impairment of assets	1.1D	-	50	-
Losses from asset sales		336	7	-
Workers' compensation claims expense	1.1E	193,324	209,924	184,887
Common law asbestos-related disease claims expense	1.1F	23,582	24,423	26,884
<b>Total expenses</b>		<b>325,387</b>	<b>339,230</b>	<b>321,814</b>
<b>Own-source income</b>				
<b>Own-source revenue</b>				
Revenue from contracts with customers	1.2A	202,526	281,059	195,617
Interest	1.2B	20,315	31,350	25,224
Other revenue		997	1,454	320
<b>Total own-source revenue</b>		<b>223,838</b>	<b>313,863</b>	<b>221,161</b>
<b>Gains</b>				
Gains from movement in workers' compensation claims provision	1.2C	14,312	107,807	26,655
Gains/(Losses) from movement in common law asbestos-related disease claims provision	1.2D	109,900	(26,124)	27,720
<b>Total gains</b>		<b>124,212</b>	<b>81,683</b>	<b>54,375</b>
<b>Total own-source income</b>		<b>348,050</b>	<b>395,546</b>	<b>275,536</b>
<b>Net contribution by services</b>		<b>22,663</b>	<b>56,316</b>	<b>(46,278)</b>

		2020	2019	2020 Original Budget
	Notes	\$'000	\$'000	\$'000
Revenue from Government	1.2E	61,191	60,287	61,177
Available funding from movement in claims provision	1.2F	(92,899)	(117,012)	(14,899)
<b>Surplus/(Deficit) on continuing operations</b>		<b>(9,045)</b>	<b>(409)</b>	<b>-</b>

## Other comprehensive income

### Items not subject to subsequent reclassification to net cost of services

Changes in asset revaluation reserve		(145)	447	-
<b>Total other comprehensive income</b>		<b>(145)</b>	<b>447</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>(9,190)</b>	<b>38</b>	<b>-</b>

The above statement should be read in conjunction with the accompanying notes.

Budget variances commentary	Note ref.
Supplier costs were less than budget, mainly due to the reclassification of operating lease expense to right-of-use assets, following the adoption of the new accounting standard for leases (AASB 16) for the first time in 2019–20.	1.1B
Depreciation and amortisation were greater than budget, mainly due to the reclassification of operating lease expense to right-of-use assets, and partially offset by lower depreciation for computer software assets.	2.2A
Interest revenue was \$4.9m less than budget due to lower interest rates.	1.2B
Gains from movement in workers' compensation claims provision were lower than budget, mainly because Comcare's premium claims provision was lower as a result of the independent actuarial estimate.	1.2C
Gains from movement in common law asbestos-related disease claims provision were higher than budget due to a reduction in the claims provision, as valued by Comcare's independent actuary.	1.2D
Available funding from movement in claims provision was lower due to the reduction in the premium claims provision and common law asbestos-related disease claims provision.	1.2F

## Comcare Statement of financial position

as at 30 June 2020

	Notes	2020 \$'000	2019 \$'000	2020 Original Budget \$'000
<b>Assets</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2.1A	986,576	1,005,088	939,092
Trade and other receivables	2.1B	2,236,080	2,330,932	2,176,640
Other financial assets	2.1C	5,533	10,072	11,833
<b>Total financial assets</b>		<b>3,228,189</b>	<b>3,346,092</b>	<b>3,127,565</b>
<b>Non-financial assets<sup>1</sup></b>				
Buildings	2.2A	17,617	7,349	5,238
Plant and equipment	2.2A	4,845	4,687	3,341
Computer software	2.2A	8,228	6,458	12,354
Other non-financial assets	2.2B	1,382	1,678	1,463
<b>Total non-financial assets</b>		<b>32,072</b>	<b>20,172</b>	<b>22,396</b>
<b>Total assets</b>		<b>3,260,261</b>	<b>3,366,264</b>	<b>3,149,961</b>
<b>Liabilities</b>				
<b>Payables</b>				
Suppliers	2.3A	338,644	353,123	363,535
Workers' compensation claims payable	2.3B	8,010	1,696	-
Other payables	2.3C	2,561	5,199	5,773
<b>Total payables</b>		<b>349,215</b>	<b>360,018</b>	<b>369,308</b>
<b>Interest bearing liabilities</b>				
Leases	2.4A	12,879	-	-
<b>Total interest bearing liabilities</b>		<b>12,879</b>	<b>-</b>	<b>-</b>

	Notes	2020 \$'000	2019 \$'000	2020 Original Budget \$'000
<b>Provisions</b>				
Employee provisions	4.1	19,435	17,943	19,964
Workers' compensation claims	2.5A, D, E, F	2,029,215	2,025,942	1,945,377
Common law asbestos-related disease claims	2.5B, G	829,640	936,880	789,880
Other provisions	2.5C	2,669	2,501	2,490
<b>Total provisions</b>		<b>2,880,959</b>	<b>2,983,266</b>	<b>2,757,711</b>
<b>Total liabilities</b>		<b>3,243,053</b>	<b>3,343,284</b>	<b>3,127,019</b>
<b>Net assets</b>		<b>17,208</b>	<b>22,980</b>	<b>22,942</b>
<b>Equity</b>				
Contributed equity		7,717	7,717	7,717
Reserves		4,025	4,141	3,961
Retained surplus		5,466	11,122	11,264
<b>Total equity</b>		<b>17,208</b>	<b>22,980</b>	<b>22,942</b>

<sup>1</sup> Right-of-use assets include Buildings, and Plant and Equipment.

The above statement should be read in conjunction with the accompanying notes.

#### Budget variances commentary

Note ref.

Cash is higher than budget due to higher opening cash balance following lower benefit payments and administration expenses in 2018–19, and lower administration expenses in 2019–20.

2.1A

Trade and other receivables is higher than budget due to higher Appropriations Receivable from Government. The Appropriations Receivable is higher because of the net increase in the Comcare's insurance provisions which are funded by government.

2.1B

Buildings, and Plant and equipment assets are higher than budget as Comcare recognised a right-of-use asset relating to leases following the adoption of the new accounting standard for leases (AASB 16) for the first time in 2019–20. For more information about AASB 16, refer to the Overview section. Comcare's 2019–20 budget estimates did not include the impact of AASB 16.

2.2A

Computer software assets are lower than budget due to delays in asset purchases during the year.	2.2A
Comcare recognised lease liabilities for the first time in 2019–20 following the adoption of the new accounting standard for leases (AASB 16).	2.4A
The workers' compensation claims provision was higher due to changes in economic assumptions and an adjustment to allow for higher continuance rates because of COVID-19.	2.5A, D, E, F
The common law asbestos-related disease claims provision was higher than budget due to changes in economic assumptions.	2.5B, G

## Comcare Statement of changes in equity

for the period ended 30 June 2020

	Retained earnings		Asset revaluation surplus		Contributed equity		Total equity	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
					2020 Original Budget	2020 Original Budget	2020 Original Budget	2020 Original Budget
					\$'000	\$'000	\$'000	\$'000
Opening balance carried forward from the previous period	11,122	11,264	4,141	3,961	7,717	7,717	22,980	22,942
Adjustment on initial application of AASB 16	3,418	-	-	-	-	-	3,418	-
Adjusted opening balance	14,540	11,264	4,141	3,961	7,717	7,717	26,398	22,942
Comprehensive income								
Surplus/(Deficit) for the period	(9,045)	(409)	-	-	-	-	(9,045)	(409)
Revaluation adjustment	(29)	267	(116)	180	-	-	(145)	447
Total comprehensive income	(9,074)	(142)	(116)	180	-	-	(9,190)	38
Closing balance as at 30 June	5,466	11,122	4,025	4,141	7,717	7,717	17,208	22,980

The above statement should be read in conjunction with the accompanying notes.

### Budget variance commentary

Comcare's equity is lower than budget due to the net loss from operations in 2019–20.

## Comcare Cash flow statement

for the period ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000	2020 Original Budget \$'000
<b>Operating activities</b>				
<b>Cash received</b>				
Sales of goods and rendering of services		38,333	39,116	38,862
Receipts from Government		66,307	66,072	61,177
Interest		25,078	33,343	25,224
Workers' compensation premiums		163,348	241,931	156,460
GST received from customers		16,626	23,348	15,993
Other		996	1,310	-
<b>Total cash received</b>		<b>310,688</b>	<b>405,120</b>	<b>297,716</b>
<b>Cash used</b>				
Employees		65,102	66,332	68,820
GST paid to suppliers		6,138	6,977	8,692
Net GST paid		10,462	16,579	7,301
Suppliers	A1	26,792	31,115	34,982
Interest payments on lease liabilities		149	-	-
Workers' compensation claims		185,703	277,873	184,886
Common law asbestos-related disease claims		23,582	24,423	26,884
<b>Total cash used</b>		<b>317,928</b>	<b>423,299</b>	<b>331,565</b>
<b>Net cash from/(used by) operating activities</b>	3.1	<b>(7,240)</b>	<b>(18,179)</b>	<b>(33,849)</b>
<b>Investing activities</b>				
<b>Cash received</b>				
Proceeds from sales of property, plant and equipment		-	3	-
<b>Total cash received</b>		<b>-</b>	<b>3</b>	<b>-</b>



	Notes	2020 \$'000	2019 \$'000	2020 Original Budget \$'000
<b>Cash used</b>				
Purchase of property, plant and equipment		4,666	4,977	6,130
<b>Total cash used</b>		<b>4,666</b>	<b>4,977</b>	<b>6,130</b>
<b>Net cash from/(used by) investing activities</b>		<b>(4,666)</b>	<b>(4,974)</b>	<b>(6,130)</b>
<b>Financing activities</b>				
<b>Cash used</b>				
Principal payments of lease liabilities	A2	6,606	-	-
<b>Total cash used</b>		<b>6,606</b>	<b>-</b>	<b>-</b>
<b>Net cash from/(used by) financing activities</b>		<b>(6,606)</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash held</b>		<b>(18,512)</b>	<b>(23,153)</b>	<b>(39,979)</b>
Cash and cash equivalents at the beginning of the reporting period		1,005,088	1,028,241	979,071
<b>Cash and cash equivalents at the end of the reporting period</b>	2.1A	<b>986,576</b>	<b>1,005,088</b>	<b>939,092</b>

The above statement should be read in conjunction with the accompanying notes.

#### Budget variance commentary

Cash used for suppliers was less than budget mainly due to the reclassification of operating lease expense from suppliers to principal payments of lease liabilities (cash used by financing activities) following the adoption of the new accounting standard for leases (AASB 16) for the first time in 2019–20.

Note ref.

A1, A2

## Overview

### Objectives of Comcare

Comcare is the national workers' compensation and work health and safety authority. We are committed to supporting participation and productivity through healthy and safe workplaces that minimise the impact of harm.

Comcare is structured to meet the following outcomes:

**Outcome 1:** Support participation and productivity through healthy and safe workplaces that minimise the impact of harm in workplaces covered by Comcare.

<b>Program component 1.1</b>	Work Health, Safety and Rehabilitation Regulation
<b>Program component 1.2</b>	Comcare Workers' Compensation Scheme Management
<b>Program component 1.3</b>	SRCC and Seacare Authority Support
<b>Program component 1.4</b>	Premium Claims
<b>Program component 1.5</b>	Pre-premium Claims
<b>Program component 1.6</b>	Asbestos Claims

## The basis of preparation

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*.
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

## New Australian accounting standards

### Adoption of new Australian accounting standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

The following new, revised standards, amending standards and interpretations issued prior to the signing of the statements by the Accountable Authority and Chief Financial Officer were applicable to the current reporting period and had a material effect on Comcare's financial statements.

Standard/Interpretation	Nature of change in accounting policy, transitional provisions <sup>1</sup> , and adjustment to financial statements
<p>AASB 15 <i>Revenue from Contracts with Customers / AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i> and AASB 1058 <i>Income of Not-For-Profit Entities</i></p>	<p>AASB 15, AASB 2016-8 and AASB 1058 became effective 1 July 2019.</p> <p>AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 <i>Revenue</i>, AASB 111 <i>Construction Contracts</i> and Interpretation 13 <i>Customer Loyalty Programmes</i>. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.</p> <p>AASB 1058 is relevant in circumstances where AASB 15 does not apply. AASB 1058 replaces most of the not-for-profit (NFP) provisions of AASB 1004 <i>Contributions</i> and applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p>
<p>AASB 16 <i>Leases</i></p>	<p>AASB 16 became effective on 1 July 2019.</p> <p>This new standard has replaced AASB 117 <i>Leases</i>, Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i>, Interpretation 115 <i>Operating Leases—Incentives</i> and Interpretation 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>.</p> <p>AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p>

<sup>1</sup> When transitional provisions apply, all changes in accounting policy are made in accordance with their respective transitional provisions.

All other new, revised, amending standards and/or interpretations that were issued prior to the sign-off date and applicable to the current reporting period did not have a material effect and are not expected to have a future material effect on Comcare's financial statements.

#### **Application of AASB 15 *Revenue from Contracts with Customers*/AASB 1058 *Income of Not-For-Profit Entities***

Comcare adopted AASB 15 and AASB 1058 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under the various applicable AASBs and related interpretations.

Under the new income recognition model, Comcare shall first determine whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'. If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), Comcare applies the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria are not met, Comcare shall consider whether AASB 1058 applies.

In relation to AASB 15, Comcare elected to apply the new standard to all new and uncompleted contracts from the date of initial application. Comcare is required to aggregate the effect of all of the contract modifications that occur before the date of initial application.

In terms of AASB 1058, Comcare is required to recognise volunteer services at fair value if those services would have been purchased if not provided voluntarily, and the fair value of those services can be measured reliably.

#### **Impact on transition**

There is no impact to assets, liabilities or adjustments recognised in retained earnings on transition at 1 July 2019 as a result of the adoption of AASB 15 and AASB 1058.

#### **Transitional disclosure**

The following table demonstrates the amounts by which each relevant financial statement line item is affected as at and for the year ended 30 June 2020 as a result of the adoption of AASB 15 and AASB 1058. The first column shows amounts prepared under AASB 15 and AASB 1058 and the second column shows what the amounts would have been had AASB 15 and AASB 1058 not been adopted:

	AASB 15 / AASB 1058 \$'000	Previous AAS \$'000	Increase / (Decrease) \$'000
<b>Revenue</b>			
Revenue from contracts with customers	202,526	-	202,526
Sale of goods and rendering of services	-	21,930	(21,930)
Fees and fines	-	17,248	(17,248)
Workers' compensation premiums	-	163,348	(163,348)

There is no impact to expenses, assets, liabilities or retained earnings as a result of adoption of AASB 15 and AASB 1058 as at and for the year ended 30 June 2020.

### Application of AASB 16 Leases

Comcare adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

Comcare elected to apply the practical expedient to not reassess whether a contract is or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. Comcare applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- > Apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
- > Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if AASB 16 had been applied since the commencement date.
- > Rely on previous assessments on whether leases are onerous as opposed to preparing an impairment review under AASB 136 Impairment of assets as at the date of initial application.
- > Apply the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, Comcare previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, Comcare recognises right-of-use assets and lease liabilities for most leases. However, Comcare has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets (less than \$10,000) based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of AASB 16, Comcare recognised right-of-use assets and lease liabilities in relation to leases of office space and automobiles, which had previously been classified as operating leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using Comcare's incremental borrowing rate as at 1 July 2019. Comcare's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 1.3%. The right-of-use assets were measured as follows:

- a) Office space: measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.
- b) All other leases: the carrying value that would have resulted from AASB 16 being applied from the commencement date of the leases, subject to the practical expedients noted above.

### Impact on transition

On transition to AASB 16, Comcare recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

Departmental	1 July 2019 \$'000
Right-of-use assets - building	18,114
Lease liabilities	18,114
Retained earnings	-

The following table reconciles the Departmental minimum lease commitments disclosed in Comcare's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019.

	1 July 2019 \$'000
Minimum operating lease commitment at 30 June 2019	21,144
Less: short-term lease not recognised under AASB 16	23
Less: non-lease components not recognised under AASB 16	2,752
<b>Undiscounted lease payments</b>	<b>18,369</b>
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	255
<b>Lease liabilities recognised at 1 July 2019</b>	<b>18,114</b>

### Future Australian accounting standard requirements

The following new, revised standards, amending standards and interpretations were issued by the AASB prior to the signing of the Statement by the Accountable Authority and Chief Financial Officer, which are expected to have a material impact on Comcare's financial statements for future reporting periods.

Standard/Interpretation	Application date for Comcare <sup>1</sup>	Nature of impending change/s in accounting policy and likely impact on initial application
AASB 17 <i>Insurance Contracts</i>	1 January 2022	AASB 17 is the first international accounting standard for insurance. It will replace the three standards: AASB 4 <i>Definition of Insurance</i> , AASB 1023 <i>General Insurance</i> and AASB 1038 <i>Life Insurance</i> .

<sup>1</sup> Comcare's expected initial application date is when the accounting standard becomes operative at the beginning of Comcare's reporting period.

All other new, revised, amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods are not expected to have a future material impact on Comcare's financial statements.

## Taxation

Comcare is exempt from all forms of taxation except Fringe Benefits Tax and the Goods and Services Tax.

## Significant accounting judgements and estimates

Comcare's compensation schemes exhibit many of the characteristics of an insurance business. Comcare's statutory relationship with its customers and the Commonwealth is not of the nature of an insurance contract as defined under AASB 1023 *General Insurance Contracts*. Comcare regards the application of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* in the valuation of its claims provisions as more appropriate.

The valuation of workers' compensation claims liabilities was undertaken as at 30 June 2020 by independent consulting actuaries, Taylor Fry Pty Ltd (Taylor Fry). The valuation of common law asbestos-related disease claims liabilities was undertaken as at 30 June 2020 by independent consulting actuaries, PricewaterhouseCoopers Consulting (Australia) Pty Ltd (PwC).

The provisions represent an estimate of the present value of future payments in respect of claims for events occurring before 30 June 2020 with a 75 per cent probability of sufficiency. The estimated cost of claims includes direct expenses to be incurred in settling claims. Expected value of recoveries from third parties is included in Trade and Other Receivables.

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

Many sources of uncertainty exist when estimating a "long tail" provision. There are some general sources of uncertainty and these arise from:

- > the actuarial models and methods which may not exactly match the underlying claims process
- > past claim fluctuations which may create uncertainty in selecting model parameters
- > unavailable data or undetected errors in data which may result in inappropriate parameters being selected
- > future economic and environmental conditions which may be different to those assumed
- > future claim fluctuations, resulting in uncertainty of the projected liability, even if the model and its parameters were perfect.

## Principles of accounting for workers' compensation claims

Comcare manages workers' compensation claims for Commonwealth employees and some employees of the ACT Government under the Safety, Rehabilitation and Compensation Act 1988 (SRC Act). Workers' compensation claims for work related injuries and illness sustained on or after 1 July 1989 are referred to as 'premium claims' or 'premium business'. Workers' compensation claims for work related injuries sustained by Commonwealth employees prior to that date are referred to as 'pre-premium claims' or 'pre-premium business'.

For premium claims, premiums are received from employers covered under the SRC Act. They are calculated using a system and methodology developed by an independent actuary and are intended to fully cover all liabilities incurred over the life of these claims.

All premiums are charged up front for the full financial year. There are no unearned premiums or deferred acquisition costs at the end of the financial year. Changes to premiums arising from wage and salary adjustments are recognised in the year they become payable or receivable.

Pre-premium claims are funded by parliamentary special appropriations on an emerging cost basis.

In accordance with section 128A of the SRC Act, Comcare's liability under the SRC Act in respect of any injury, loss or damage suffered before 1 July 1989 by an employee of a Commonwealth authority listed in section 128A(4) must be discharged by the authority.

### **Claims provisions**

The valuation of workers' compensation claims liabilities was undertaken as at 30 June 2020 by independent consulting actuaries, Taylor Fry.

The valuation of common law asbestos-related disease claims liabilities was undertaken as at 30 June 2020 by independent consulting actuaries, PwC.

The liability for workers' compensation claims (both premium and pre-premium) and common law asbestos-related disease claims are determined in accordance with the requirements of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. Provisions for claims are recognised when:

- > Comcare has a present legal or constructive obligation as a result of past events
- > it is probable that an outflow of resources will be required to settle the obligation
- > the amount has been reliably estimated.

Where there are a number of similar obligations for each claim type, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same claim type may be small.

The expected future payments are discounted to present value using a risk free rate. The expected future payments include claims reported but not yet paid, claims incurred but not reported and anticipated claims handling costs. Claims handling costs can either be associated directly with individual claims, such as legal and other professional fees, or associated indirectly with individual claims, such as claims administration costs.

### **Workers' compensation claims provisions**

There are specific sources of uncertainty arising from the nature of the schemes and the data. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the future cost of claims to increase or decrease when compared with past cost of claims including:



- > trends in long-term weekly income replacement benefit and medical cost continuance rates
- > the longer lag times between injury and claim relative to other workers' compensation schemes
- > movements in industry benchmarks
- > changes in service delivery 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
- > medical and technological developments.

The injury profile within the schemes creates dynamic expenditure patterns. Typically injuries can be of an immediate and short-term duration as well as those which are more permanent resulting in long-term entitlements. Historically, the expenditure trend does concentrate earlier (the discounted mean term of the liabilities is approximately eight years). However, the provisions have a long tail element where payments are expected to be made for the next 50 or more years.

For the purpose of estimating the workers' compensation provisions Taylor Fry considers the varying types of benefits. These include the following:

- > incapacity payments, split between short-term and long-term payments
- > medical and rehabilitation expenses
- > legal expenses
- > other, including permanent impairment, non-economic loss payments, death, common law and other payments.

In calculating the estimated cost of future workers' compensation claims, Taylor Fry uses a variety of estimation techniques, generally based on statistical analysis of historical experience, which assumes that the development pattern of the current and future claims will be consistent with past experience.

The sensitivity analysis shown below attempts to quantify some of the significant uncertainty around the valuation estimates. It is not intended to be comprehensive and uncertainty remains in other areas. It shows that, notwithstanding the substantial downward adjustment in the liability as a result of changes in the assumptions for valuations, the risk of over or underestimating the liability remains. At the same time, these results show there is still room for further decline in expenditure under assumptions that would not be unreasonable given recent experience.

Details of the specific assumptions used in deriving the claims liabilities at year end are detailed in Notes 2.5D-G.

#### **Premium business**

The value of the provision for premium claims liability has increased by \$44m in 2019–20 (\$528m reduction in 2018–19).

Changes to premium claims liability		\$m
Opening balance of gross liability as at 1 July 2019		1,671
Changes in economic assumptions		(36)
Number of active incapacity and/or medical claims less than forecast		9
Number of new claimants receiving incapacity and/or medical payments		49
Claims administration expenses		10
Latent mental disease claim provision		12
<b>Closing balance of gross liability as at 30 June 2020</b>		<b>1,715</b>

### Commonwealth latent mental disease claims

Comcare carried out analysis of data in relation to latent mental disease claims and has recognised a separate provision for liability arising from constructive obligations existing before the date of injury, but after the date of exposure to the cause of injury. This accounting practice recognises the liability before Comcare's legal obligation to provide compensation under the SRC Act. The additional liability cannot be funded from premiums until the year in which the resulting injuries occur.

### Premium business sensitivity analysis

As the workers' compensation provisions are subject to a variety of assumptions, it is considered prudent to disclose what the sensitivities of the significant assumptions could be. In its report, Taylor Fry has provided the following information regarding areas of uncertainty and key risks.

#### 1. Longer-term continuance rates

The valuation estimate is extremely sensitive to the assumed longer-term continuance rates (for claims of 12.5 or more years since injury). Past longer-term continuance rates have shown considerable variability from year to year and estimates of future longer-term continuance rates are highly uncertain. If continuance rates for incapacity and medical payments were to reach levels 0.5 per cent higher than those assumed for this valuation the central estimate of the liability would increase by around \$132m. However, if experience were to move in the opposite direction by the same amount, then the liability would decrease by around \$96m.

#### 2. Shorter-term continuance rates

The liability estimate is highly sensitive to forecast short term continuance rates (for incapacity payments of less than 12.5 years since injury and medical payments less than 15 years since injury). In the past there has been considerable quarterly variation in short term continuance rates, increasing the uncertainty of estimates. If short term continuance rates on both incapacity and medical payments were to reach levels 0.5 per cent higher than forecast, then the central estimate of liability would increase by around \$68m. However, if experience was 0.5 per cent lower than forecast, the central estimate of liability would decrease by \$58m. Both these scenarios can be considered moderate variations in continuance rate assumptions given the historical variability in continuance rates.

#### 3. Unit administration expenses increasing slightly

Administration expenses per service unit have increased during 2019–20 due to fewer open claims, fewer claims reports and movements of employers to self-insurance arrangements. A future cost per weighted service unit equal to the average cost per weighted service unit over the 2016–17 and 2017–18 injury years has been assumed. If the cost per weighted service unit were to continue increasing, the liability estimate would increase by \$49m.

The illustrative alternative valuation assumptions considered in the analysis are intended to provide some indication as to the relative sensitivity of the estimate to changes in some of the assumptions used. The range of the values considered in this analysis should not be considered as necessarily presenting a “reasonable” range of possible outcomes.

It should also be noted that the analysis considers the impact of changes in each factor in isolation. In reality, several factors might vary at the same time. Hence the combined effect of several variations from the assumptions could be significantly greater than the variation indicated for each factor in isolation. No reliance should be placed on this analysis in regards to the level of uncertainty in the estimates. This has been modelled and quantified separately by Taylor Fry in arriving at a provision for premium and pre-premium claims liabilities. A 13 per cent risk margin has been applied to the central estimate for premium claims liabilities and 16.5 per cent for pre-premium claims liabilities, which gives an intended 75 per cent probability of sufficiency.

### **COVID-19**

Taylor Fry’s analysis shows no evidence of an immediate impact to the liability as a result of the COVID-19 pandemic. Specifically, they have not observed any revisions in claim frequency or deferrals of claims at present. This observation, however, presents with significant uncertainty. To account for this, Comcare has accepted Taylor Fry’s recommendation to include a temporary adjustment of \$20.2 million to the central estimate and increase the risk margin by 1.5 per cent. This measure will be revisited when actual experience is observed.

### **Economic assumptions**

This provision is sensitive to interest rate and inflation assumption changes as Taylor Fry calculates the future cash flows and then discounts these future values to the present value using the discount rate. The level of the discount rate, while not affecting the projected future cash flows themselves, will alter the present value assigned to those cash flows, and hence the estimate of the liability.

### **Common law asbestos-related disease claims**

The estimated cost of asbestos-related disease claims is by its nature highly uncertain. In projecting future events which may not occur for 40 to 50 years the actuary is extrapolating disease incidence numbers many years beyond the data from which the projection models have been calibrated. Further, in projecting the future cost of compensation in a common law system the actuary needs to consider the potential for the claims and litigation environment to change.

The outlook for future compensation costs for asbestos litigation in general and for Comcare’s liabilities in particular contains a great number of uncertainties in relation to factors such as:

- > the number of diagnosed incidences of asbestos-related diseases
- > the proportion of cases being compensated
- > medical diagnostic and treatment improvements
- > the litigation environment, including legal precedents and court procedures
- > the cost per claim and the contribution from co-defendants.

Sensitivity analysis performed by PwC indicates that the net central estimate liability, including expenses, may vary by approximately -\$86m to +\$117m (i.e. -17.3 per cent to +23.4 per cent) as a result of some plausible changes in the valuation basis. This illustrates the uncertainty inherent in the projections. It is possible that a number of these changes could occur simultaneously, resulting in even larger changes. Each of the scenarios in the sensitivity analysis lies within the selected risk margin (which is 40 per cent of the central estimate).

### **COVID-19**

PwC analysis shows no evidence of an immediate impact to the liability as a result of the COVID-19 pandemic, and as such Comcare has not included an explicit allowance for the impact of COVID-19 on the outstanding claims liabilities.

## **Disclosure of funding for Comcare**

### **Premium Business**

Premium business refers to workers' compensation claims resulting from injuries occurring on or after 1 July 1989.

In accordance with section 97A of the SRC Act, Comcare calculates premiums to be charged for each financial year based on the expected costs for claims when the date of injury, as defined in the SRC Act, is in that year. The calculation of the Comcare premium pool takes into account actual and notional interest expected to be earned on the premium funds collected.

Prior to being repealed (effective 1 July 2002), subsection 90A of the SRC Act required that premiums collected by Comcare be paid to the Australian Government. These funds will be returned to Comcare through parliamentary appropriations as required for payment of claims relating to incidents occurring after 1 July 1989. As at 30 June 2020 the notional balance of these funds was \$1,595.2m (2019: \$1,587.3m). This appropriation is only payable to Comcare after it has exhausted all of its retained funds. Premiums received from 1 July 2002 are retained by Comcare.

The funds held with the Australian Government earned notional interest of \$8.0m in 2019–20 (2019: \$22.1m) calculated as part of the requirements of section 90C of the SRC Act. This interest was added to the balance of the notional reserve as at 30 June 2020. The interest rate is calculated under the determination made by the Finance Minister made under section 90C(3).

Independent actuarial assessment has established that the actuarial liability for the premium business claims as at 30 June 2020 is \$1,715.0m (2019: \$1,671.2m).

The following table summarises the sources of funds available to Comcare to settle the outstanding claims for the premium business.

	Note	2020 \$'000	2019 \$'000
Net premiums held in the Commonwealth Consolidated Revenue Fund		1,595,232	1,587,257
Cash and cash equivalents		584,709	599,421
Actuary assessed third party recoveries		6,985	6,000
Actuary assessed gross outstanding liability for payment of premium related claims <sup>1</sup>	2.5D	(1,714,981)	(1,671,200)
<b>Surplus funds in excess of claims liabilities</b>		<b>471,945</b>	<b>521,478</b>

<sup>1</sup> Excludes \$11.45m for additional latent mental disease claims where the date of injury as defined in the SRC Act is after balance date. Refer to Note 2.5E for Commonwealth latent mental disease claims provision.

### Pre-premium business

Workers' compensation claims resulting from injuries that occurred prior to 1 July 1989 are referred to as 'pre-premium' claims. Expenses associated with these claims are funded from Australian Government special appropriations. Independent actuarial assessment has established that the outstanding liability for these claims as at 30 June 2020 is \$302.8m (2019: \$343.4m).

The following table summarises the sources of funds available to Comcare to settle the outstanding claims for the pre-premium business.

	Note	2020 \$'000	2019 \$'000
Special appropriation receivable		321,109	357,895
Cash and cash equivalents		(18,325)	(14,453)
Actuary assessed gross outstanding liability for payment of pre-premium related claims	2.5F	(302,784)	(343,442)
<b>Surplus funds in excess of claims liabilities</b>		<b>-</b>	<b>-</b>

### Asbestos-related disease business

Comcare is also responsible for the management of asbestos-related personal injury common law disease claims against the Commonwealth. Expenses associated with these claims are funded from Australian Government special appropriations. Independent actuarial assessment has established that the outstanding liability for these claims as at 30 June 2020 is \$829.6m (2019: \$936.9m).

The following table summarises the sources of funds available to Comcare to settle the outstanding claims for the asbestos-related disease business.

	Note	2020 \$'000	2019 \$'000
Special appropriation receivable		638,181	757,068
Cash and cash equivalents		61,959	52,972
Actuary assessed third party recoveries		129,500	126,840
Actuary assessed gross outstanding liability for payment of asbestos-related claims	2.5G	(829,640)	(936,880)
<b>Surplus funds in excess of claims liabilities</b>		-	-

#### Events after the reporting period

There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of Comcare.

## Departmental financial performance

This section analyses the financial performance of Comcare for the year ended 30 June 2020

	2020	2019
	\$'000	\$'000

### Note 1.1: Expenses

<b>1.1A Employee benefits</b>		
Wages and salaries	50,142	49,613
Superannuation		
Defined contribution plans	6,729	6,443
Defined benefit plans	2,689	2,996
Leave and other entitlements	6,552	7,119
Separation and redundancies	538	699
Other	496	816
<b>Total employee benefits</b>	<b>67,146</b>	<b>67,686</b>

### Accounting policy

Accounting policies for employee related expenses are contained in the People and relationships section.

<b>1.1B Suppliers</b>		
<b>Goods and services supplied or rendered</b>		
Consultants	1,301	1,213
Legal expenses	2,480	2,804
Contractors	3,730	2,709
Assurance services	1,158	1,292
Fees for professional services	3,033	1,772
External claims services	2,135	2,517
Education and conference delivery	239	626
Information communication technology	5,537	4,938
Property services	1,335	1,444
Travel	1,168	1,529
Other	2,460	2,106
<b>Total goods and services supplied or rendered</b>	<b>24,576</b>	<b>22,950</b>

	2020 \$'000	2019 \$'000
Goods supplied	353	617
Services rendered	24,223	22,333
<b>Total goods and services supplied or rendered</b>	<b>24,576</b>	<b>22,950</b>
<b>Other suppliers</b>		
Workers' compensation expenses	861	1,374
Operating lease rentals <sup>1</sup>	-	5,950
Short-term leases	23	-
<b>Total other suppliers</b>	<b>884</b>	<b>7,324</b>
<b>Total suppliers</b>	<b>25,460</b>	<b>30,274</b>

<sup>1</sup> Comcare has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

Comcare has no short-term lease commitments as at 30 June 2020.

The above lease disclosures should be read in conjunction with the accompanying notes 1.1C, 2.2A and 2.4A.

## Accounting policy

### Short-term leases and leases of low-value assets

Comcare has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). Comcare recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### 1.1C Finance costs

Interest on lease liabilities	149	-
Unwinding of discount	23	52
Interest expense	3,159	2,173
<b>Total finance costs</b>	<b>3,331</b>	<b>2,225</b>

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 2.2A and 2.4A.

## Accounting policy

All borrowing costs are expensed as incurred.



	2020 \$'000	2019 \$'000
<b>1.1D Write-downs and impairment of assets</b>		
Revaluation decrements	-	50
<b>Total write-downs and impairment of assets</b>	<b>-</b>	<b>50</b>
<b>1.1E Workers' compensation claims expense</b>		
Workers' compensation claims expenses paid and payable (net)	193,324	209,924
<b>Total workers' compensation claims expense</b>	<b>193,324</b>	<b>209,924</b>
<b>Premium claims expense</b>		
Incapacity	103,700	113,672
Legal including common law	20,388	23,844
Medical, travel and other	45,089	51,091
	<b>169,177</b>	<b>188,607</b>
(Less): Recoveries from third parties	(1,100)	(1,497)
<b>Total premium claims expense</b>	<b>168,077</b>	<b>187,110</b>
<b>Pre-premium claims expense</b>		
Incapacity	9,530	7,825
Legal, including common law	941	1,595
Medical, travel and other	14,776	13,394
<b>Total pre-premium claims expense</b>	<b>25,247</b>	<b>22,814</b>
<b>1.1F Common law asbestos-related disease claims expense</b>		
Common law asbestos-related disease claim payments	23,582	24,423
<b>Total common law asbestos-related disease claims expense</b>	<b>23,582</b>	<b>24,423</b>

## Note 1.2: Own-source revenue and gains

### Own-source revenue

<b>1.2A Revenue from contracts with customers</b>		
Rendering of services	202,526	281,059
<b>Total revenue from contracts with customers</b>	<b>202,526</b>	<b>281,059</b>

	2020 \$'000	2019 \$'000
<b>Disaggregation of revenue from contracts with customers</b>		
Major service:		
Premium		
Australian Government entities (related parties)	159,889	197,222
External entities	3,459	45,088
Regulatory Contribution	19,161	19,518
Licence fees	17,248	15,979
Other	2,769	3,252

## Accounting policy

Comcare will recognise revenue at an amount that reflects the consideration entitled in exchange for transferring goods or services to a customer.

Where a contract is assessed to have specific, enforceable performance obligations, Comcare will recognise income if those obligations are satisfied, either: at a point in time where the ownership or control of the goods or services is passed to the customer at the specific time; or progressively over the period covered.

The following is a description of principal activities from which Comcare generates its revenue:

- > The main sources of Comcare's revenue is the premiums to cover workers' compensation claims under the SRC Act. Premiums are charged up front for the full financial year and revenue is recognised progressively over the period covered. Changes to premiums arising from wage and salary adjustments are recognised in the year they become payable or receivable.
- > Comcare also collects regulatory contributions and self-insurance licence fees on an estimated cost recovery basis. Revenue is recognised over the period covered. In addition, licence application fees are also payable by entities that apply for a licence to be granted by the SRCC. The application fees are recognised once the application has been assessed and processed by Comcare.

The transaction price is the total amount of consideration to which Comcare expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

	2020 \$'000	2019 \$'000
<b>1.2B Interest</b>		
Interest	20,315	31,350
<b>Total interest</b>	<b>20,315</b>	<b>31,350</b>

## Accounting policy

Interest revenue is recognised using the effective interest method.

<b>1.2C Gains from movement in workers' compensation claims provision</b>		
Gains from movement in workers' compensation claims provision	14,312	107,807
<b>Total gains from movement in workers' compensation claims provision</b>	<b>14,312</b>	<b>107,807</b>
<b>Gains/(Losses) from movement in premium claims provision</b>		
Movements during reporting period:		
Premium claims provision	(27,182)	112,849
Recoveries receivable	985	(1,300)
<b>Total gains/(losses) from movement in premium claims provision</b>	<b>(26,197)</b>	<b>111,549</b>
<b>Gains/(Losses) from movement in Commonwealth latent mental disease claims provision</b>		
Movements during reporting period:		
Commonwealth latent mental disease claims provision	(150)	-
<b>Total gains/(losses) from movement in Commonwealth latent mental disease claims provision</b>	<b>(150)</b>	<b>-</b>
<b>Gains/(Losses) from movement in pre-premium claims provision</b>		
Movements during reporting period:		
Pre-premium claims provision	40,659	(3,742)
<b>Total gains/(losses) from movement in pre-premium claims provision</b>	<b>40,659</b>	<b>(3,742)</b>

	2020 \$'000	2019 \$'000
<b>1.2D Gains/(losses) from movement in common law asbestos-related disease claims provision</b>		
Movements during reporting period:		
Asbestos claims provision	107,240	(33,701)
Recoveries receivable	2,660	7,577
<b>Total gains/(losses) from movement in common law asbestos-related disease claims provision</b>	<b>109,900</b>	<b>(26,124)</b>
<b>1.2E Revenue from Government</b>		
<b>Attorney-General's Department</b>		
Corporate Commonwealth entity payment item	5,959	5,989
Grants from portfolio department	55,232	54,298
<b>Total revenue from Government</b>	<b>61,191</b>	<b>60,287</b>
<b>1.2F Available funding from movement in claims provision</b>		
Available funding from movement in claims provision	(92,899)	(117,012)
<b>Total available funding from movement in claims provision</b>	<b>(92,899)</b>	<b>(117,012)</b>

## Accounting policy

### Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the entity gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Funding received or receivable from non-corporate Commonwealth entities (appropriated to the non-corporate Commonwealth entity as a corporate Commonwealth entity payment item for payment to this entity) is recognised as Revenue from Government by the corporate Commonwealth entity unless the funding is in the nature of an equity injection or a loan.

## Departmental financial position

This section analyses Comcare's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and relationships section.

2020	2019
\$'000	\$'000

### Note 2.1: Financial assets

#### 2.1A Cash and cash equivalents

Cash at bank and on hand	1,538	1,777
Deposits at call	15,039	23,311
Term deposits	969,999	980,000
<b>Total cash and cash equivalents</b>	<b>986,576</b>	<b>1,005,088</b>

The closing balance of Cash and cash equivalents does not include amounts held in trust: \$1,745k in 2020 and \$1,743k in 2019. See note 6.1 Assets held in trust for more information.

## Accounting policy

Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand and demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

#### 2.1B Trade and other receivables

##### Goods and services receivable

Goods and services	1,834	953
<b>Total goods and services receivable</b>	<b>1,834</b>	<b>953</b>

##### Appropriations receivable

For existing programs*	2,094,027	2,192,041
<b>Total appropriations receivable</b>	<b>2,094,027</b>	<b>2,192,041</b>

##### Other receivables

Third party claims recoveries receivable - workers' compensation claims	6,985	6,000
Third party claims recoveries receivable - common law asbestos-related claims	129,500	126,840
Claims recoveries	6,345	7,101

	2020 \$'000	2019 \$'000
GST receivable from the Australian Taxation Office	696	722
Other	1	33
<b>Total other receivables</b>	<b>143,527</b>	<b>140,696</b>
<b>Total trade and other receivables (gross)</b>	<b>2,239,388</b>	<b>2,333,690</b>
<b>(Less) impairment loss allowance</b>		
Claims recoveries	(3,308)	(2,758)
<b>Total impairment loss allowance</b>	<b>(3,308)</b>	<b>(2,758)</b>
<b>Total trade and other receivables (net)</b>	<b>2,236,080</b>	<b>2,330,932</b>

\* The value disclosed is the combined value of the pre-premium special appropriation receivable, asbestos-related disease special appropriation receivable and net premiums held in the Commonwealth Consolidated Revenue Fund as identified in the Overview.

Trade and other receivables (net) expected to be recovered in:

No more than 12 months	39,931	51,469
More than 12 months	2,196,149	2,279,463
<b>Total trade and other receivables (net)</b>	<b>2,236,080</b>	<b>2,330,932</b>

Credit terms for goods and services were within 30 days (2019: 30 days).

## Accounting policy

### Financial assets

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

## Reconciliation of impairment loss allowance

### Movements in relation to 2020

	Goods and services \$'000	Other receivables \$'000	Total \$'000
As at 1 July 2019	-	2,758	2,758
Amounts written off	-	(942)	(942)
Increase/(Decrease) recognised in net cost of services	-	1,492	1,492
<b>Total as at 30 June 2020</b>	<b>-</b>	<b>3,308</b>	<b>3,308</b>

### Movements in relation to 2019

	Goods and services \$'000	Other receivables \$'000	Total \$'000
As at 1 July 2018	-	2,271	2,271
Amounts written off	-	(615)	(615)
Increase/(Decrease) recognised in net cost of services	-	1,102	1,102
<b>Total as at 30 June 2019</b>	<b>-</b>	<b>2,758</b>	<b>2,758</b>

## Accounting policy

AASB 9 uses an 'expected credit loss' (ECL) model which applies to financial assets measured at amortised cost, contract assets and debt instruments measured at fair value through other comprehensive income.

Trade and other receivable assets and contract assets at amortised cost are assessed for impairment at the end of each reporting period. The simplified approach has been adopted in measuring the impairment loss allowance at an amount equal to lifetime ECL.

### 2.1C Other financial assets

Interest accrued	3,287	8,049
Other	2,246	2,023
<b>Total other financial assets</b>	<b>5,533</b>	<b>10,072</b>
<b>Other financial assets expected to be recovered</b>		
No more than 12 months	5,533	10,072
More than 12 months	-	-
<b>Total other financial assets</b>	<b>5,533</b>	<b>10,072</b>

2020	2019
\$'000	\$'000

## Note 2.2: Non-financial assets

### 2.2A Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (2020)

	Buildings \$'000	Plant and equipment \$'000	Computer software \$'000	Total \$'000
<b>As at 1 July 2019</b>				
Gross book value	27,755	7,464	23,299	58,518
Accumulated depreciation/amortisation	(20,406)	(2,777)	(16,841)	(40,024)
<b>Total as at 1 July 2019</b>	<b>7,349</b>	<b>4,687</b>	<b>6,458</b>	<b>18,494</b>
Recognition of right of use asset on initial application of AASB16	18,114	-	-	18,114
<b>Adjusted total as at 1 July 2019</b>	<b>25,463</b>	<b>4,687</b>	<b>6,458</b>	<b>36,608</b>
<b>Additions:</b>				
By purchase or internally developed	70	1,569	2,977	4,616
Right-of-use assets	1,719	293	-	2,012
Depreciation and amortisation expense	(2,806)	(1,601)	(951)	(5,358)
Depreciation on right-of-use assets	(6,829)	(22)	-	(6,851)
Impairment recognised in net cost of services	-	-	-	-
<b>Disposals:</b>				
Cost of assets disposed	(73)	(424)	(2,226)	(2,723)
Add write back of depreciation on disposals	73	343	1,970	2,386
<b>Net asset disposals</b>	<b>-</b>	<b>(81)</b>	<b>(256)</b>	<b>(337)</b>
<b>Net book value 30 June 2020</b>	<b>17,617</b>	<b>4,845</b>	<b>8,228</b>	<b>30,690</b>
<b>Net book value 30 June 2020 represented by:</b>				
Gross book value	47,585	8,902	24,050	80,537
Accumulated depreciation/amortisation	(29,968)	(4,057)	(15,822)	(49,847)
<b>Net book value 30 June 2020</b>	<b>17,617</b>	<b>4,845</b>	<b>8,228</b>	<b>30,690</b>

#### Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated below. On 30 June 2019, an independent valuer conducted the revaluations.



Reconciliation of the opening and closing balances of property, plant and equipment and intangibles  
(2019)<sup>1</sup>

	Buildings \$'000	Plant and equipment \$'000	Computer software \$'000	Total \$'000
<b>As at 1 July 2018</b>				
Gross book value	25,222	8,007	21,644	54,873
Accumulated depreciation/amortisation	(15,863)	(3,944)	(17,436)	(37,243)
Net book value 1 July 2018	9,359	4,063	4,208	17,630
<b>Additions:</b>				
By purchase or internally developed	661	1,576	2,862	5,099
Depreciation/amortisation expense	(2,882)	(1,147)	(612)	(4,641)
Impairment recognised in net cost of services	-	(50)	-	(50)
<b>Disposals:</b>				
Cost of assets disposed	(751)	(2,356)	(1,208)	(4,315)
Add write back of depreciation on disposals	751	2,347	1,208	4,306
Net asset disposals	-	(9)	-	(9)
<b>Revaluations:</b>				
Revaluation of assets - net value cost adjustment	2,623	237	-	2,860
Add write back of depreciation on revaluation of assets	(2,412)	17	-	(2,395)
Net revaluation	211	254	-	465
Net book value 30 June 2019	7,349	4,687	6,458	18,494
<b>Net book value 30 June 2019 represented by:</b>				
Gross book value	27,755	7,464	23,299	58,518
Accumulated depreciation/amortisation	(20,406)	(2,777)	(16,841)	(40,024)
Net book value 30 June 2019	7,349	4,687	6,458	18,494

<sup>1</sup> Comcare has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

## Accounting policy

### Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they are recognised in the transferor's accounts, immediately prior to the restructuring.

#### **Asset recognition threshold**

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$5,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by Comcare where there exists an obligation to restore the property to its original condition. These costs are included in the value of Comcare's leasehold improvements with a corresponding provision for the 'make good' recognised.

#### **Leased right-of-use (ROU) assets**

Leased ROU assets are capitalised at the commencement date of the lease and comprises the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On adoption of AASB 16 Comcare has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any ROU lease asset that shows indicators of impairment and an impairment loss is recognised against any ROU lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition.

#### **Revaluations**

Following initial recognition at cost, property, plant and equipment (excluding ROU assets) are carried at fair value (or an amount not materially different from fair value) less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

## Depreciation

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to Comcare using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual value and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future, reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2020	2019
Office machines and equipment	2 to 10 years	2 to 10 years
Leasehold improvements	Lease term	Lease term
Motor vehicles	2 to 5 years	2 to 5 years

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

## Impairment

All assets were assessed for impairment at 30 June 2020. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if Comcare was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

## Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

## Intangibles

Comcare's intangibles comprise purchased software for internal use with an initial cost of \$30,000 or more. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life of between 3 to 15 years (2019: 3 to 15 years).

All software assets were assessed for indications of impairment as at 30 June 2020.

	2020 \$'000	2019 \$'000
<b>2.2B Other non-financial assets</b>		
Prepayments	1,382	1,678
<b>Total other non-financial assets</b>	<b>1,382</b>	<b>1,678</b>
<b>Other non-financial assets are expected to be recovered in:</b>		
No more than 12 months	1,320	1,664
More than 12 months	62	14
<b>Total other non-financial assets</b>	<b>1,382</b>	<b>1,678</b>

No indicators of impairment were found for other non-financial assets.

## Note 2.3: Payables

<b>2.3A Suppliers</b>		
Trade creditors and accruals	338,644	353,123
<b>Total supplier payables</b>	<b>338,644</b>	<b>353,123</b>
<b>Suppliers expected to be settled in:</b>		
No more than 12 months	338,644	353,123
<b>Total suppliers expected to be settled</b>	<b>338,644</b>	<b>353,123</b>

Settlement is usually made within 30 days (2019: 30 days).

<b>2.3B Workers' compensation claims payable</b>	<b>8,010</b>	<b>1,696</b>
<b>Workers' compensation claims payable expected to be settled in:</b>		
No more than 12 months	8,010	1,696
<b>Total workers' compensation claims payable</b>	<b>8,010</b>	<b>1,696</b>

	2020 \$'000	2019 \$'000
<b>2.3C Other payables</b>		
Income in advance	727	502
Lease incentives <sup>1</sup>	-	2,009
Salaries and wages	1,031	631
Superannuation	146	70
Other	657	1,987
<b>Total other payables</b>	<b>2,561</b>	<b>5,199</b>
<b>Other payables expected to be settled in:</b>		
No more than 12 months	2,306	2,619
More than 12 months	255	2,580
<b>Total other payables</b>	<b>2,561</b>	<b>5,199</b>

<sup>1</sup> Comcare has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

## Note 2.4: Interest bearing liabilities

<b>2.4A Leases</b>		
Lease liabilities	12,879	-
<b>Total leases</b>	<b>12,879</b>	<b>-</b>

Total cash outflow for leases for the year ended 30 June 2020 was \$6,754,772.

### Maturity analysis - contractual undiscounted cash flows

Within 1 year	6,603	7,904
Between 1 to 5 years	7,082	13,240
More than 5 years	-	-
<b>Total leases</b>	<b>13,685</b>	<b>21,144</b>

### Office accommodation

Comcare in its capacity as lessee has ten leases for office accommodation. The remaining non-cancellable term of the lease ranges from less than one year and up to five years. Some leases contain an option to extend the lease for a further term. This is not included in the right-of-use asset and lease liability as Comcare is not reasonably certain of exercising the option.

### Lease of vehicles

Comcare in its capacity as lessee has nine vehicle leases. The non-cancellable term of these leases is three years with no options to extend.

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.1C and 2.2A.

Refer to the Overview section for the accounting policy on leases.

	Notes	2020 \$'000	2019 \$'000
<b>Note 2.5: Provisions</b>			
<b>2.5A Workers' compensation claims</b>			
Premium claims	2.5D	1,714,981	1,671,200
Commonwealth latent mental disease claims	2.5E	11,450	11,300
Pre-premium claims	2.5F	302,784	343,442
<b>Total workers' compensation claims</b>		<b>2,029,215</b>	<b>2,025,942</b>
<b>Workers' compensation claims expected to be settled in:</b>			
No more than 12 months		242,500	234,942
More than 12 months		1,786,715	1,791,000
<b>Total workers' compensation claims</b>		<b>2,029,215</b>	<b>2,025,942</b>
<b>2.5B Common law asbestos-related disease claims</b>	2.5G	<b>829,640</b>	<b>936,880</b>
<b>Common law asbestos-related disease claims expected to be settled in:</b>			
No more than 12 months		51,940	55,860
More than 12 months		777,700	881,020
<b>Total common law asbestos-related disease claims</b>		<b>829,640</b>	<b>936,880</b>
<b>2.5C Other provisions</b>			
Provision for restoration obligations		2,669	2,501
<b>Total other provisions</b>		<b>2,669</b>	<b>2,501</b>

	2020 \$'000	2019 \$'000
<b>Other provisions expected to be settled in:</b>		
No more than 12 months	483	227
More than 12 months	2,186	2,274
<b>Total other provisions</b>	<b>2,669</b>	<b>2,501</b>
<b>Provision for restoration obligations reconciliation</b>		
Carrying amount 1 July	2,501	2,490
Additional provisions made	-	-
Amount used	(1)	-
Adjustment in provision as a result of revaluation	146	17
Derecognition	-	(58)
Unwinding of discount	23	52
<b>Closing balance as at 30 June</b>	<b>2,669</b>	<b>2,501</b>

Comcare currently has five (2019: eight) agreements for the leasing of premises which have provisions requiring Comcare to restore the premises to their original condition at the conclusion of the lease. Comcare has made a provision to reflect the present value of this obligation.

#### 2.5D Provision for premium claims

Carrying amount at 1 July	1,671,200	2,199,200
Increase/(Decrease) in provisions made during the year	219,958	(500,290)
Claims payments made during the year	(168,077)	(187,110)
Unwinding of discount	16,200	33,000
Change in discount rate	59,100	168,300
Change in inflation rate	(105,900)	(41,900)
Increase in risk margin	22,500	-
<b>Closing balance at 30 June*</b>	<b>1,714,981</b>	<b>1,671,200</b>

\* Refer to the Overview for disclosure of the funding available to Comcare to meet this liability.

The valuation of premium claims liabilities was undertaken as at 30 June 2020 by an independent firm of consulting actuaries, Taylor Fry. Taylor Fry has stated that its valuation complies with actuarial Professional Standard PS302 *Valuations of General Insurance Claims*.

The provision for premium claims represents an actuarial assessment of the expected payments to be made in the future by Comcare in relation to workers' compensation claims incurred on or after 1 July 1989. The provision is recognised on a gross basis with an intended 75 per cent probability of sufficiency. The estimate for third party recoveries is included in trade and other receivables. Refer to Note 2.1B.

The following assumptions have been made in determining the provision amount.

Economic assumptions	2020	2019
Medical payments inflation	3.28% to 4.60%	4.50% to 4.80%
Other payments inflation	0.42% to 3.20%	2.21% to 3.60%
Discount rate	0.21% to 4.00%	1.15% to 5.00%

Premium business liability assumptions	2020	2019
Claim frequency	0.58%	0.61%
Third party recoveries	0.5%	0.7%
Claims administration expenses	18.0%	18.2%
Average claim size	\$109,911	\$105,690

	2020	2019
	\$'000	\$'000
<b>2.5E Provision for Commonwealth latent mental disease claims</b>		
Carrying amount at 1 July	11,300	11,300
Increase/(Decrease) in provisions made during the year	150	(1,000)
Claims payments made during the year	-	-
Unwinding of discount	100	200
Change in discount rate	400	1,100
Change in inflation rate	(700)	(300)
Increase in risk margin	200	-
<b>Closing balance at 30 June*</b>	<b>11,450</b>	<b>11,300</b>

\* Refer to the Overview for disclosure of the funding available to Comcare to meet this liability.

The valuation of Commonwealth latent mental disease claims liabilities was undertaken as at 30 June 2020 by an independent firm of consulting actuaries, Taylor Fry. Taylor Fry has stated that its valuation complies with actuarial Professional Standard PS302 *Valuations of General Insurance Claims*.



The provision represents an actuarial assessment of the expected payments to be made in future by Comcare in relation to latent mental disease claims for which the date of injury as defined in the SRC Act is after balance date.

The provision is recognised on a gross basis with an intended 75 per cent probability of sufficiency.

	2020 \$'000	2019 \$'000
<b>2.5F Provision for pre-premium claims</b>		
Carrying amount at 1 July	343,442	339,700
Increase/(Decrease) in provisions made during the year	(19,713)	(10,444)
Claims payments made during the year	(20,145)	(22,814)
Unwinding of discount	3,400	6,300
Change in discount rate	10,500	37,300
Change in inflation rate	(14,700)	(6,600)
<b>Closing balance at 30 June*</b>	<b>302,784</b>	<b>343,442</b>

\* Refer to the Overview for disclosure of the funding available to Comcare to meet this liability.

The valuation of pre-premium claims liabilities was undertaken as at 30 June 2020 by an independent firm of consulting actuaries, Taylor Fry. Taylor Fry has stated that its valuation complies with actuarial Professional Standard PS302 *Valuations of General Insurance Claims*.

The provision for pre-premium claims represents an actuarial assessment of the expected payments to be made in the future by Comcare in relation to workers' compensation claims incurred prior to 1 July 1989. The provision is recognised on a gross basis with an intended 75 per cent probability of sufficiency.

Economic assumptions used in determining the amount of the provision for pre-premium claims liability are the same as those applied for the premium business.

<b>2.5G Provision for common law asbestos-related disease claims</b>		
Carrying amount at 1 July	936,880	903,179
Increase/(Decrease) in provisions made during the year	(67,278)	(10,421)
Claims payments made during the year	(23,582)	(24,423)
Unwinding of discount	8,960	15,960
Change in discount and inflation rate	(25,340)	52,585
<b>Closing balance at 30 June*</b>	<b>829,640</b>	<b>936,880</b>

\* Refer to Overview for disclosure of the funding available to Comcare to meet this liability.

The valuation of common law asbestos-related disease claims liabilities was undertaken as at 30 June 2020 by an independent firm of consulting actuaries, PwC. PwC has stated that its valuation complies with actuarial Professional Standard PS302 *Valuations of General Insurance Claims*.

The provision for common law asbestos-related disease claims represents an actuarial assessment of the expected payments to be made in the future by Comcare in relation to common law claims against the Australian Government by individuals seeking compensation as a result of direct or indirect exposure to asbestos. The provision is recognised on a gross basis with an intended 75 per cent probability of sufficiency. The estimate for third party recoveries is included in trade and other receivables. Refer to Note 2.1B.

The following assumptions have been made in determining the provision amount.

<b>Economic assumptions</b>	<b>2020</b>	<b>2019</b>
Wage inflation	2.13%	2.89%
Superimposed inflation	2.00%	2.00%
Discount rate	1.38%	1.64%

## Funding

This section identifies Comcare's funding structure.

2020	2019
\$'000	\$'000

### Note 3.1: Cash flow reconciliation

#### Reconciliation of cash and cash equivalents as per statement of financial position and cash flow statement

##### Cash and cash equivalents as per

Cash flow statement	986,576	1,005,088
Statement of financial position	986,576	1,005,088
Difference	-	-

#### Reconciliation of net cost of services to net cash from/(used by) operating activities

Net contribution by services	22,663	56,316
Revenue from Government	61,191	60,287

##### Adjustments for non-cash items

Depreciation/Amortisation	12,208	4,641
Net write-down of non-financial assets	-	50
Loss on disposal of assets	336	7
Unwinding of discount	23	52
Available funding from movement in claims provision	(92,899)	(117,012)
Lease incentives adjustment on initial application of AASB 16	3,418	-

##### Movements in assets and liabilities:

###### Assets

Increase/(Decrease) in net receivables	94,851	117,277
(Increase)/Decrease in accrued revenues	4,540	1,760
(Increase)/Decrease in prepayments	296	(215)

###### Liabilities

Increase/(Decrease) in payables	2,076	348,080
Increase/(Decrease) in provisions	(102,307)	(489,230)
(Increase)/Decrease in assets payables	52	(181)
(Increase)/Decrease in make good provision	(169)	(11)
(Increase)/Decrease in lease liabilities	(13,519)	-
Net cash from/(used by) operating activities	(7,240)	(18,179)

## People and relationships

This section describes a range of employment and post employment benefits provided to our people and our relationship with other key people.

	2020 \$'000	2019 \$'000
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### Note 4.1: Employee provisions

#### Employee provisions

Leave	19,235	17,622
Separation and redundancy	200	321
<b>Total employee provisions</b>	<b>19,435</b>	<b>17,943</b>

#### Employee provisions are expected to be settled in:

No more than 12 months	7,456	6,572
More than 12 months	11,979	11,371
<b>Total employee provisions</b>	<b>19,435</b>	<b>17,943</b>

## Accounting policy

Liabilities for short-term employee benefits and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

### Leave

The liability for employee benefits includes provisions for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including Comcare's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave is recognised and measured at the present value of the estimated future cash flow to be made in respect of all employees at 30 June 2020. The estimate of the present value of the liability takes into account attrition rates and pay increase through promotion and inflation.

### Separation and redundancy

Provision is made for separation and redundancy benefit payments. Comcare recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

### Superannuation

Employees of Comcare are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other superannuation funds held outside the Australian Government.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

Comcare makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. Comcare accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

2020	2019
\$'000	\$'000

## Note 4.2: Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The entity has determined the key management personnel to be the Portfolio Minister (the Attorney-General and Minister for Industrial Relations), Chief Executive Officer and General Managers. Key management personnel remuneration is reported in the table below.

Short-term employee benefits	1,796	1,850
Post-employment benefits	286	277
Other long-term benefits	43	54
Termination benefits	-	32
<b>Total key management personnel remuneration expenses<sup>1</sup></b>	<b>2,125</b>	<b>2,213</b>

The total number of key management personnel that is included in the above table is seven (2019: 10).

<sup>1</sup> The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by Comcare.

## Note 4.3: Related party disclosures

### Related party relationships

Comcare is an Australian Government controlled entity. Related parties to this entity are Key Management Personnel including the Portfolio Minister and Executive, and other Australian Government entities.

### Transactions with related parties

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

The following transactions with related parties occurred during the financial year:

- > The entity transacts with other Australian Government controlled entities consistent with normal day-to-day business operations provided under normal terms and conditions, including the payment of workers compensation and insurance premiums. These are not considered individually significant to warrant separate disclosure as related party transactions.
- > Refer to Note 4.1 Employee Provisions for details on superannuation arrangements with the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), and the PSS accumulation plan (PSSap).

## Managing uncertainties

### Note 5.1: Contingent assets and liabilities

#### Quantifiable contingencies

As at 30 June 2020 Comcare has no quantifiable contingencies.

#### Unquantifiable contingencies

As at 30 June 2020 Comcare was unable to identify any unquantifiable contingencies.

### Accounting policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

	2020 \$	2019 \$
<b>Note 5.2: Remuneration of auditors</b>		
Financial statement audit services provided to Comcare by the Australian National Audit Office	205,000	205,000
<b>Other services provided by KPMG</b>		
Continuous monitoring	90,000	30,000
Annual desk top reviews	28,750	23,000
Financial viability assessment	7,500	7,500
<b>Total other services provided by KPMG</b>	<b>126,250</b>	<b>60,500</b>

	2020 \$'000	2019 \$'000
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## Note 5.3: Financial instruments

### 5.3A Financial assets

#### Financial assets at amortised cost

Cash and cash equivalents	986,576	1,005,088
Receivables for goods and services	1,834	953
Other receivables and claims recoveries	3,037	4,343
Other financial assets	5,533	10,072
<b>Total financial assets at amortised cost</b>	<b>996,980</b>	<b>1,020,456</b>

<b>Total financial assets</b>	<b>996,980</b>	<b>1,020,456</b>
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#### Financial liabilities

#### Financial liabilities measured at amortised cost

Trade creditors	338,644	353,123
Workers' compensation payables	8,010	1,696
<b>Total financial liabilities measured at amortised cost</b>	<b>346,654</b>	<b>354,819</b>

<b>Total financial liabilities</b>	<b>346,654</b>	<b>354,819</b>
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## Accounting Policy

### Financial assets

With the implementation of AASB 9 *Financial Instruments* for the first time in 2019, Comcare classifies its financial assets as financial assets measured at amortised cost. The classification depends on both Comcare's business model for managing the financial assets and the contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon 'trade date'.

### Financial assets at amortised cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.



**Effective interest method**

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

**Financial assets at fair value through other comprehensive income (FVOCI)**

Financial assets measured at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

**Financial assets at fair value through profit or loss (FVTPL)**

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets either doesn't meet the criteria of financial assets held at amortised cost or at FVOCI (i.e. mandatorily held at FVTPL) or may be designated.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

**Impairment of financial assets**

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

**Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

**Financial liabilities at fair value through profit or loss**

Financial liabilities at 'fair value through profit or loss' are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

### Financial liabilities at amortised cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

	2020 \$'000	2019 \$'000
<b>5.3B Net gains or losses on financial assets</b>		
<b>Financial assets at amortised cost</b>		
Interest revenue	20,315	31,350
<b>Net gains on financial assets at amortised cost</b>	<b>20,315</b>	<b>31,350</b>
<b>Net gains on financial assets</b>	<b>20,315</b>	<b>31,350</b>

### 5.3C Net gains and loss from financial liabilities

There were no gains or losses from financial liabilities during the year (2019: Nil).

## 5.3D Credit risk

Comcare is exposed to minimal credit risk as the majority of its financial assets are cash on deposit with banks. The major exposure to credit risk is the risk that arises from the potential default by a bank. This amount is equal to the total amount of cash at bank (2020: \$986.6m and 2019: \$1,005.1m). Comcare's current Investment Policy requires all investments to be placed with a financial institution with a Standard and Poor's rating of at least BBB/Baa. To mitigate credit risk, the Investment Policy restricts investment with any single financial institution to no more than 50 per cent of the total investment portfolio.

As at 30 June 2020	Credit rating				Total \$'000
	AA-/A-1+	A+/A-1	BBB+/A-2	Not rated	
	\$'000	\$'000	\$'000	\$'000	
Cash and cash equivalents	786,576	150,000	50,000	-	986,576
Receivables	-	-	-	1,834	1,834
Other receivables	-	-	-	3,037	3,037
Other financial assets	-	-	-	5,533	5,533

As at 30 June 2019	Credit rating				Total \$'000
	AA-/A-1+	A+/A-1	BBB+/A-2	Not rated	
	\$'000	\$'000	\$'000	\$'000	
Cash and cash equivalents	635,088	270,000	100,000	-	1,005,088
Receivables	-	-	-	953	953
Other receivables	-	-	-	4,343	4,343
Other financial assets	-	-	-	10,072	10,072

Comcare holds no collateral to mitigate against credit risk.

	2020 \$'000	2019 \$'000
Maximum exposure to credit risk (excluding any collateral or credit enhancement)		
Cash and cash equivalents	986,576	1,005,088
Receivables for goods and services	1,834	953
Other receivables and claims recoveries	3,037	4,343
Other financial assets	5,533	10,072
Total financial assets carried at amount not best representing maximum exposure to credit risk	996,980	1,020,456

## 5.3E Liquidity risk

Comcare's financial liabilities were trade creditors, workers' compensation payables and other payables. Comcare has negligible liquidity risk as it has substantial cash holdings to meet its short-term financial obligations at 30 June 2020. Under Comcare's Investment Policy, investments are managed in a manner which maximises investment return while minimising risk ensures that accessibility of funds is maintained and cash flow requirements are met.

Maturities for financial liabilities 2020	On demand \$'000	Within 1 year \$'000	1 to 2 years \$'000	2 to 5 years \$'000	> 5 years \$'000	Total \$'000
Trade creditors	-	338,644	-	-	-	338,644
Workers' compensation claims payable	-	8,010	-	-	-	8,010
<b>Total</b>	<b>-</b>	<b>346,654</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>346,654</b>

Maturities for financial liabilities 2019	On demand \$'000	Within 1 year \$'000	1 to 2 years \$'000	2 to 5 years \$'000	> 5 years \$'000	Total \$'000
Trade creditors	-	353,123	-	-	-	353,123
Workers' compensation claims payable	-	1,696	-	-	-	1,696
<b>Total</b>	<b>-</b>	<b>354,819</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>354,819</b>

Comcare has no derivative financial liabilities in either the current or prior years.

Trade creditors includes the remaining exit liabilities owing to the self-insurance licensees following their exit from Comcare's premium scheme in 2018–19.

## 5.3F Market risk

### Currency risk

Comcare is not exposed to currency risk or other price risk.

### Interest rate risk

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

The only interest bearing item on the balance sheet is 'cash and cash equivalents'. 'Cash and cash equivalents' comprises investments in both term deposit accounts and standard banking transaction accounts. Those investments held in term deposit accounts bear interest at a fixed rate and will not fluctuate with changes in market interest rates. The daily cash balance in the standard banking transaction account is stated at a nominal amount and is not subject to interest rate risk.

## Note 5.4: Fair value measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the statement of financial position do not apply to the fair value hierarchy.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

### 5.4A Fair value measurements, valuation techniques and inputs used

	Fair value measurement at the end of the reporting period			For Levels 2 and 3 fair value measurements	
	2020 \$'000	2019 \$'000	Category (Level 1, 2 or 3)	Valuation technique(s) <sup>1</sup>	
<b>Non-financial assets<sup>2</sup></b>					
Leasehold improvements	4,613	7,349	Level 3	Cost approach	Actual cost of replacement of similar assets. Price per square metre.
Computer and IT equipment	4,510	4,614	Level 2	Market comparable	Sale prices of comparable computer and IT equipment.
Office equipment	-	3	Level 2	Market comparable	Sale prices of comparable office equipment.
Artwork	63	70	Level 2	Market comparable	Private sales of similar artwork. Professional appraisals of similar artwork.
<b>Total non-financial assets</b>	<b>9,186</b>	<b>12,036</b>			
<b>Total fair value measurements of assets in the statement of financial position</b>	<b>9,186</b>	<b>12,036</b>			

<sup>1</sup> Comcare engaged a professional valuer to undertake a comprehensive valuation of non-financial assets as at 30 June 2019.

<sup>2</sup> The highest and best use of all non-financial assets are the same as their current use.

## 5.4B Reconciliation for recurring Level 3 fair value measurements

Non-financial assets	Leasehold improvements		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
As at 1 July	7,349	9,359	7,349	9,359
Total (losses) recognised in net cost of services <sup>1</sup>	(2,806)	(2,881)	(2,806)	(2,881)
Total gains recognised in other comprehensive income	-	210	-	210
Purchase	70	661	70	661
<b>Total as at 30 June</b>	<b>4,613</b>	<b>7,349</b>	<b>4,613</b>	<b>7,349</b>

### Accounting policy

Any transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

<sup>1</sup> These losses are presented in the Statement of Comprehensive Income under note 2.2A.

## Other information

### Note 6.1: Assets held in trust

#### Comcare Beneficiaries Trust Account

The Beneficiaries Trust Account was established on 1 December 1988 to administer compensation benefits paid under both the *Compensation (Commonwealth Government Employees) Act 1971* and the SRC Act to beneficiaries that are under a legal disability. The majority of these are children under the age of 18 who have been awarded compensation following the death of a parent under compensable circumstances.

These monies are not available for other purposes of Comcare and are not recognised in the financial statements.

	2020 \$'000	2019 \$'000
<b>Cash at bank</b>		
As at 1 July	1,743	1,724
Receipts: Funds deposited	54	-
Interest earned	39	39
Payments: Final payouts	91	20
<b>Total cash at bank as at 30 June</b>	<b>1,745</b>	<b>1,743</b>

The above values are estimated at fair value at the time when acquired.

## Note 6.2: Reporting of outcomes

	Outcome 1		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Expenses</b>				
Employee benefits	67,146	67,686	67,146	67,686
Suppliers	25,460	30,274	25,460	30,274
Depreciation and amortisation	12,208	4,641	12,208	4,641
Finance costs	3,331	2,225	3,331	2,225
Write-downs and impairment of assets	-	50	-	50
Losses from asset sales	336	7	336	7
Workers' compensation claims expense	193,324	209,924	193,324	209,924
Common law asbestos-related disease claims expense	23,582	24,423	23,582	24,423
<b>Total expenses</b>	<b>325,387</b>	<b>339,230</b>	<b>325,387</b>	<b>339,230</b>
<b>Income</b>				
Revenue from contracts with customers	202,526	281,059	202,526	281,059
Interest	20,315	31,350	20,315	31,350
Other revenue	997	1,454	997	1,454
Gains from movement in workers' compensation claims provision	14,312	107,807	14,312	107,807
Gains/(losses) from movement in common law asbestos-related disease claims provision	109,900	(26,124)	109,900	(26,124)
Revenue from Government	61,191	60,287	61,191	60,287
Available funding from movement in claims provision	(92,899)	(117,012)	(92,899)	(117,012)
<b>Total income</b>	<b>316,342</b>	<b>338,821</b>	<b>316,342</b>	<b>338,821</b>
<b>Assets</b>				
Cash and cash equivalents	986,576	1,005,088	986,576	1,005,088
Trade and other receivables	2,236,080	2,330,932	2,236,080	2,330,932
Other financial assets	5,533	10,072	5,533	10,072
Buildings	17,617	7,349	17,617	7,349
Plant and equipment	4,845	4,687	4,845	4,687
Computer software	8,228	6,458	8,228	6,458
Other non-financial assets	1,382	1,678	1,382	1,678
<b>Total assets</b>	<b>3,260,261</b>	<b>3,366,264</b>	<b>3,260,261</b>	<b>3,366,264</b>



**Liabilities**

Suppliers	338,644	353,123	338,644	353,123
Workers' compensation claims payable	8,010	1,696	8,010	1,696
Other payables	2,561	5,199	2,561	5,199
Leases	12,879	-	12,879	-
Employee provisions	19,435	17,943	19,435	17,943
Workers' compensation claims provision	2,029,215	2,025,942	2,029,215	2,025,942
Common law asbestos-related disease claims provision	829,640	936,880	829,640	936,880
Other provisions	2,669	2,501	2,669	2,501
<b>Total liabilities</b>	<b>3,243,053</b>	<b>3,343,284</b>	<b>3,243,053</b>	<b>3,343,284</b>

Comcare's program components supporting the outcome are described in the Overview.







## CHAPTER FIVE: APPENDICES

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# APPENDIX A – Ecologically sustainable development and environmental performance

Under section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), government organisations must report annually on their ecologically sustainable development (ESD) and environmental performance. Comcare is committed to advancing the principles of ESD and practicing these principles in its everyday activities and long-term projects.

We recognise that day to day activities consume resources and create waste. This year we have continued several activities to reduce our environmental impact with a focus on information and communication technology (ICT) and building operations as the major consumers of energy and other resources.

In March 2020, Comcare achieved a 5-star National Australian Built Environment Rating System (NABERS) Energy Tenancy rating for levels 3 to 5, 121 Marcus Clarke Street, Canberra in the ACT.

NABERS is a national rating system that measures the environmental performance of Australian buildings, tenancies and homes. NABERS measures the energy efficiency, water usage, waste management and indoor environment quality of a building or tenancy and its impact on the environment.

Comcare continues to undertake activities to reduce our environmental impact including:

- > using electronic workflows aimed to reduce the use of paper and the need to retain paper copies
- > using the energy saving features of the Windows Operating System
- > using cloud services to reduce both power consumption and computer hardware requirements
- > using the power saving features of computer monitors and televisions
- > participating in whole-of-government purchasing arrangements for electricity
- > participating in whole-of-government leasing arrangements for fleet vehicles
- > installing sensor lighting systems in all office fit outs
- > participating in and promoting Earth Hour 2020
- > providing end of trip facilities to encourage employees to cycle to work
- > purchasing 100 per cent recycled A4 paper, 100 per cent recycling of paper waste and recycling of other stationery items.

## Technology equipment upgrade

In 2019–20 technology commenced the migration of its services to the cloud under the ICT strategy. This program will allow for Comcare to decommission its physical infrastructure and data centre's. This resulted in a decrease in power consumption.

Comcare is currently undergoing a digital transformation, which will deliver claimant, provider and employer portals for user interactions and returned benefits of reduction in paper, ink consumption and power consumption. The rollout of laptops has enabled 100 per cent of staff to work from home during the pandemic.

## Information management

Comcare is committed to the National Archives of Australia Digital Continuity 2020 (DC2020) policy. Continuing the good efforts from previous years, in 2019–20 the focus was on digitisation of paper records. Comcare undertook a proof of concept for digitising paper records and successfully digitised 500 boxes. This work will continue over the coming years to reduce our paper records holding.

The initiative included a targeted reduction in the creation of paper records in Comcare's records management system, Content Manager. As a result of business areas making several process improvements and promoting awareness amongst staff, there has been no new paper file record created since July 2018.

## Waste and recycling

Comcare continues to participate in the ACT Government ACTSmart Office Recycling Program in its Canberra office. The Canberra office at 121 Marcus Clarke Street renewed its accreditation in April 2020 and currently sends approximately 85 per cent of its waste to a recycling centre. Comcare provides recycling streams (including co-mingled, cardboard and paper recycling) and also has waste and recycling systems in place.

Comcare recycles 100 per cent of toner cartridges and florescent light tubes and maintains a battery recycling facility in the Canberra office.

Externally, Comcare provides the ability to download publications from its website. This allows documents to be sent and stored electronically, reducing the impact of printing and distribution of hard copy material.

## Performance in focus – results

### Energy consumption

Power consumption per person reduced slightly in 2019–20 due to employees working from home because of the pandemic. The table below shows Comcare’s power consumption over five financial years.

Comcare measures paper consumption by purchases made during the financial year. In 2019–20, Comcare’s paper consumption decreased by 34 per cent from the previous year. Overall, Comcare’s paper consumption is trending down in accordance with our commitment to reducing our environmental impact.

Table 24: Comcare’s environmental performance 2019–20

Environmental performance	2015–16	2016–17	2017–18	2018–19	2019–20
<b>Average power consumption per full-time equivalent employee</b> (Mega joules/person/annum)	5,636	5,671	5,329	5,107	4,598
<b>Paper consumption</b> <sup>1</sup> (reams of paper)	8,324	6,577	6,058	4,466	2,946

<sup>1</sup> Amount purchased during the financial year

## APPENDIX B – Compliance index

The annual report has been prepared in accordance with section 46 of the *Public, Governance, Performance and Accountability Act 2013* and Subdivision B of Division 3A of the *Public Governance, Performance and Accountability Amendment (Corporate Commonwealth Entity Annual Reporting) Rule 2014*. These requirements were approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit on 2 May 2016.

### List of requirements

PGPA Rule Reference	Requirement	Description	Part of Report
17BE	Contents of annual report		
17BE(a)	Mandatory	Details of the legislation establishing the body	Chapter one – About Comcare
17BE(b)(i)	Mandatory	A summary of the objects and functions of the entity as set out in legislation	Chapter one – About Comcare
17BE(b)(ii)	Mandatory	The purposes of the entity as included in the entity's corporate plan for the reporting period	Chapter one – About Comcare
17BE(c)	Mandatory	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers	Minister serving
17BE(d)	If applicable, mandatory	Directions given to the entity by the Minister under an Act or instrument during the reporting period	Chapter three – External scrutiny
17BE(e)	If applicable, mandatory	Any government policy order that applied in relation to the entity during the reporting period under section 22 of the Act	Chapter three – External scrutiny
17BE(f)	If applicable, mandatory	Particulars of non compliance with: (a) a direction given to the entity by the Minister under an Act or instrument during the reporting period; or (b) a government policy order that applied in relation to the entity during the reporting period under section 22 of the Act	Chapter three – External scrutiny
17BE(g)	Mandatory	Annual performance statements in accordance with paragraph 39(1)(b) of the Act and section 16F of the rule	Chapter two
17BE(h), 17BE(i)	If applicable, mandatory	A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the Act that relates to non compliance with finance law and action taken to remedy non compliance	Not applicable



PGPA Rule Reference	Requirement	Description	Part of Report
17BE(j)	Mandatory	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period	Chapter one – Comcare’s Executive team
17BE(k)	Mandatory	Outline of the organisational structure of the entity (including any subsidiaries of the entity)	Chapter one – Organisational structure
17BE(ka)	Mandatory	Statistics on the entity’s employees on an ongoing and non ongoing basis, including the following: (a) statistics on full time employees; (b) statistics on part time employees; (c) statistics on gender; (d) statistics on staff location	Chapter three – Our people
17BE(l)	Mandatory	Outline of the location (whether or not in Australia) of major activities or facilities of the entity	Chapter one – Comcare’s locations
17BE(m)	Mandatory	Information relating to the main corporate governance practices used by the entity during the reporting period	Chapter three – Our governance
17BE(n), 17BE(o)	If applicable, mandatory	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST): (a) the decision making process undertaken by the accountable authority to approve the entity paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and (b) the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions	Not applicable
17BE(p)	If applicable, mandatory	Any significant activities and changes that affected the operation or structure of the entity during the reporting period	Not applicable
17BE(q)	If applicable, mandatory	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the entity	Chapter three – External scrutiny



PGPA Rule Reference	Requirement	Description	Part of Report
17BE(r)	If applicable, mandatory	Particulars of any reports on the entity given by: <ul style="list-style-type: none"> <li>(a) the Auditor General (other than a report under section 43 of the Act); or</li> <li>(b) a Parliamentary Committee; or</li> <li>(c) the Commonwealth Ombudsman; or</li> <li>(d) the Office of the Australian Information Commissioner</li> </ul>	Chapter three – External scrutiny
17BE(s)	If applicable, mandatory	An explanation of information not obtained from a subsidiary of the entity and the effect of not having the information on the annual report	Not applicable
17BE(t)	If applicable, mandatory	Details of any indemnity that applied during the reporting period to the accountable authority, any member of the accountable authority or officer of the entity against a liability (including premiums paid, or agreed to be paid, for insurance against the authority, member or officer's liability for legal costs)	Not applicable
17BE(taa)	Mandatory	The following information about the audit committee for the entity: <ul style="list-style-type: none"> <li>(a) a direct electronic address of the charter determining the functions of the audit committee;</li> <li>(b) the name of each member of the audit committee;</li> <li>(c) the qualifications, knowledge, skills or experience of each member of the audit committee;</li> <li>(d) information about each member's attendance at meetings of the audit committee;</li> <li>(e) the remuneration of each member of the audit committee</li> </ul>	Chapter three – Audit and Risk Committee
17BE(ta)	Mandatory	Information about executive remuneration	Chapter three – Our people

PGPA Rule Reference	Requirement	Description	Part of Report
17BF	Disclosure requirements for government business enterprises		
17BF(1)(a)(i)	If applicable, mandatory	An assessment of significant changes in the entity's overall financial structure and financial conditions	Not applicable
17BF(1)(a)(ii)	If applicable, mandatory	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial conditions	Not applicable
17BF(1)(b)	If applicable, mandatory	Information on dividends paid or recommended	Not applicable
17BF(1)(c)	If applicable, mandatory	Details of any community service obligations the government business enterprise has including: <ul style="list-style-type: none"> <li>(a) an outline of actions taken to fulfil those obligations; and</li> <li>(b) an assessment of the cost of fulfilling those obligations</li> </ul>	Not applicable
17BF(2)	If applicable, mandatory	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise	Not applicable

# APPENDIX C – Corrections to previous annual report

## Chapter One: Overview

### Departed Comcare section –

Deputy Chief Executive Officer and General Manager, Corporate Management Group, Lynette MacLean, correct commencement date should read:

16 November 2015

## Chapter Two: Annual Performance Statements 2018–19

Page 62 – *Table 16: Continuance rates – incapacity durations* (an indication of return to work performance)

Last column – 2018–19 Number of employees (percentage) should read:

Time Period	2018–19 Number of employees (percentage)
No incapacity	0
Less than 4 weeks	2 (50 per cent)
4 weeks	1 (25 per cent)
26 weeks	1 (25 per cent)

Page 63 – *Table 17: Mechanism of injury for Comcare accepted claims from 2016–17 to 2018–19*

Last column – 2018–19 should read:

Mechanism of injury	2018–19
Mental stress	2
Other and unspecified	1
Total	4

## Chapter Four: Financial Statements 2018–19

Page 152 – *Note 5.2: Remuneration of auditors*

Table heading should read:

2019	2018
\$	\$

NOTE: this error also occurred in Comcare’s 2017–18 Annual Report

page 132 – *Note 5.2: Remuneration of auditors*





PART TWO:  
**SAFETY,  
REHABILITATION  
AND  
COMPENSATION  
COMMISSION  
(SRCC)  
ANNUAL REPORT  
2019–20**

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# ABOUT THIS REPORT

The SRCC annual report documents the activities of the SRCC from 1 July 2019 to 30 June 2020.

The SRCC is subject to specific annual reporting requirements under the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act) and the *Safety, Rehabilitation and Compensation Directions 2019* (Directions) to include particulars of:

- > Directions given by the Minister
- > Guidelines issued by the SRCC
- > the operations of each licensee
- > records required to be kept in relation to licensees under the Directions.

## MINISTER SERVING 2019–20

Responsible Minister at 30 June 2020

The Hon Christian Porter MP

Attorney-General

Minister for Industrial Relations

Member for Pearce

# LETTER OF TRANSMITTAL – SRCC



**Australian Government**  
**Safety, Rehabilitation and  
Compensation Commission**

**GPO Box 9905  
Canberra ACT 2601  
Tel: 1300 366 979**

21 September 2020

The Hon Christian Porter MP  
Attorney-General  
Minister for Industrial Relations  
Parliament House  
CANBERRA ACT 2600

Dear Minister

I have the pleasure of submitting the annual report for the Safety, Rehabilitation and Compensation Commission (SRCC) for the financial year ending 30 June 2020.

The report is provided to you in accordance with the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act).

Section 89S of the SRC Act provides that the Chairperson must give the Minister, for presentation to the Parliament, a report of the SRCC's activities during the financial year. Following its tabling in Parliament, the report will be placed on the SRCC website.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'R. Vilgan'.

Rosemary Vilgan  
Chairperson

# CHAIRPERSON'S REVIEW



## Rosemary Vilgan, Chairperson SRCC

I am pleased to present my report to the Minister for Industrial Relations, the Hon Christian Porter MP, and the Australian Parliament on the operations of the SRCC for the year ending 30 June 2020.

I would like to acknowledge the valuable contributions made by all Members in what has been a unique and challenging year due to the impact of the COVID-19 pandemic. This has required the SRCC to be flexible and adaptable in its approach and to focus its attention on the areas of greatest risk.

## Priorities

The SRCC has a range of functions under the SRC Act and the *Work Health and Safety Act 2011* (WHS Act). These are set out on page 174.

To fulfil its functions, the SRCC's priorities for 2019–20 were focused on the following key areas:

- > operation of the SRCC
- > stakeholder engagement
- > operation of licensees
- > operation of the Licence Compliance and Performance Model (LCPM).

I am pleased to report that the SRCC undertook a range of activities to achieve outcomes against these priority areas in 2019–20, the key highlights of which are:

- > engaged with other regulators and subject matter experts to learn from peer experiences and share better practices
- > ongoing consultation with stakeholders to review and improve the SRCC's regulation
- > published material on the SRCC website to promote rehabilitation resources and improve awareness in relation to feedback and complaints mechanisms
- > considered the operation of the LCPM and took action to evaluate its effectiveness, refine current practices and identify areas for further improvement
- > adopted an adaptive approach to the SRCC's operation and regulation during COVID-19
- > SRCC meetings moved to a virtual format from March 2020.

Further detail of the SRCC's activities in 2019–20 is set out in this report.



## Regulator performance framework

As the regulator of self-insured licensees under the SRC Act, the SRCC is required to implement the Government's *Regulator Performance Framework* (RPF). In 2019–20, the SRCC completed its self-assessment against its endorsed RPF key performance indicators. The self-assessment will be published on the SRCC's website.

## Self-insurance

No licences were granted during 2019–20. Due to the extraordinary circumstances which eventuated as a result of the COVID-19 pandemic the SRCC agreed in March 2020 to temporarily suspend any consideration of licence applications. The SRCC took this prudent action for a number of reasons including the initial uncertainty, impact and changes to employment practices, the reliability of claims modelling post the pandemic, the ability to consult properly with employees and the availability of third parties such as claims managers and auditors. This policy was in force from 25 March 2020 to 13 July 2020.

Further information on self-insurance licencing arrangements can be found later in this report.

## Meetings with licensees and affiliated unions

The SRCC meets annually with licensees and affiliated unions (unions and their members representing employees of self-insured licensees). These meetings provide a valuable opportunity for the SRCC, licensees and affiliated unions to participate in an open discussion on the implementation and operation of the LCPM. This includes identifying further areas of review as part of continuous improvement.

The annual meeting between the SRCC and licensees was scheduled for 26 March 2020 and the annual meeting between the SRCC and affiliated unions was scheduled for 17 June 2020. Unfortunately, these meetings were unable to occur in 2019–20 due to the COVID-19 pandemic.

In 2019–20 the SRCC and its sub-committee for Reviewing the Regulation of Self-Insured Licensees consulted with licensee and affiliated union representatives through meetings on 31 July 2019, 16 October 2019 and 5 February 2020.

The SRCC undertook a range of other stakeholder engagement activities in 2019–20, further detail is set out in this report.

## Strategic risk register

The SRCC manages current and emerging risks through its strategic risk register. In 2019–20 the SRCC reviewed the register and incorporated changes to ensure it remained current and effective.

Finally, as I mentioned in my opening, it has been a challenging year and I would like to thank the staff of Comcare for their professional support, guidance and assistance.



Rosemary Vilgan

# ABOUT THE SRCC

## Responsible Minister

The SRCC is established under section 89A of the SRC Act and operates within the Attorney-General's portfolio. The Minister for Industrial Relations, the Hon Christian Porter MP, is the responsible Minister and has the power to give directions to the SRCC about the performance of its functions and the exercise of its powers. These directions may include criteria and procedures for the scope of licences, record keeping and reporting requirements, and related matters.

## Role and functions

The SRCC administers functions under the SRC Act, other than those functions attributed to Comcare. The SRC Act establishes the workers' compensation scheme covering Commonwealth employees and the employees of licensed entities.

The SRCC has a number of general and specific roles and functions conferred on it by the SRC Act and WHS Act. The role and functions under the SRC Act are to:

- > ensure that, as far as practicable, there is equity of outcomes resulting from administrative practices and procedures used by Comcare and a licensee in the performance of their respective functions under the SRC Act
- > advise the Minister about anything relating to the operation of the SRC Act or to the SRCC's functions or powers
- > issue guidelines to Comcare or licensees about their powers and functions
- > be the issuing authority and regulator of self-insurance licences under the SRC Act, including setting licence fees
- > provide guidelines on the setting of premiums and a review point (if required) for employers' premium and regulatory contribution determinations
- > undertake other functions as conferred on the SRCC by any other Act.

Under the WHS Act, the functions of the SRCC are to:

- > advise the Minister on the administration of the WHS Act
- > advise and make recommendations to the Minister on the most effective means of giving effect to the objects of the WHS Act
- > enquire into and make recommendations to the Minister on any matter relating to work health and safety referred to the SRCC by the Minister
- > provide a forum for consultation between Comcare and persons conducting business or undertakings, workers and the bodies that represent them.

## SRCC accountabilities

The SRCC has an evaluation framework which it uses to provide assurance that it has appropriately discharged its statutory responsibilities. The framework includes an annual assessment of the outcomes and activities of the SRCC against each of its statutory functions.

The outcomes and activities against each functional category enable the SRCC to make an informed assessment of its performance in meeting its regulatory functions as listed above.

The SRCC resolved at a meeting in September 2020 that it had satisfactorily discharged its statutory responsibilities for the 2019–20 reporting year.

Further evidence that the SRCC is meeting its accountabilities, and fulfilling its statutory responsibility, is demonstrated when the Chairperson reports on the key outcomes of each regular SRCC meeting to the Minister.

## Membership

The SRC Act provides for the SRCC to have 11 Members, each appointed by the Minister (other than Safe Work Australia's CEO). Members other than the Chairperson may appoint a deputy, subject to the Minister's approval. A Member, other than Safe Work Australia's CEO, holds office on a part-time basis for a term not longer than three years, as specified in the instrument of appointment. Members are eligible for reappointment.

The SRCC comprised the following members during 2019–20:

- > Ms Rosemary Vilgan, Chairperson
- > Ms Lisa Newman, Member nominated by the Australian Council of Trade Unions (ACTU)
- > Mr Trevor Gauld, Member nominated by the ACTU
- > Mr Tom Roberts, Member nominated by the ACTU
- > Ms Louisa Hudson, Member representing the licensees
- > Ms Jody Anderson, Member representing the Commonwealth and Commonwealth authorities
- > Ms Michelle Baxter, CEO of Safe Work Australia
- > Ms Catherine Hudson, Member representing the interests of the Australian Capital Territory's public sector employers
- > Mr Stephen Somogyi, Member with qualifications or experience relevant to the SRCC's functions, or the exercise of its powers
- > Ms Jane Hall, Member with qualifications or experience relevant to the SRCC's functions, or the exercise of its powers.

# OPERATION OF THE SRCC

The SRCC meets on a quarterly basis with additional meetings held as required. Five Members constitute a quorum, providing the following Members are present:

- > at least one Member nominated by the ACTU
- > the Member representing licensees
- > the Member representing the Commonwealth and Commonwealth authorities.

The SRCC held four meetings in 2019–20 on 18 September 2019, 4 December 2019, 26 March 2020 and 17 June 2020. Details of attendance at SRCC meetings during 2019–20 are shown in Table 25. Additionally, the SRCC held a number of out of session meetings in 2020 to support the SRCC in delivering its functions during the COVID-19 pandemic.

Table 25: SRCC meeting attendance

Commissioner	Meetings eligible to attend	Meetings attended	Meetings attended by deputy*
Rosemary Vilgan	4	4	n/a
Trevor Gauld	4	4	-
Lisa Newman	3	2	-
Louisa Hudson	4	4	-
Michelle Baxter	4	1	1 <sup>^</sup>
Catherine Hudson	4	4	-
Jane Hall	4	4	n/a
Stephen Somogyi	4	4	n/a
Tom Roberts	4	3	-
Jody Anderson	4	4	-

\*During 2019–20 the following Deputy attended an SRCC meeting:

- Amanda Johnston, Deputy to Michelle Baxter.

<sup>^</sup> Amanda Johnston, Deputy for Michelle Baxter was scheduled to attend two meetings in 2019–20 however she was not able to join one of these meetings due to technology issues.

## SRCC sub-committees

The following sub-committee operated during the reporting year.

### Reviewing the Regulation of Self-Insured Licensees sub-committee

**Purpose:** To review the regulation of self-insured licensees and advise and make recommendations as appropriate.

Throughout the reporting period, and in consultation with licensee representatives, affiliated unions and other stakeholders, the sub-committee monitored and reviewed the operation of the SRCC's regulatory model.

**Members** (as at 30 June 2020): Chairperson Rosemary Vilgan and Commissioners Louisa Hudson, Trevor Gauld and Jody Anderson.

Due to the unique circumstances presented by COVID-19, all Commissioners were invited to a Reviewing the Regulation of Self-Insured Licensees sub-committee meeting in May 2020 to discuss and consider emerging issues arising in the operational environment.

## Decision making

The SRCC has the powers and functions to make a wide range of decisions under the SRC Act, the Directions and other legislative instruments. SRCC decisions of an administrative character are subject to judicial review.

## Directions and Guidelines

Under section 89S of the SRC Act the SRCC is required to provide a report to the Minister to give to Parliament on its activities for each financial year. Among other things, the report must include particulars of any Directions given by the Minister under section 89D and any Guidelines issued by the SRCC under section 73A of the SRC Act.

The Minister issued **no** Directions to the SRCC under the SRC Act during 2019–20.

The SRCC issued **no** Guidelines under section 73A of the SRC Act during 2019–20.

## Delegations

At its 28 November 2018 meeting, the SRCC agreed to delegate to the CEO of Comcare its function under the SRC Act to estimate the amount of licence fees payable by each licensee each financial year and notify each licensee of this amount in writing. The SRCC reviewed this delegation at its September 2019 meeting and agreed it remains appropriate and no further delegations are required.

## Code of Conduct

The SRCC has a Code of Conduct to describe the standards of behaviour and conduct expected from Commissioners in their dealings with Members, stakeholders and the public. The SRCC reviewed its Code of Conduct in December 2019, agreeing that it remained appropriate. The next review is scheduled to occur in 2021. The Code of Conduct is available on the SRCC website.

# STAKEHOLDER ENGAGEMENT

Effective stakeholder engagement continued to be a key priority for the SRCC in 2019–20, with a key outcome being that the SRCC is open and transparent in its dealings with regulated entities.

In 2019–20 the SRCC and its sub-committee for Reviewing the Regulation of Self-Insured Licensees consulted with stakeholders via:

- > licensee liaison forums held on 26 September 2019, 12 December 2019 and 24 June 2020
- > meetings with licensee and affiliated union representatives on 31 July 2019, 16 October 2019 and 5 February 2020
- > an engagement letter sent to all licensee principal officers in April 2020, advising of the SRCC's key focus areas and priorities for the coming year.

To further support stakeholder engagement, in June 2019 the SRCC agreed to introduce site visits with licensees. Members of the SRCC attended a site visit in November 2019.

The SRCC also engaged with independent experts in 2019–20 to inform its continuous review and improvement of its regulation.

The SRCC will continue to engage with the licensees and affiliated unions on current priority items.

## SRCC engagement approach during COVID-19

During COVID-19 at the request of the SRCC, Comcare engaged with licensee key staff to ensure the SRCC was kept apprised of actions in critical areas. Based on its ongoing interactions and feedback, the SRCC continued to tailor its enquiries of licensees and apply a risk-based approach to its regulation of licensees.

The SRCC recognised that the COVID-19 pandemic was an unprecedented event that presented significant challenges for employers and employees. Consequently, the SRCC adjusted its focus at this time to ensure timely interaction with licensees. As a result, a number of identified 2020 priority items were adjusted or postponed including:

- > the 27 March 2020 licensee liaison forum
- > annual meetings with licensees and affiliates, scheduled for 26 March 2020 and 17 June 2020 respectively
- > a meeting with licensee and union affiliate representatives, planned for 8 May 2020; and
- > licensee site visits.

# OPERATION OF LICENSEES

## Licensing

Under the SRC Act, certain Commonwealth authorities and eligible corporations may apply for a licence to self-insure their workers' compensation liabilities and manage compensation claims.

Comcare provides support to the SRCC in the performance of its functions regarding licensing. Comcare evaluates licence applications, recommends the amount to be charged for licence application fees, monitors licensee performance against licence conditions and recommends actions to the SRCC.

Table 26 summarises licence types, licensees and expiry dates at 30 June 2020.

Table 26: Licence types, licensees and expiry dates – at 30 June 2020

Licence type	Features	Licensee (expiry date)	Claims management arrangements
Corporation	<i>Self-management of claims (with capacity to arrange for third-party claims managers)</i>	Pacific National Services Pty Ltd (formerly Asciano Services Pty Ltd) (30/06/2025)	Employers Mutual Limited
		Australian air Express Pty Ltd (30/06/2025)	QBE Insurance (Australia) Limited
		BWA Group Services Pty Ltd (30/06/2022)	Commonwealth Bank of Australia
		Bis Industries Ltd (30/06/2023)	In house with claims review performed by QBE Insurance (Australia) Limited
		Border Express Pty Ltd (30/06/2022)	In house with claims review performed by Paratus Claims Pty Ltd
		Cleanaway Operations Pty Ltd (formerly Transpacific Industries Pty Ltd) (30/06/2022)	QBE Insurance (Australia) Limited
		Colonial Services Pty Ltd (30/06/2022)	Commonwealth Bank of Australia
		Commonwealth Bank of Australia (30/06/2022)	In house
		Commonwealth Insurance Limited (30/06/2022)	Commonwealth Bank of Australia
		Commonwealth Securities Limited (30/06/2022)	Commonwealth Bank of Australia
		CSL Limited (30/06/2023)	QBE Insurance (Australia) Limited
		DHL Express (Australia) Pty Ltd (31/12/2026)	DHL Supply Chain (Australia) Pty Ltd
DHL Supply Chain (Australia) Pty Ltd (30/06/2022)	In house		



Licence type	Features	Licensee (expiry date)	Claims management arrangements
		Fleetmaster Services Pty Ltd (30/06/2023)	In house with claims review performed by Paratus Claims Pty Ltd
		John Holland Group Pty Ltd (30/06/2024)	In house
		John Holland Pty Ltd (30/06/2024)	John Holland Group Pty Ltd
		John Holland Rail Pty Ltd (30/06/2024)	John Holland Group Pty Ltd
		K&S Freighters Pty Limited (30/06/2024)	In house
		Linfox Australia Pty Ltd (30/06/2023)	In house
		Linfox Armaguard Pty Ltd (30/06/2023)	Linfox Australia Pty Ltd
		Medibank Private Limited (30/06/2023)	Employers Mutual Limited
		National Australia Bank Ltd (30/06/2024)	In house
		National Wealth Management Services Limited (30/06/2024)	National Australia Bank Ltd
		Optus Administration Pty Limited (30/06/2023)	QBE Insurance (Australia) Limited
		Prosecur Australia (formerly trading as Chubb Security Services Limited) (30/06/2025)	In house with claims review performed by Moray & Agnew
		Ron Finemore Transport Services Pty Ltd (30/06/2025)	In house
		StarTrack Express Pty Ltd (30/06/2022)	Australian Postal Corporation
		StarTrack Retail Pty Ltd (30/06/2022)	Australian Postal Corporation
		Telstra Corporation Limited (30/06/2022)	In house
		Thales Australia Limited (formerly known as ADI Limited) (30/06/2025)	In house with claims review performed by QBE Insurance (Australia) Limited
		TNT Australia Pty Ltd (30/06/2022)	In house with claims review performed by QBE Insurance (Australia) Limited
		Virgin Australia Airlines Pty Ltd (29/09/2024)	Employers Mutual Limited
		Visionstream Pty Ltd (30/06/2023)	Employers Mutual Limited
		Wilson Security Pty Ltd (30/06/2023)	QBE Insurance (Australia) Limited

Licence type	Features	Licensee (expiry date)	Claims management arrangements
Declared Commonwealth Authority	<i>Self-management of claims</i>	Australian Capital Territory Government (28/02/2027)	Employers Mutual Limited
		Australian National University (30/06/2026)	Comcare (on a contracted basis)
		Australian Postal Corporation (30/06/2022)	In house
		Reserve Bank of Australia (30/06/2023)	Australian Postal Corporation

## Licence conditions and performance standards of licence

The SRCC expects licensees to continuously improve their prevention, rehabilitation and claims management performance outcomes, to comply with licence conditions and to meet performance standards of licence.

Licence conditions require compliance with the SRC Act and any applicable laws and regulations regarding the health, safety and rehabilitation of employees. Licensees are required to meet financial, prudential, and performance reporting requirements as part of their licence conditions.

Performance standards of licences require licensees to develop and implement effective management systems for prevention, rehabilitation and claims management and to work towards the attainment of outcome-based performance goals.

# OPERATION OF THE LICENCE COMPLIANCE AND PERFORMANCE MODEL

The LCPM provides the regulatory framework under which the SRCC monitors and assesses licensee performance. The model seeks to ensure compliance with licence conditions and focuses on licensee performance against set standards and measures in claims management, rehabilitation and prevention by using a holistic, risk-based approach to performance evaluation. The model contributes towards the Government's agenda to reduce regulatory burden on business by affording a reduced level of regulatory oversight for established licensees that have mature management systems and demonstrated high performance against the SRCC's standards and measures.

The LCPM examines licensees' prudential performance, results of internal and external reviews in prevention, rehabilitation and claims management performance, and provides for regulatory action by the SRCC where non-compliance or performance concerns are identified.

Under the LCPM, licensees are classified as a 'developing/transitioning licensee' or an 'established licensee'. Developing/transitioning licensees are new scheme participants in their first two years of licence. Following the initial two-year period, licensees are considered to be established in the scheme.

Developing/transitioning licensees work closely with Comcare to develop systems by participating in, and being subject to, reviews throughout the first two years of licence to ensure that a licensee can meet the conditions of licence and performance standards set by the SRCC.

The SRCC uses this initial period to closely monitor the performance of a new licensee as they transition into the scheme. The SRCC may choose to lessen the extensive reviews in the developing/transitioning phase where a licensee can evidence strong, consistent results against compliance and performance requirements.

Established licensees are required to be compliant with the conditions of licence and continue to meet the performance standards set by the SRCC.

The SRCC can, at any time, determine that due to issues with compliance, reporting or performance results, a regulatory response is required. The status of a licensee (that is, developing/transitioning or established) does not inhibit the SRCC from taking action to address a compliance or performance issue. For example, a targeted review may be conducted at any point should the SRCC consider the performance of a licensee warrants a more thorough review.

A key feature of the LCPM is the quarterly monitoring of the SRCC-defined performance standards and measures, including the Licensee Key Performance Indicators (LKPIs). The SRCC sets performance targets against these LKPIs, which include the incidence of serious and accepted claims based on industry benchmarks, return to work performance, and timeliness of claims management and reconsideration decisions. Licensees are provided with the opportunity to provide input and information regarding their quarterly results for consideration. The SRCC uses the LKPI results and any further information provided by licensees to determine whether any regulatory action is required.

The self-insurance licence and the LCPM also provide a framework for the prudential obligations required of licensees under the licence. This includes the provision of a liability report describing current and predicted outstanding workers' compensation liabilities (this information is used to calculate the guarantee amount) and the provision of a guarantee plus a reinsurance retention policy, yearly accounts and financial statements. Some licensees are also subject, based on risk, to ongoing financial monitoring which comprises a regime of continuous monitoring through media and rating agencies and annual desktop reviews of licensees' financial statements.

Each year licensees provide an annual Licensee Compliance and Performance Improvement (LCPI) report certified by licensee senior management. The LCPI report provides the SRCC with an overview of key activities undertaken and outcomes achieved by a licensee during the previous year. The LCPI report also details a licensee's objectives for the coming year and is the primary tool for licensees to: report to the SRCC on performance against the SRCC's performance standards and measures; provide annual certification as per the prudential conditions of licence; and to demonstrate continuous improvement.

## SRCC approach to regulation during COVID-19

The SRCC considered the impact of the COVID-19 pandemic and agreed, that during the pandemic, the focus of the SRCC in delivering its functions should be risk-based and on critical work.

The SRCC endorsed an approach to apply to its program of work reflecting these principles and agreed, that during the COVID-19 pandemic, its regulation of licensees would be focused on ensuring that:

- > licensees implemented appropriate responses to minimise the risk and impact of COVID-19 on their workers and operations
- > licensees had arrangements to ensure continuity of claims processing and payments
- > the financial viability of licensees was managed in accordance with the SRCC's Financial and Prudential Model.

## Administration of Virgin Australia Holdings Ltd (Virgin)

On 21 April 2020, Virgin announced that it had entered voluntary administration. The SRCC closely monitored the voluntary administration and worked with Virgin and the Administrators to ensure that the workers' compensation obligations under the Virgin self-insurance licence continued to be met.

## Continuous improvement

The SRCC has an ongoing focus on the continuous improvement of its regulatory model. In the 2019–20 year, the SRCC has undertaken the following activities to improve the operation of the LCPM:

- > engaged with other regulators and subject matter experts to learn from peer experiences and share better practices
- > ongoing consultation with stakeholders to review and improve the SRCC’s regulation
- > published an updated version of the LCPM incorporating changes agreed by the SRCC
- > updated the reporting of LKPIs 6 and 7 (timeliness – initial claims determination and reconsiderations)
- > published information products to ensure clarity of roles and accessibility for employees and affiliated unions and other stakeholders in relation to feedback and complaints mechanisms
- > promoted rehabilitation resources for employees and licensees available through the SRCC website
- > reviewed licensee reporting requirements to reduce duplication and streamline reporting
- > reviewed the general conditions of licence
- > considered the operation of the LCPM to evaluate its effectiveness and identify areas for further improvement
- > commenced a review of its prevention and communication performance measure.

## Licensees’ performance

Table 27 provides a summary of each licensee’s claims activity during 2019–20. Table 28 provides a summary of SRCC monitoring of overall licensee performance against the LKPIs during 2019–20.

Care should be exercised in comparing the claims activity of licensees given the different risk profiles of individual employers.

## Licensee data

Table 27: Licensees' claims activity

	Number of FTE employees		Incidence of claims received		Incidence of claims accepted <sup>1</sup>	
	2018–19	2019–20	2018–19	2019–20	2018–19	2019–20
ACT Government <sup>2</sup>	7,931	24,487	68.8	21.8	56.0	16.9
Australia Post	26,974	27,574	51.8	59.5	39.8	49.7
AaE	382	352	23.6	np	20.9	np
ANU <sup>3</sup>	4,898	5,267	5.3	3.4	4.7	1.5
BankWest	3,587	3,402	5.9	5.0	4.5	3.2
BIS Industries	997	1,098	25.1	28.2	21.1	20.9
Border Express	993	978	30.2	44.0	27.2	35.8
Cleanaway Operations	5,975	5,893	36.0	39.2	27.3	25.3
Colonial Services	2,265	1,787	4.4	3.9	3.1	np
CBA	25,959	25,821	5.7	5.3	4.1	3.9
CommInsure	398	474	np	np	np	np
CommSec	2,619	2,908	5.0	2.4	2.7	2.1
CSL	2,313	2,534	3.5	4.3	np	np
DHL Express <sup>4</sup>	606	1,215	31.4	46.1	19.8	32.9
DHL Supply Chain	3,069	2,981	20.5	16.1	8.5	13.1
Fleetmaster	331	344	24.2	np	0.0	np
John Holland	1,334	1,530	88.5	103.9	84.0	99.3
John Holland Group	3,767	3,402	7.7	7.9	6.1	6.8
John Holland Rail	192	197	57.3	40.6	52.1	30.5
K&S Freighters	3,137	2,589	53.2	40.2	41.1	33.6
Linfox Armaguard	1,792	1,990	20.6	20.1	6.1	3.5
Linfox Australia	4,934	4,961	13.2	12.1	5.5	2.2
Medibank Private	2,187	1,876	5.0	6.4	np	4.8

	Number of FTE employees		Incidence of claims received		Incidence of claims accepted <sup>1</sup>	
	2018–19	2019–20	2018–19	2019–20	2018–19	2019–20
NAB	24,629	25,443	3.7	2.9	2.3	1.8
NWMS	1,543	1,664	np	np	np	np
Optus	7,367	7,023	3.0	4.4	1.0	2.6
Pacific National Services	2,451	2,683	22.4	18.6	19.6	13.4
Prosegur	735	735	50.3	44.9	42.2	38.1
Reserve Bank of Australia	1,343	1,292	np	np	np	np
Ron Finemore Transport	729	729	49.4	41.2	41.2	31.6
StarTrack Express	3,292	3,315	45.6	45.6	37.1	38.3
StarTrack Retail	171	148	35.1	np	np	np
Telstra	25,652	23,308	8.1	7.7	6.0	4.9
Thales	3,456	3,460	13.9	16.2	10.1	13.0
TNT Australia	4,201	4,635	61.4	59.5	50.2	46.0
Virgin Australia Airlines	8,144	8,038	25.2	24.4	22.3	20.5
Visionstream	2,125	1,502	7.1	5.3	5.2	np
Wilson Security	6,249	6,249	7.7	12.3	4.8	6.1
<b>ALL LICENSEES</b>	<b>198,727</b>	<b>213,884</b>	<b>21.0</b>	<b>20.5</b>	<b>16.0</b>	<b>15.8</b>

np – not publishable. In order to protect privacy, results are not published where the numbers used to calculate incidence rates are between one and five.

1. This measure captures those claims that were initially accepted in the reporting period.
2. ACT Government joined the licensee sector 1 March 2019. FTE for 2018–19 is pro-rata reflecting the period in the Scheme for the Financial Year.
3. ANU joined the licensee sector 1 July 2018.
4. DHL Express joined the Comcare scheme 1 January 2019.

Note: All incidence rates are calculated per 1,000 FTE employees.

Table 28: Performance against LKPIs – All licensees

	2018–19	2019–20
Number of notifiable worker fatalities	0	1
Incidence of serious claims <sup>1</sup>	8.8	8.9
Incidence of accepted claims <sup>2</sup>	16.0	15.8
Median incapacity (weeks)	4.6	5.0
Percentage of claims determined within 20 days (injury) and 60 days (disease)	95 per cent	97 per cent
Percentage of reconsiderations decided within 30 days	95 per cent	96 per cent
Number of reconsideration requests decided	1,102	1,259
Number of AAT appeals received	496	652

1. Serious claims are those claims that reach one week or more of time lost during the reporting period.

2. This measure captures those claims that were initially accepted in the reporting period.

Note: All incidence rates are calculated per 1,000 FTE employees



## Recordkeeping and reporting requirements under the Directions

The following table provides details of the recordkeeping requirements outlined in the Directions and is reported in accordance with section 20 of the Directions.

Table 29: Recordkeeping requirements under the Directions

Requirement	Number	Details
Applications for licence received	2	Ramsay Health Care Australia Pty Ltd (application received but no decision made in 2019–20). CEVA Logistics (Australia) Pty Ltd (application subsequently withdrawn)
Refusals to grant licence	Nil	Nil
Expiry of licence	Nil	Nil
Suspension of licence	Nil	Nil
Revocations of licence	Nil	Nil
Grants of licences, including the scope of the licences and the conditions to which the licences are subject*	Nil licences granted	Nil
	Nil licences commenced	Nil
	41 variations granted due to change in scope or conditions of licence	The following licence notices were varied in relation to definitions, claims manager or prudential requirements: > Australian Capital Territory > Cleanaway Operations Pty Ltd > Prosegur Australia Pty Ltd  Additionally, in 2019–20, the SRCC varied all 38 current licences to incorporate a range of administrative changes and corrections.
	Nil licence extensions	Nil
Breaches of licences and preserved licences	Nil	Nil

\*The scope and conditions of licences granted by the SRCC are available on the Federal Register of Legislation.

Further information is available in the 'Licensing' section of this report.

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# GLOSSARY AND INDEX

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# GLOSSARY

AAT	Administrative Appeals Tribunal – The AAT can, on request, review administrative decisions by most Australian and Australian Capital Territory Government departments and authorities. This includes reviewing reconsideration decisions made by Comcare. Either an employee or an employer may request a review of a decision.
ACT	Australian Capital Territory
ACTU	Australian Council of Trade Unions
Affirmation rate	Affirmation rate is the percentage of original decisions which were upheld following a request for reconsideration.
ANAO	Australian National Audit Office
APS	Australian Public Service
APSC	Australian Public Service Commission
ARC Act	<i>Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005</i>
ATO	Australian Taxation Office
Bankwest	BWA Group Services Pty Limited
Case manager	Responsible for workplace-based management of an injured employee's return to work plan, as well as for initiating, coordinating and monitoring the rehabilitation process. The employer is responsible for providing case managers, who are usually employees of the agency.
CEO	Chief Executive Officer
Claim	Any claim for compensation, for example, the initial injury claim, claim for payment of medical expenses, or claim for incapacity benefits.
Claims Manager (CM)	Claims Managers are employees with a role in managing claims for workers' compensation - formerly known as Claims Services Officers (CSOs).
Comcare Portfolio Budget Statements (PBS)	Departmental portfolio budget statements provide information on the proposed allocation of funds to achieve government outcomes. They include budget statements for the department as well as agencies working under the department. The statements provide information to assist parliament to understand the purpose of each proposed outcome. The Comcare Portfolio Budget Statements are contained within the 2019–20 Portfolio Budget Statements for the Department of Jobs and Small Business.
Corporate governance	The process by which agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.



Corporate Plan	<i>Comcare Corporate Plans 2018–2022, 2019–2023 and 2020–21</i>
Date of Injury	Date of occurrence (injury), date first sought medical treatment, or first resulted in incapacity or impairment (disease).
Delegation	The written assignment of authority and responsibility to another person to carry out specific activities.
Determination	A decision to accept or reject a claim.
Directions	<i>Safety, Rehabilitation and Compensation Directions 2019</i>
Disease	From 13 April 2007 any ailment suffered by an employee, or the aggravation of such an ailment, that is contributed to, to a significant degree, by the employee's employment.
DSSC	Deputy Secretaries' Safety and Compensation Forum
EAP	Employee assistance program
EL	Executive Level
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
ESD	Ecologically sustainable development
FOI	Freedom of information
FOI Act	Freedom of Information Act 1982
FTE	Full-time equivalent, in the context of staffing levels
GP	General practitioner
GST	Goods and services tax
ICT	Information communication technology
IFMH	Inter-departmental Forum on Mental Health
Impairment	The loss, the loss of use, or the damage or malfunction, of any bodily system or function or part of such system or function. A permanent impairment is one that is likely to continue indefinitely.
Incapacity	A diminished ability to earn.

Incapacity benefit	A payment made directly or indirectly, by way of income maintenance.
Injury	Refers to either an injury or disease. An injury can be a physical or mental injury and includes aggravation of a pre-existing ailment.
IPS	Information Publication Scheme
KPI	Key performance indicator
LCPI	Licensee Compliance and Performance Improvement
LCPM	Licence Compliance and Performance Model. The LCPM provides the regulatory framework under which the SRCC monitors and assesses licensee performance and replaced the previous Licensee Improvement Program and Tier Model.
Liability	The effect of a determination, creating a legal obligation to pay compensation under the SRC Act.
Licensed self-insurers	A Commonwealth authority or a corporation that is a holder of a licence under Part VIII of the SRC Act.
Licensees	Licensed self-insurers
LKPIs	Licensee Key Performance Indicators
LMS	Comcare Learning Management System
MHCoP	Mental Health Community of Practice
MHFA	Mental health first aid
NABERS	National Australian Built Environment Ratings Scheme
NBN	National Broadband Network
OAIC	Office of the Australian Information Commissioner
OH&S	Occupational health and safety
PCBUs	Person Conducting Business or Undertaking
PDP	Performance Development Plan
People Plan	Comcare's People Plan
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>

PGPA Rule	<i>Public Governance, Performance and Accountability Rule 2014</i>
PICS	<i>Parliamentary Injury Compensation Scheme</i>
Premium	A contribution made to Comcare in respect of the estimated costs of a customer agency's workers' compensation costs for a given financial year. It is based on fully funded principles and is designed to be responsive to the employing agency's claims experience.
Premium claim	Claim with a date of injury after the introduction of Comcare's premium system on 1 July 1989. Also referred to as an 'insured' claim.
Premium paying employers	Commonwealth departments, agencies and the ACT Government who pay a workers' compensation premium under the Safety, Rehabilitation and Compensation Act 1988.
Premium rate	The rate, expressed as a percentage of wage/salary dollar, which, when multiplied by the estimate of wage/salary, will provide the premium payable by that agency.
Pre-premium claim	Claim with a date of injury before the introduction of Comcare's premium system on 1 July 1989. These claims and the resultant expenditure may also be called 'uninsured'.
Privacy Act	<i>Privacy Act 1988</i>
Provider	Person or organisation providing medical, rehabilitation or health services in relation to a work-related injury or disease.
Public Service Act	<i>Public Service Act 1999</i>
Reconsideration	An employee or employer, who is dissatisfied with a decision made under the SRC Act, may ask for that decision to be reviewed by an officer not involved in the making of the decision in question. The result of such a review is called a reviewable decision.
Rehabilitation	A managed process involving early intervention with appropriate, adequate and timely services based on injured worker's assessed needs.
RPF	Regulator Performance Framework
RTW	Return to work
Seacare Authority	The Seafarers Safety, Rehabilitation and Compensation Authority
Seafarers Act	<i>Seafarers Rehabilitation and Compensation Act 1992</i>
Serious claims	Those claims that reach one week or more of time lost during the reporting period
SES	Senior Executive Service

SRC Act	<i>Safety, Rehabilitation and Compensation Act 1988</i> - the legislation which established Comcare and defines how the workers' compensation function is to be administered for the Australian and ACT Governments and a corporation that is a holder of a licence under Part VIII of the SRC Act.
SRCC	Safety, Rehabilitation and Compensation Commission. See also 'The Commission'.
TASC	Telecommunications Asbestos Safety Compliance
The Commission	Safety, Rehabilitation and Compensation Commission - responsible for issuing licences for self-insurance and claims management, it has functions under the SRC Act and WHS Act. Until 1992 it was referred to as the Commission for the Safety, Rehabilitation and Compensation of Commonwealth Employees.
The scheme	The Comcare scheme
WHS	Work health and safety
WHS Act	<i>Work Health and Safety Act 2011</i>
WRP	Workplace rehabilitation provider



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