



Annual Report

2024—2025

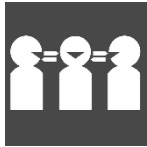
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About this report

Under the *Workers' Compensation and Rehabilitation Act 2003* (the Act) (<https://www.legislation.qld.gov.au/view/html/inforce/current/act-2003-027>), WorkCover Queensland (WorkCover) is required to produce an annual report.

This report has been prepared to meet the needs of stakeholders and the accountability requirements under the *Financial Accountability Act 2009* (<https://www.legislation.qld.gov.au/view/html/inforce/current/act-2009-009>).



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

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

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Content from this annual report should be attributed as: WorkCover Queensland 2024–2025 Annual Report.

Letter of compliance

26 August 2025

The Honourable Jarrod Bleijie MP
Deputy Premier, Minister for State Development, Infrastructure and Planning, and Minister for Industrial Relations
1 William Street
BRISBANE QLD 4000

Dear Minister,

I am pleased to submit for presentation to the Parliament the WorkCover Queensland 2024—2025 Annual Report and Financial Statements.

I certify that this Annual Report complies with:

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

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

A checklist outlining the annual reporting requirements is provided at page 92 of this annual report.

Yours sincerely,



Chloé Kopilović
Chair
WorkCover Queensland

About WorkCover Queensland

We have been providing workers' compensation insurance in Queensland for over 25 years to more than 181,000 businesses.

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

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

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

We are government-owned but self-funded and established under the *Workers' Compensation and Rehabilitation Act 2003* (<https://www.legislation.qld.gov.au/view/html/inforce/current/act-2003-027>).

Working together

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

Our vision

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

Our purpose

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

- trusted partnerships which underpin our focus on return to work outcomes;
- tailored quality experiences for workers and employers;
- creating value for business through innovative and sustainable outcomes; and
- influencing and investing in injury risk reduction.

Our values

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

Integrity: To always do the right thing.

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

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

Our goals and performance indicators

Purpose-driven culture Foster a culture where our people can strive for excellence to shape the future of workers’ compensation.	Operational excellence Improve how we work to maximise value for our customers and our stakeholders.
Digitally innovative Modernise our systems and technology to become a digital and data enabled enterprise.	Valued experiences Care for and support injured workers and employers by engaging collaboratively.

Performance indicators

- Average statutory claim duration paid days
- Average annual statutory claim cost
- Final return to work (RTW) %
- Average common law claim cost
- Funding ratio
- Average premium rate (target)
- Management and levy expense rate
- Customer experience measure (injured workers and employers)

2024—2028 strategies

- Transform claims management by improving outcomes, strengthening relationships, and implementing strategies for mental health injuries, ensuring strong outcomes and financial sustainability.
- Align enterprise transformation with strategic priorities ensuring people, process and technology are working together to support value delivery now and into the future to allow us to succeed in a digitally native world.
- Collaborate with the Queensland community, prioritise customer-centric experiences, and partner with stakeholders to enhance safety, return-to-work initiatives, and injury prevention programs.
- Empower individuals to be accountable, enhance and showcase their capability, and deliver in their roles efficiently.
- Cultivate a culture of shared responsibility for preventing harm in the workplace and harness the dynamic strength of diverse and inclusive teams.

More information is available in our *Statement of Corporate Intent 2024–2025*

(https://www.worksafe.qld.gov.au/_data/assets/pdf_file/0023/129614/WorkCover-Queensland-Statement-of-Corporate-Intent-2024-2025.pdf), and our *Corporate Plan 2024–2028*

(https://www.worksafe.qld.gov.au/_data/assets/pdf_file/0022/129613/WorkCover-Queensland-Corporate-Plan-2024-2028.pdf).

Our commitment to customers

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

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

Chair and CEO report

Supporting Queensland workers and businesses is at the heart of everything we do. In 2024—2025, WorkCover Queensland supported more than 74,000 Queenslanders injured at work with their recovery, helping 90.2% of them return to work, and providing workers' compensation insurance for more than 181,000 Queensland businesses.

Our financial performance

We're proud to maintain a strong financial position, offering one of the most competitive average premium rates of comparable jurisdictions in Australia and exceptional value for employers. With a robust funding ratio of more than 120%, we're committed to ensuring the ongoing stability of Queensland's workers' compensation scheme.

Although we're navigating the same challenges faced nationwide, like rising claim costs and mental injury claims, we've managed to keep our fund financially healthy through strategic and careful financial management and a focus on operational efficiency and in-house claims management. We have low administrative costs, ensuring that the largest share of premium revenue goes directly to supporting injured workers.

Mental injuries

The steady increase in Queenslanders experiencing mental injuries aligns with national trends in workers' compensation. This year, there were 3,633 accepted primary mental injury claims, and they accounted for 15% of total statutory claim costs. These claims tend to be more expensive, as workers with mental injuries have more time off work and are less likely to return to work in the long term.

We are addressing this challenge through a dedicated Mental Health and Injuries program with a number of strong, foundational activities completed on this important area of focus this year. This includes updating our processes and uplifting training for our people in managing mental injury claims and creating a suite of educational resources to help guide workers and employers through the claim process.

WorkCover has also partnered with the Institute for Safety, Compensation and Recovery Research (ISCRR), part of Monash University, to conduct an independent best practice review of our mental injury claims management. This will help to ensure we're supporting workers with mental injuries in the best way possible, backed by evidence.

Claim decisions and claim management

In the past financial year, we've renewed our commitment to our core business of getting injured workers back to work safely and as quickly as possible and making faster claim decisions to benefit both workers and employers.

In 2024—2025, we determined 61.7% of claims in five days, and 91.3% in 20 days. We know that providing certainty to our customers as soon as possible is critical and helps workers and employers focus on recovery and getting back to work.

We have implemented a range of tactical enhancements to our claim processes and developed and delivered training to our people to improve our overall efficiency.

To ensure we maintain a strong focus on rehabilitation and returning injured workers to work, we consult with workers, employers and treating medical practitioners as part of the planning process of every claim.

This increases collaboration and gives the worker the best chance of a positive return to work outcome. We will keep investing in our people's capability and technology at WorkCover to ensure we meet our customers' needs and expectations when they are engaging with us.

Technology transformation

WorkCover has had a major project in place to transition its on-premises information technology systems to the Cloud for a number of years. This year saw the successful completion of the migration of the core claims and associated systems. This delivers WorkCover a strong, modern technology platform that will support enhanced performance, information security, agility and innovation in the years ahead. This is an important milestone for the organisation, representing one of the most significant technology shifts in WorkCover's history and a key enabler to deliver its strategic goals and better serve customers and stakeholders moving forward.

Premium rate

After a small incremental increase to \$1.343 per \$100 of wages after discounts in 2024—2025, we are pleased to share that our average target premium rate will remain unchanged in 2025—2026. We are proud to be able to support Queensland businesses in these uncertain times due to our strong financial position.

Through our premium compliance program, we have worked with Queensland businesses to ensure all employers are paying their fair share of workers' compensation insurance. We audited 1,028 employer sites in 2024—2025, resulting in a total amount of more than \$35M in premium and penalties raised and helping to ensure scheme is sustainable and equitable for all Queenslanders.

Partnering with our stakeholders

Working with our stakeholders remains a key priority and enables us to consult with the people we serve across Queensland and uphold our responsibilities to injured workers, employers, medical and allied health providers, and the community. We worked with the Office of Industrial Relations as we implemented recommendations from the five-year workers' compensation review, which resulted in the *Workers' Compensation and Rehabilitation and Other Legislation Amendment Act 2024 (Qld)*.

WorkCover participated in several industry events throughout the year to offer workers' compensation education and insights to employers. Our webinar series attracted 2,609 participants, with popular sessions on topics such as mental injuries and key learnings from common law claims.

Our commitment to improving claim outcomes is driven by data and insights. To ensure we continue to work effectively, we have made it a priority to gather feedback from customers, medical and allied health providers and associations, industry associations and unions.

Over the past year, we referred 172 employers to the Injury Prevention and Management program. This program is operated in partnership with Workplace Health and Safety Queensland and offers free tailored guidance to businesses to improve safety and injury management in their workplaces.

Outlook 2025—2026

Next year is set to be a significant year for WorkCover as we seek to build on our strong foundational achievements this year to focus on key strategies around operations, the workforce and risk management. We want to create value for injured workers and employers through innovative and sustainable outcomes that deliver value for Queensland.

We will transform the claims management model to optimise our ways of working and elevate performance across the value chain, with a focus on building strong foundations for the future.

We will continue to foster a performance-driven, accountable and engaged culture to enhance outcomes and support for injured workers and their employers.

We will advance our holistic Mental Health and Injury Program to deliver meaningful change to the services delivered and the outcomes achieved for injured workers.

We will prioritise identifying and responding to workers' compensation claims involving fraud or the provision of false or misleading information through a range of detective measures.

Now that we have completed the transition of our IT infrastructure to a cloud-based environment, we will leverage the cloud platform to invest in technology that expands and enhances customer engagement channels, elevates service delivery and outcomes, and strengthens the protection of data and technology assets.

Building on our strategic stakeholder partnerships, we will strengthen our relationships with employees, employers, employee representatives, employer groups, providers and industry associations. Underpinning this work will be an uplift in risk maturity, governance, portfolio management and the control environment, ensuring services and projects are delivered within the Board's approved risk appetite, standards and regulatory requirements.

We are now on an exciting journey in which we're going to deliver significant uplift to support the long-term sustainability of the scheme and serve the evolving needs of the community.

Thanks and acknowledgements

We express our thanks to David Heley, Deputy CEO, who retired earlier this year after serving at WorkCover for 26 years. We thank David for his dedication to serving the needs of Queensland businesses and workers.

We welcomed our new executive members, Chief People and Strategy Officer Nicholle Duce, Chief Financial Officer Garnett Hollier, Chief Operating and Technology Officer Karin Muller, and Chief Risk Officer Megan Readdy.

We thank our outgoing Chair Dr Anthony Lynham and Deputy Chair Jacqueline King and welcomed our new Chair Chloé Kopilović and Deputy Chair Greg Hallam.

As always, we thank our people at WorkCover who remain committed to supporting Queensland workers and employers.

We thank the Deputy Premier, Minister for State Development, Infrastructure and Planning and Minister for Industrial Relations, the Honourable Jarrod Bleijie MP, and the Queensland Government for their support.



Chloé Kopilović
Chair
WorkCover Queensland



Michael Pennisi
Chief Executive Officer
WorkCover Queensland

Our Board of Directors

Chloé Kopilović – Chair

MAppLaw (Wills and Estates), GDip Legal Practice, LLB

Chloé is an experienced lawyer and director of FC Lawyers. Chloé was elected to the Council of the Queensland Law Society for four terms, serving nine years. She was elected and served as Deputy President in 2022, and President of the Queensland Law Society in 2023. The Queensland Law Society plays a critical role with government in relation to the review of legislation, appearing at legislative enquiries and public hearings. During her tenure, Chloé served on the board of Queensland's professional indemnity insurer, Lexon Insurance Pte Ltd and as an alternate director of the Law Council of Australia.

Greg Hallam – Deputy Chair

AM PSM, BBus, BEcon (Hons)

Greg is an experienced Company Director, writer, and executive. Greg has worked as a senior executive for a number of city councils and was Chief Executive Officer of the Local Government Association of Queensland from 1992 until 2021. He is currently a director of both Brighter Super – the merged LGIA, Energy Super and Suncorp Super board, and the Queensland Reconstruction Authority, and has previously served as a member of numerous other boards including Queensland Treasury Corporation. Greg was awarded the Member (AM) of the General Division of the Order of Australia in 2018 for his contribution to Local Government, Sport and Disaster Management, the Public Service Medal in 2000, the Centenary Medal in 2001, and the National Emergency Medal in 2012 for his work in Queensland's 2011 natural disasters.

Judy Bertram – Director

BSc, Dip Ed, GAICD

Judy has had extensive experience at senior levels in the Queensland Government including in the Department of Premier and Cabinet, as the General Manager of Workplace Health and Safety Queensland, as the Deputy Director General of Child Safety and in strategic policy and planning roles in the vocational education and training system. Since 2012, Judy has been employed by the Queensland Resources Council (QRC) and has led a range of QRC policy areas including Community Engagement, Indigenous Affairs and Health and Safety before becoming Deputy Chief Executive in 2017. In addition to being a Director on the WorkCover Board, Judy is currently a Director of Coal LSL and a Director of Team Super. She served for nine years as a Director on the Board of Deaf Services Queensland and for three years as the Chair of Queensland's Portable Long Service Leave Board for Contract Cleaners. Judy holds a Bachelor of Science from the University of Queensland and a Diploma of Education from the University of New England. She is also a Graduate of the Australian Institute of Company Directors.

Kerriann Dear – Director

BSc, BSocWk (Hons)

Kerriann Dear brings to the WorkCover Queensland Board more than two decades of executive leadership, strategy and governance experience in the not-for-profit sector, with specialist expertise in women's industrial relations, mental health, and workplace wellbeing. She has a strong understanding of regulatory frameworks and psychosocial risk, particularly as they relate to organisational compliance and governance. Kerriann currently operates as an independent consultant, supporting community service organisations across Queensland. She is a member of WorkCover Queensland's Risk and Audit Committee and People and Culture Committee.

Stephen Havas – Director

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

Sarah Morris – Director

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

Sarah Morris is the Chief Financial Officer at Teachers Health. Sarah has held senior and executive positions with organisations across defence services, finance, insurance, resources and professional services industries. She is a director of TUH Health Care Services, a former state and national councillor of the Governance Institute of Australia and is the current WorkCover Risk and Audit Committee Chair.

Sandra McCullagh – Director

BSc, BArts, MBA, FAICD

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

Stacey Schinnerl – Director

BBus

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

Cresta Richardson – Director

Cresta Richardson is the president of QTU, representing 48,000 members in schools. She has had a lengthy teaching career, primarily in rural Queensland. Cresta serves on the board of the Queensland Curriculum and Assessment Authority (QCAA) and is a Member of the Australian Institute of Company Directors (MAICD). She has achieved an Executive Certificate in Public Leadership from the Harvard Kennedy School.

Our Executive Leadership Team

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

Michael Pennisi – Chief Executive Officer

BEcon, BComm, GAICD

Michael is an experienced chief executive with more than 30 years' experience in CEO and executive roles in the financial services sector, including superannuation, insurance and investments. He has a proven track record of authentic, values-based and purpose-led leadership driving transformational change in large, complex businesses through strategy, exceptional delivery and broad engagement.

Michael has a strong commitment to serving the needs of customers and the community. His deep knowledge of insurance and strong relationships with stakeholders are invaluable as WorkCover builds on a proud history as one of Australia's strongest performing workers' compensation insurers.

Nicholle Duce – Chief People and Strategy Officer

GAICD

With over 20 years' experience and a history of success in large, diverse organisations, Nicholle is passionate about people and technology. Nicholle has a strong ability to understand, develop and promote a strategic vision whilst translating this into practical operational outcomes. She thrives on the challenge of leading teams of talented people, developing effective relationships with stakeholders at all levels, and shaping strategy that aligns to the company vision to deliver cultural and commercial outcomes.

Garnett Hollier – Chief Financial Officer

BBus, CA, GAICD

Garnett is an experienced executive with over 25 years of experience in financial services, overseeing all aspects of finance and investments including taxation, financial planning and analysis, actuarial, and investment governance. With a solid track record of driving transformational change, mergers and acquisitions, and delivering improved financial sustainability, Garnett brings a blend of strategic vision, innovative thinking, and authentic leadership to this role. He is dedicated to governance, serving internal and external stakeholders, streamlining processes through technology and fostering a collaborative culture. Garnett feels privileged to support the purposeful work that WorkCover does for Queensland workers and employers.

Karin Muller – Chief Operating and Technology Officer

GAICD

Karin is a highly experienced executive with over 20 years of experience in leading multi-faceted organisations through complex transformation and change. She has a proven track record in delivery of exceptional customer and organisational outcomes in financial services and insurance organisations. Her focus is on operational excellence, technology enablement and customer alignment to ensure WorkCover is best placed to deliver on our important role for Queensland now, and into the future.

Megan Readdy – Chief Risk Officer

LLB, BEcon, GAICD

Megan is a strategic and commercially astute risk executive with a strong background in financial services and more than a decade of executive experience. She has had exposure to a range of different industries covering all risk dimensions, financial and non-financial. Megan's extensive expertise across multiple industries has given her a strong understanding of regulatory expectations. In her role, Megan will lead an effort to increase WorkCover's focus on risk management to enhance oversight, systems, and governance, ensuring compliance and effective delivery of strategic and operational goals.

Highlights for 2024—2025

Our organisation

\$1.343 average premium rate per \$100 of wages	\$7.07B funds under management
337,344 customer calls to our contact centre	13,007 referrals to return to work providers

For employers

181,000 employers insured	\$108.9M premium savings for employers (including apprentice and 3% early payment discounts)
\$35.62M premium raised from non-compliant employers (wage audits and uninsured)	1,028 onsite audits by our compliance advisors
172 employers referred to Injury Prevention and Management Program (IPaM)	7.1/10 average customer experience rating by employers

For workers

\$1.70B statutory benefits and entitlements paid to workers	90.2% injured workers returned to work
74,000 injured workers supported through a claim	3,392 new common law claims
3,633 workers with a primary mental injury claim	7.1/10 average customer experience rating by workers

We also

**Delivered Phase One of our
Mental Health & Injuries
program**

**Implemented changes
from the five-year scheme
review**

**Developed our new
Reconciliation Action Plan**

Our financial and non-financial performance indicators

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

Indicator	2024—2025 Target	2024—2025 Achieved
Operations		
Average statutory claims duration	54 days	55.2 days
Average annual statutory claim cost	<\$13,500	\$14,001
Final return to work (RTW) %	91%	90.2%
Average common law claim cost	<\$226,000	\$207,467
Financial		
Funding ratio	>120%	141%
Average premium rate	\$1.343	\$1.344
Break even premium rate	\$1.43	\$1.41
Management and levy expense rate	\$0.19	\$0.19
Experience		
Customer experience measure (injured workers and employers)	7.5/10	7.1/10

Capital structure and payments to the consolidated fund

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

The Act allows for payments to be made to the consolidated fund. The WorkCover Board will make a recommendation to the Minister with respect to such a payment (if any) following certification of the 2024—2025 financial statements.

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

Borrowing made, proposed to be made

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

Policies adopted to minimise and manage the risk of investments and borrowings that may adversely affect financial stability

Investment risk

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

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

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

Business risk

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

Borrowing risk

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

Policies and procedures relating to acquisition and disposal of significant assets

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

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

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

Accounting policies applying to preparation of accounts

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

Community service obligations

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

Employment and industrial relations plan

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

Information to be reported to the Minister

Quarterly reporting

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

Annual reporting

A full annual report will be provided to the Minister in accordance with the Act and in compliance with the Financial and Performance Management Standard 2019, which requires WorkCover to give the annual report to the Minister to allow the report to be tabled in the Legislative Assembly within three months after the conclusion of each financial year.

Claims costs and claims management

Statutory claims trends

Claims management is the core of our business, and this year saw a renewed focus on our claims management approaches and practices. In response to growing national trends in statutory claims, we implemented a number of new evidence-informed strategies this year designed to support early, safe and sustainable rehabilitation and return to work, and maintain scheme stability for our customers.

Statutory claims increased by 1% compared to 2023—2024, with 74,976 total accepted claims, which contributed to an increase in our overall claims' costs. We supported these injured workers by hiring additional claims-focused people, increasing training, and optimising our operations.

We prioritise timely and quality decision making to provide certainty and appropriate intervention as early as possible. In 2024—2025, we determined 61.7% of claims in five days, and 91.3% in 20 days.

Mental injuries

In 2024—2025, we continued to see an increase in claims for primary and secondary mental injuries, although at a more moderate rate compared to last year. Primary mental injuries can be caused by trauma or other events at work. Secondary mental injuries can arise as a direct result of the event which caused a physical injury, or because of a physical injury.

This financial year, 3,633 primary mental injury claims were accepted, which is an 8% increase from 2023—2024. Mental injuries typically have longer claim durations, higher average statutory claim costs, and lower return to work rates. Addressing the rising trends in mental injuries has been a key strategic focus of WorkCover.

We continue to offer early intervention support for workers prior to a decision being made and use the presumptive legislation to streamline decision-making for first responders and other applicable workers.

Our data has shown that primary mental injury claims:

- currently represent 15% of total statutory payments (\$261M for 2024—2025);
- have an average claim cost of \$23,600 (\$21,800 in 2023—2024), which is higher than the average cost of physical injuries (\$13,000 for 2024—2025);
- have longer periods of time off work for the worker (115.6 average annual paid days) than for physical injury claims (49.5 average annual paid days); and
- were less likely to result in the worker's return to work, at 72% in 2024—2025 compared to workers with a primary physical injury at 91.4%.

Aligning with a consistent trend across other jurisdictions, secondary mental injuries have also continued to rise, which impacts the duration and cost of statutory claims for physical injuries and the conversion to common law.

Optimising our management and determination of mental injury claims and educating employers and workers on mental injuries has been a strategic focus for WorkCover. To inform and shape our focus in the mental health and injury project, we developed and validated a Safe Feedback Framework that ensures we are safely engaging workers with a mental injury in customer research.

We're expanding our voice of customer program to regularly and responsibly gather feedback to better support this important cohort. Building on this research, through our mental health and injury project, we successfully delivered a number of improvements, including:

- providing enhanced training for all our frontline employees on the mental injury claim process and how to support workers in a vulnerable state;
- enhancing our early detection and recording of secondary mental injuries;
- partnering with the Institute for Safety, Compensation and Recovery Research (ISCRR), part of Monash University, to conduct an independent best practice review of our mental injury claims management;
- centralising our mental injury decisions teams resulting in improved timeframes for determining primary mental injuries;
- updating information available to workers during the claim determination process;
- 16 new educational videos for employers, leveraging their important role in claim outcomes to support their workers through a mental injury;
- 16 new educational videos for workers, covering the claim journey from pre-claim to closure to provide more support and transparency during the process;
- launching our Supervisor Reference Guide for direct supervisors to support their injured workers; and
- hosting a two-part webinar series for employers, featuring Dr. Deborah Simmons and It Pays to Care's Dr. Mary Wyatt. These webinars covered both best practice and lived experience to illustrate for employers the important role that they play in the experiences and outcomes for their worker.

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

Statutory claims management strategies

Claims management is central to our business, and we endeavour to support customers through the claims process. To help achieve early and sustainable rehabilitation and return to work outcomes, we have continued to refine our operations in claims management and improve our service delivery.

This year, we welcomed a number of new Claims Representatives and Customer Advisors (claims managers) to ensure our resourcing meets the increasing demand and mix of claims now and into the future.

Earlier claims decisions

We remain committed to making early, quality decisions to provide our customers with certainty, with more than 60% of claims decided within five days and over 90% within 20 days. We have also continued to reduce the average determination time for mental injury claims through the centralisation of these claims. Where a decision cannot be made within 20 days, we communicate this to the worker with the next steps.

Rehabilitation and return to work planning

To best support return to work outcomes, we focus on early intervention and understanding and addressing the impacts that psychosocial factors have on recovery.

Early intervention for those workers at risk of poor outcomes is key, as evidence confirms that being off work for long periods of time following injury reduces the likelihood of workers ever returning to work (<https://www.racp.edu.au/policy-and-advocacy/division-faculty-and-chapter-priorities/faculty-of-occupational-environmental-medicine/health-benefits-of-good-work>).

This year, we implemented the changes from the five-year review to develop a collaborative rehabilitation and return to work plan for all workers within 10 days of claim acceptance.

The rehabilitation and return to work plan is built collaboratively with the worker, employer and the treating medical practitioner, which means that all parties have an opportunity to contribute to the plan and ensures full transparency around the planning process. From feedback collected via our Voice of Customer program, 8 in 10 workers agree the rehabilitation and return to work plan was clearly explained to them, and that it was accurate, tailored, and collaborative.

More access to medical and allied health care

We have continued to build on the guidance and support available to help workers access treatment and start their recovery journey sooner. We funded over \$4.5M in early intervention support for workers with mental injuries, before their claim was determined which is a 47% increase from two years ago.

Tools to guide and support workers through the claims journey

From insights sourced from multiple customer research initiatives, such as our Voice of Customer program and qualitative deep dives, we know that workers who are empowered to understand what to expect during their WorkCover experience tend to have better outcomes.

We developed easy to consume videos and online resources that simplify the claims process, creating transparency and clarity for workers.

You can watch the videos on our YouTube channel (<https://workcoverqld.co/worker-claim-videos>). As part of our new suite of resources, we also updated our 'Guide to your WorkCover claim' brochure, which offers a clear overview of the main stages of a 'typical' WorkCover claim.

Better education and support for employers

To help employers play a key role in their workers' recovery and return to work, we have created various resources and tools that highlight the benefits of supporting injured workers. These cover important topics including return to work, how to participate proactively in a claim, and benefits and obligations relating to suitable duties. Additionally, we hosted several webinars and in-person events for employers to discuss secondary mental injuries, key trends, and explore strategies for mitigating risks and facilitating safe return to work for their employees.

We also leveraged the work completed through the Mental Health and Injury Project, outlined above, to boost education around supporting workers with physical injuries.

Referrals to return to work providers

WorkCover's expert panel of workplace rehabilitation providers assist our people and our customers to facilitate, plan and support rehabilitation and return to work opportunities. We made 13,007 referrals to this panel in 2024—2025, an increase of 27% on 2023—2024 referrals.

Five-year review

Every five years, Queensland undertakes an independent review of the workers' compensation scheme. The review found the scheme is still performing well and identified several opportunities to address scheme trends and improve the workers' compensation process. 49 of the 54 recommendations were accepted, fully or in principle, and the *Workers' Compensation and Rehabilitation and Other Legislation Amendment Act 2024* (Qld) implements these recommendations.

The legislative changes aim to improve the process for injured workers, improve rehabilitation and return to work outcomes, and address emerging scheme trends like the growth of mental injury claims.

WorkCover has worked with the Office of Industrial Relations and our external stakeholders to implement these changes, updating our claim management processes and collaborating with all relevant parties on a claim. We communicated the changes to workers, employers, and treating medical and allied health practitioners to help them meet their obligations.

Common law trends

WorkCover manages common law claims through an external panel of experienced legal practitioners.

Common law damages and legal costs were well controlled with the average common law claim cost under target at \$207,467. However, continued growth in primary and secondary mental injury claims is putting upward pressure on claims costs and durations. More than 3,100 common law claims were closed during 2024—2025 and this remains a key area of focus for next year.

Improving outcomes through partnerships

Our work with stakeholders is key to our ability to create valued experiences for injured workers and employers. We listen to, and collaborate with, industry associations, unions, employer groups, medical and allied health associations, and panel providers to achieve positive return to work outcomes for workers at a reasonable cost. This helps injured Queenslanders recover as soon as possible and reduces the impact of claims costs on employer premiums.

Customer engagement

Staying connected with our customers is critical to our understanding of their needs and ability to deliver tailored services. A vital part of creating a valued service is ensuring we are sharing helpful information, tools and resources, and educating our customers on trends and insights that can translate into better claim outcomes.

We increased referrals to the Injury Prevention and Management Program (IPaM), a joint initiative between WorkCover and Workplace Health and Safety Queensland. Queensland businesses can register their interest in the free program that provides employers with a review of their current injury prevention and management processes and offers them a tailored business improvement plan.

E-newsletters for employers this year have included several practical tools, resources and videos on the claims process and how best to support return to work. Offering educational content on multiple topics and in multiple formats allows us to cater for a range of different businesses and their needs.

Customers and stakeholders across Queensland have participated in our webinar series this year, with highlights including a session with Dr Deborah Simmons, a rural anaesthetist who experienced a workplace mental injury and shared her journey, including key lessons for workers and employers. Balancing this lived experience with best practice, we were also joined by It Pays to Care's Dr Mary Wyatt who presented on the importance of the employer response in mental injury claims. Other topics included common law case insights, employer liability, and the role of record keeping in managing workplace injuries.

In partnership with the Office of Industrial Relations Psychological Health Unit, we facilitated the Mentally Healthy Workplaces workshop series for over 50 employers.

We presented as part of the Crown Law roadshow in Cairns, Townsville, Mackay and Rockhampton in July 2024, on the key role of the employer in recovery and return to work.

Last year, the new Strategic Government Account Management and Engagement Framework was launched with Queensland Government employers. We hosted a government networking session with nine Government departments on 29 August 2024 to provide an opportunity for employers to share learnings.

WorkCover hosted the inaugural First Responder Government Networking Forum on 21 November 2024 with over 30 representatives of the six first responder agency stakeholders in attendance. The objective of the forum was collaborating on workplace health and safety and return to work challenges, opportunities and common themes facing first responders. Another First Responder Forum was held on 19 March 2025.

WorkCover participated as an exhibitor in Workplace Health and Safety Queensland's Work Well Conference in Brisbane in October 2024, where we met with customers and stakeholders to share resources and answer their questions on workers' compensation.

Provider engagement

Providers play an important role in the WorkCover ecosystem, providing essential care to injured workers. Together, we help workers get their lives back on track after a work-related injury or illness.

In November 2024, WorkCover facilitated four forums with our Independent Medical Examination (IME) panel. These sessions were focused on gathering feedback and insights to inform IME processes. We commenced a process in March 2025 to create a new Medical and Allied Health Services panel, combining our existing IME and Medical and Allied Health Advisory (MAHP) panels for in-demand medical specialties and allied health providers to increase supply of these services for injured workers.

We send regular e-newsletters to medical and allied health providers, sharing practical tools and resources, trends and relevant updates. This is part of our commitment to keep our key stakeholders informed and connected with us.

In July 2024, WorkCover presented two webinars in partnership with the North Queensland Primary Health Network, one tailored for GPs and the other for practice managers, to support engagement and discuss how we can best collaborate on claims. We also visited GP practices in Townsville in July 2024 to better understand and improve the experience of regional providers.

We sponsored and attended the Australian Rehabilitation Providers Association Queensland Excellence in Workplace Rehabilitation Awards on 19 July 2024.

Our new Provider Management Plan (PMP) framework and resources were developed and launched in September 2024. A provider management plan is now a mandatory requirement for providers to request ongoing rehabilitation and treatment services for injured workers. The plan is designed to tell us about the progress, ongoing rehabilitation needs and realistic goals for an injured worker's recovery. The focus is on improving the worker's capacity for an early, safe and sustainable return to work.

We continue to meet monthly with the Medical Assessment Tribunal focusing on continuous improvement opportunities and trends and themes seen at tribunal sittings.

The Return to Work Services Provider Panel Forum was hosted on 27 March 2025, facilitating discussion with providers on factoring in psychosocial barriers to recovery and return to work, our work with them to continue to evolve services for injured workers, and rehabilitation and return to work plans.

Our providers have participated in our education sessions across Queensland, including GP Registrar training, and our Royal Australian College of General Practitioners (RACGP) continuing professional development (CPD) modules. As part of our partnership with It Pays to Care, we released two new RACGP CPD modules to educate GPs on how to support a worker's rehabilitation and return to work.

We consulted with the Pain Faculty to review our Spinal Cord Stimulator guidelines, and shared proposed updates to our Pain Intervention guidelines with key stakeholders to maintain our alignment to best practice and highly valued care interventions.

Industry engagement

WorkCover supports Queensland employers and workers across all industries. Building solid working relationships with these industries enables us to partner with them on addressing their specific key issues and concerns.

A Secondary Mental Injury Working Group brought together industry representatives to focus on collaboratively identifying opportunities to mitigate secondary mental injuries. These important insights contributed to the scoping of the new resources developed under the Mental Health and Injury Project. Almost 50 per cent of common law claims have a secondary mental injury, and workers with a secondary mental injury are off work longer and are less likely to return to work than those with a physical injury only.

We have continued to advocate for better health and recovery outcomes and reducing barriers to care for people experiencing work injuries, through our partnership with It Pays to Care (<https://www.racp.edu.au/policy-and-advocacy/division-faculty-and-chapterpriorities/faculty-of-occupational-environmentalmedicine/it-pays-to-care>), the policy paper published by the Australasian Faculty of Occupational and Environmental Medicine. We have presented It Pays to Care messages and insights to employers, industry groups, unions, and medical and allied health provider associations. WorkCover also participated in the It Pays to Care government forum on 19 August 2024.

WorkCover has delivered education sessions to our industry stakeholders, including Clubs Queensland, Queensland Hotels Association, Queensland Small Business Commissioner, and the Port of Brisbane. We also took part in the Department of Employment, Small Business and Training Multicultural Small Business Expo on 28 August 2024.

We have continued to tailor content in our regular e-newsletters for unions, employer groups and industry associations to keep them updated on the latest workers' compensation news and practical resources for their members, with a particular focus on our new suite of mental injuries resources for both workers and employers.

We developed a First Nations Community Engagement Framework to identify and evaluate First Nations community initiatives in which WorkCover should engage. This is one of our commitments under our First Nations Strategy, developed in alignment with our Reconciliation Action Plan.

As part of our Injury Risk Reduction Initiatives program, WorkCover partnered with Master Electricians Australia on an educational video series to help electricians protect themselves against musculoskeletal strain, a common injury in the industry that can often shorten careers, affect productivity, and increase medical costs.

We continue to work with key legal stakeholders to improve our common law claim processes, to ensure fast access to damages payments after settlement/judgment.

WorkCover presented at the Australian Lawyers Alliance WorkCover seminar on 23 August 2024 on Employment Connect, our program to help workers increase their employability after their claim has come to an end, and other rehabilitation initiatives.

Our people

Workforce planning and performance

1281	68%	14.2%
full-time equivalent employees	of our workforce is female	employee 12-month rolling turnover rate
<i>*as at 30 June 2025, excluding Directors, Contractors and Temporary Agency Staff</i>		

Our people work hard to support the people and businesses of Queensland, and we are committed to attracting a diverse workforce, developing their skills, and building high engagement. We believe this is key to supporting our customers and achieving our strategic goals.

The ongoing commitment to the learning and wellbeing of our people remained an area of focus, and in 2024—2025, WorkCover:

- delivered several Certified Agreement requirements, including a new Position Description Review policy and Emergency Services leave;
- introduced key initiatives to enhance workplace safety and compliance with the Psychosocial Hazards at Work Code of Practice;
- established our Self-Harm Concerns policy and training for all of our frontline people to respond to customer self-harm risks and manage the wellbeing of our people; and
- developed our new Innovate Reconciliation Action Plan.

Health, Safety and Wellbeing at WorkCover

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

A biopsychosocial approach is applied to our annual wellbeing program that encourages a diverse range of initiatives that drive a thriving workforce. This year, in accordance with the *Managing the risk of psychosocial hazards at work Code of Practice 2022*, we have developed a Customer Aggression Hub as a centralised training resource for our people and conducted Customer Self-Harm Response training. Our Training Framework supports employees with lived mental health experiences by being respectful of their unique needs as they support our customers. Additionally, a Workplace Sexual Harassment Prevention Plan has been established, with upcoming implementations including a drug and alcohol policy, leadership training, and clear conduct messaging, reinforcing a safe and supportive workplace.

Growing the capability and engagement of our people

We know our people are critical to our ability to deliver valued experiences to our customers.

Our employees’ engagement at work is measured with our bi-annual People surveys and we use these insights to support transparent communication, reinforce a feedback culture, and guide both strategic direction and operational improvements across the business.

We adopt a 70, 20, 10 approach to learning, where 70% of development comes from on-the-job experiences, 20% from feedback and collaboration with others, and 10% from formal training and education.

A diverse workforce

We are delivering on WorkCover's Diversity, Inclusion and Belonging Strategy, covering inclusive learning, providing a safe and inclusive workplace experience, the attraction and retention of diverse talent, and diversity data governance.

Amplify, our Diversity, Inclusion, and Belonging employee group, champions inclusion by driving initiatives like a parental leave review, participation in the 2025 Access and Inclusion Index, and remuneration analysis to close pay gaps for marginalised groups. Additional efforts include reviewing inclusivity in job advertisements, implementing a diversity data governance framework, and gathering insights from employees with disabilities, neurodivergence, and caring responsibilities to enhance workplace inclusion.

WorkCover believes that to support anyone, we need to include everyone. To truly support every Queensland worker and business, we need to embrace the unique needs, stories, and strengths of all Queenslanders, including First Nations (Aboriginal and/or Torres Strait Islander) peoples. Reconciliation is everyone's business. By striving to create equity for First Nations people who work for us and with us, we can build a better WorkCover and contribute to a better, more inclusive Queensland.

Gender equity

We continue to drive representation of women in leadership and over the course of the year, 61% of all leadership positions were held by women, including 55% female representation at an executive level, and a 57% female representation at a senior leader level. The overall representation of women in leadership has increased 16 percentage points over the last 10 years, and our workforce is now 68% female.

We have a number of strategies in place to monitor and drive appropriate actions as necessary to address gender pay parity, flexible work arrangements, gender diversity and balance in recruitment, leadership programs, and employee support resources and networks.

Early retirement, redundancy, and retrenchment

In 2024—2025, two employees received redundancy packages at a cost of \$141,801 (excluding leave entitlements). Employees who did not accept an offer of redundancy were offered case management and reasonable attempts were made to find alternative employment placements.

Industrial and employee action

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

WorkCover engages in purposeful consultation with Together Queensland (union) on workplace matters. Through the WorkCover Consultative Committee, our leadership team, Together Queensland, and internal delegates are provided a forum to actively raise and resolve matters, including organisational change, policy, wellbeing, and safety initiatives.

Working in close partnership with Together Queensland, delegates and the Office of Industrial Relations, we are preparing for the upcoming nominal expiry of the WorkCover Employing Office – Certified Agreement 2022.

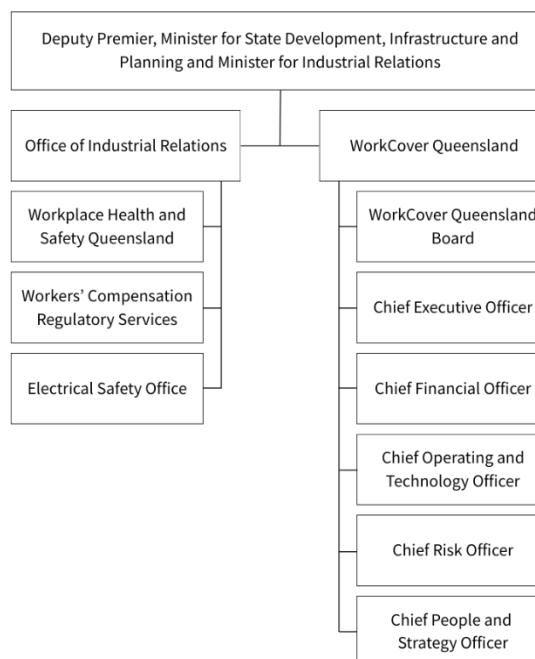
Governance of management and structure

Organisational structure

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

WorkCover Board

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



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

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

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

The Board is comprised of a maximum of nine independent non-executive directors appointed by the Governor-in-Council, based on their experience and knowledge, for a term of no more than five years. The Governor-in-Council also appoints the Board Chair and Deputy Chair and determines the terms of appointment including remuneration which is paid in accordance with the Remuneration Procedures for Part-Time Chairs and Government Boards. Remuneration is outlined in note E3 Related Parties of the

Financial Statements. During the 2024—2025 year, three new Directors were appointed. The Board undertake biennial performance evaluations.

As at 30 June 2025, WorkCover’s Board has 78% female representation among the directors.

Directors’ meetings

The Board has two established Committees, including the Risk and Audit Committee (refer to *Governance of risk management and accountability* section for details) and the People Committee. WorkCover held eleven Board sessions in 2024–2025, one which was dedicated to strategy planning, one deep dive, one Risk Appetite Setting Workshop, four Risk and Audit Committee meetings and four People Committee meetings. The CEO and Company Secretary attend all Board and Committee meetings, and other members of the Executive leadership attend to present and discuss relevant topics.

Members of the Board meeting attendance and out of pocket expenses

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

Current Directors (as at 30 June 2025)	Appointment term	Board meetings attended / required to attend	Risk and Audit Committee meetings attended / required to attend	People Committee meetings attended / required to attend	Out of pocket expenses
Chloé Kopilović, Board Chair					
Risk and Audit Committee member	20/12/2024 – 30/06/2029	6/6	1/2	1/2	\$0
People Committee member					
Greg Hallam, Deputy Chair					
Board member	20/12/2024 – 30/06/2029	4/6	0/1	0/1	\$0
Judy Bertram, Director					
Board member	01/07/2020 – 30/06/2026	10/11	1/1	3/4	\$0
Kerriann Dear, Director					
Board member	01/07/2017 – 30/06/2026	11/11	4/4	3/3	\$0
Stephen Havas, Director					
Board member	01/07/2023 – 30/06/2026	10/11	3/4	-	\$0
Sarah Morris, Director					
Board member Risk and Audit Committee Chair	08/02/2018 – 30/06/2026	11/11	4/4	-	\$934.42
Sandra McCullagh, Director					
Board member People Committee Chair	01/09/2022 – 30/06/2026	11/11	1/1	4/4	\$0
Stacey Schinnerl, Director					
Board member	02/10/2020 – 30/06/2026	11/11	1/1	3/4	\$0
Cresta Richardson, Director					
Board member	26/09/2024 - 30/06/2026	6/8	-	-	\$0

People Committee

The People Committee's role is to assist the Board in fulfilling its statutory responsibilities, as outlined in the People Committee Charter. The Committee reports directly to the Board on WorkCover people matters and strategies and meets quarterly. The Committee consists of a minimum of three and maximum of five independent non-executive directors, comprised from the Board. The Committee members are not paid any additional remuneration for serving on this Committee.

Public Sector Ethics

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

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

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

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

Human Rights

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

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

- ongoing reporting of WorkCover's obligations;
- delivered annual compliance training materials and induction program training which includes references to the HRA and our obligations;
- promoted diversity, inclusion and belonging initiatives to put inclusion at the forefront of interactions and to leverage diversity; and
- delivered actions as part of our First Nations Strategy and Reconciliation Action Plan to evolve our commitments to reconciliation for First Nations workers and the wider community we serve.

WorkCover received one human rights complaint between 1 July 2024 – 30 June 2025 in relation to WorkCover's actions or activities. This complaint was managed in accordance with our complaints policies and procedures and was resolved.

Governance of risk management and accountability

Risk management

WorkCover has an enhanced focus on risk management and compliance. During the year the new role of Chief Risk Officer was created and filled to focus on uplifting risk management, assurance and regulatory engagement to be commensurate with the highest standards in regulated financial services organisations.

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

During the last quarter of the financial year WorkCover conducted an assessment of its risk maturity to inform the uplift programme. The first step of the uplift focused on our Risk Appetite Statement involving the Executive Leadership Team and Board.

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

WorkCover's risk management policy, including revised risk appetite statements and risk categories were endorsed throughout the year by the Risk and Audit Committee and approved annually by the Board. We operate a three lines of accountability model which outlines the structure, oversight, and responsibility of each assurance function within the organisation to provide assurance that WorkCover's control environment is designed and operating effectively.

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

Risk and Audit Committee

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

A summary of committee membership (as at 30 June 2025) is outlined in the table.

Risk and Audit Committee member	Risk and Audit Committee role
Sarah Morris	Risk and Audit Committee Chair
Chloé Kopilović	Member
Greg Hallam	Member
Stephen Havas	Member
Kerriann Dear	Member

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

The Committee meets quarterly and during 2024–2025 met four times, fulfilling its responsibilities as per the Risk and Audit Committee Charter. Key achievements included:

- reviewing the effectiveness of WorkCover’s risk and compliance frameworks;
- endorsing the 2023–2024 Financial Statements for WorkCover Queensland and the WorkCover Employing Office;
- approving the 2025–2026 Internal Audit Plan;
- approving the Internal Audit Charter;
- approving the 2024–2025 External Audit Plan;
- endorsing the Risk and Audit Committee Charter;
- endorsing the Risk Management policy; and
- approving the Compliance policy, Fraud and Corruption policy, Environmental policy, Ethics policy, and Public Interest Disclosure (PID) policy.

Scheme Fraud

WorkCover take fraud against the scheme seriously. We work collaboratively with the Workers’ Compensation Regulatory Service (WCRS) to identify and manage potential fraud. WorkCover has an obligation under the *Workers’ Compensation and Rehabilitation Act 2003* to report allegations of scheme fraud to WCRS where WorkCover form a reasonable belief that a person has committed an offence under the Act by:

- defrauding or attempting to defraud WorkCover;
- providing false or misleading statements or information to WorkCover; and
- failing to notify WorkCover, in the way required if they return to or engage in a calling.

WCRS are responsible for reviewing and triaging matters for prosecution in accordance with the WCRS prosecutions policy (https://www.worksafe.qld.gov.au/_data/assets/pdf_file/0021/108219/Workers-Compensation-Regulator-Prosecutions-Policy.pdf).

Prosecution outcomes are published by WCRS on the website (<https://www.worksafe.qld.gov.au/laws-and-compliance/compliance-and-enforcement/prosecutions/workers-compensation-prosecutions>).

Employer compliance

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

Compliance Audits

In 2024—2025, we conducted 440 targeted compliance audits for Queensland employers, with those selected having an 88% noncompliance rate. The total amount of premium and penalties raised from these desktop audit activities was \$14.44M.

Site visits and uninsured employers

Industry trend information and data mining were used to select 1,028 employer site visits, with an additional 631 provisional coverage and industry classification reviews conducted. These efforts resulted in \$13.83M additional premium and penalties from uninsured and underinsured employers.

Compliance advisors identified 272 new uninsured claims, leading to \$7.35M in uninsured claims costs and penalties being recovered against employers who failed to hold compulsory accident insurance policies at the time of lodging a compensation claim.

The total raised from all compliance program activities across the 2024—2025 financial year was more than \$35M.

Internal audit

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

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

Each year, the internal audit contractor prepares an internal audit plan, which outlines the internal audit activities to be performed during a financial year. The Risk and Audit Committee approve the internal audit plan and monitor the performance of the internal audit function, with due regard to the *Audit committee guidelines: improving accountability and performance* (<https://s3.treasury.qld.gov.au/files/AuditCommittee-Guidelines.pdf>). The 2024—2025 internal audit plan was approved during the May 2024 Risk and Audit Committee meeting. The 2025—2026 Internal Audit Plan was approved in May 2025.

During the 2024—2025 financial year, 13 internal audit engagements were completed as per the annual internal audit plan, and additional management requests. At the completion of each engagement, the internal auditors report their findings and recommendations to the Risk and Audit Committee. All recommendations arising from the completed internal audit engagements have either been implemented or, are on track to be implemented, within agreed timeframes. The internal audit plan's coverage over WorkCover's key risks is reviewed regularly and when establishing the internal audit plan with key stakeholders.

External audit

The external audit function for WorkCover is performed by the Queensland Audit Office (QAO) with recommendations reported and monitored by the Risk and Audit Committee. The external audit plan is approved by the Risk and Audit Committee each year with the 2024—2025 plan approved at the November 2024 Risk and Audit Committee meeting.

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

External scrutiny

WorkCover is subject to reviews and external audits conducted by external agencies (including the WCRS, QAO, Crime and Corruption Commission (CCC), and Queensland Ombudsman). The *Workers' Compensation and Rehabilitation Act 2003* (WCRA), also prescribes the requirement for the Minister to ensure that a review of the workers' compensation scheme is conducted at least once every five years. Over the past year, WorkCover has worked with WCRS and external stakeholders to implement the required actions of the most recent independent review of the scheme.

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

Information systems and recordkeeping

WorkCover employees are responsible for keeping and maintaining records which are stored through WorkCover's claims and policy information system (claim and policy records) and through an integrated electronic records system for corporate records. Annual compliance training is completed to ensure all staff are aware of their obligations under the *Public Records Act 2023* (Qld) and Records Governance Policy.

Public records are being retained in line with WorkCover's Records Governance policy, and relevant Retention and Disposal Schedules. No records were transferred to the Queensland State Archives during the 2024–2025 financial year. No breaches of the retention and disposal schedules have been reported during the year, with no records reported as missing or lost during the same period.

During the year, internal audit raised findings in relation to information security and management to strengthen processes and controls with third party management, and Information Technology general controls. Management actions were assigned and actioned or in progress to be actioned to address the audit findings, with significant uplift required incorporated into WorkCover's strategic programs of work to uplift maturity.

Open data

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

Financial performance

WorkCover's total comprehensive income for 2024—2025 was \$435M profit (after tax), primarily due to improved premium income and improved year-on-year investment returns.

Financial results	2024—2025 \$M	2023—2024 \$M
Statement of comprehensive income		
Net premium revenue	2,875	2,527
Net claims expense	(2,898)	(2,838)
Underwriting expenses (net of claims handling)	(69)	(67)
Net investment and other expenses	699	553
Income tax equivalents expense	(175)	(43)
Other comprehensive income	3	-
Total comprehensive income for the year	435	132
Statement of financial position		
Total assets	8,457	7,488
Total liabilities	5,993	5,459
Net assets	2,464	2,029
Statement of changes in equity		
Reserves	1,263	935
Contributed equity	3	3
Accumulated surplus	1,198	1,091
Total equity	2,464	2,029

Premium revenue

Our net premium revenue was \$2.875B for the year, an increase of 14% from 2023—2024. The target average premium rate for 2024—2025 increased to \$1.343.

For the new financial year 2025—2026, WorkCover's target average net premium rate will remain the same at \$1.343 per \$100 of wages, after discounts, continuing to be one of the lowest average premium rates for workers' compensation insurance in Australia.

Net claims expense

Net claims expense was \$2.898B for 2024—2025 (2023—2024: \$2.838B).

The net claims costs increase in 2024—2025 was largely driven by an increase in statutory claims experience, offset against a decrease in common law claims experience, and the movement in the net outstanding claims provision compared to 2023—2024. The statutory claims costs increase has been primarily driven by higher weekly compensation claims and medical claims expenses. The common law costs decrease has been driven by lower claim finalisations and lower average costs compared to 2023—2024.

The increase in the outstanding claims provision is primarily driven by increasing weekly compensation, followed by an increase in costs provisioned for common law claims and National Injury Insurance Scheme Queensland (NIISQ) claims.

Underwriting expenses

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

Investment portfolio

WorkCover's investment portfolio is managed by Queensland Investment Corporation (QIC). The net market value in funds invested as at 30 June 2025 was \$7.075B (30 June 2024: \$6.436B). The net return on this investment portfolio for the year was 10.19% (2023—2024: 8.71%). WorkCover's year-on-year investment returns continues to increase this financial year due to the market value of the financial instruments as a result of global and economic factors. WorkCover will continue to work with QIC to effectively manage our investment risk to ensure our portfolio achieves its long-term objectives.

Capital adequacy

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

Looking to the future

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

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



Consolidated financial statements

2024—2025

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Consolidated statement of comprehensive income

For the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Net premium revenue	B1	2,874,446	2,527,334
Gross claims expense	C1	(3,052,971)	(2,972,287)
Claims recoveries revenue	C1	159,754	134,379
Unexpired risk liability expense	C1	(5,037)	-
Net claims expenses	C1	(2,898,254)	(2,837,908)
Underwriting expenses	E1	(68,779)	(66,719)
Underwriting result		(92,587)	(377,293)
Investment income	D1	740,785	590,637
Investment expenses	D1	(41,963)	(37,863)
Other income		969	956
Other expenses		(457)	(452)
Operating result for the year before income tax equivalent		606,747	175,985
Income tax equivalent expense	F1(a)	(174,894)	(43,481)
Operating result for the year		431,853	132,504
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to operating result:			
Revaluation of land and building	F4(b)	4,275	(163)
Income tax effect on revaluation of land and building	F1(a)	(1,283)	49
Other comprehensive income/(loss) for the year, net of income tax equivalent		2,992	(114)
Total comprehensive income for the year		434,845	132,390

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

Consolidated statement of financial position

As at 30 June 2025

	Note	2025 \$'000	2024 \$'000
Current assets			
Cash and cash equivalents	D2(a)	785,465	448,796
Recoveries receivable on outstanding claims	C2(b)	105,933	92,404
Receivables	D2	71,580	53,704
Investment assets	D2(d)	2,169,712	1,962,505
Other assets		3,730	2,958
Total current assets		3,136,420	2,560,367
Non-current assets			
Recoveries receivable on outstanding claims	C2(b)	259,741	220,059
Receivables	D2	4,380	3,255
Investment assets	D2(d)	4,981,103	4,491,154
Property, plant and equipment	E4	74,371	69,573
Deferred tax assets	F1(a)	-	143,190
Other assets		675	392
Total non-current assets		5,320,270	4,927,623
Total assets		8,456,690	7,487,990
Current liabilities			
Payables	D2(c)	31,463	44,536
Unearned premium liability	B2	36,890	23,874
Outstanding claims liability	C2(a)	2,212,675	2,041,942
Unexpired risk liability	B3	5,037	-
Employee benefits liabilities	E2(b)	26,560	22,562
Investment related liabilities	D2(d)	62,970	12,967
Other liabilities		49	51
Total current liabilities		2,375,644	2,145,932
Non-current liabilities			
Unearned premium liability	B2	357	-
Outstanding claims liability	C2(a)	3,567,889	3,306,163
Employee benefits liabilities	E2(b)	2,413	2,128
Investment related liabilities	D2(d)	13,287	4,499
Deferred tax liabilities	F1(a)	32,987	-
Other liabilities		16	16
Total non-current liabilities		3,616,949	3,312,806
Total liabilities		5,992,593	5,458,738
Net assets		2,464,097	2,029,252
Equity			
Contributed equity	F4(a)	2,500	2,500
Asset revaluation surplus	F4(b)	41,212	38,220
Investment fluctuation reserve	F4(c)	1,221,867	896,785
Accumulated surplus		1,198,518	1,091,747
Total equity		2,464,097	2,029,252

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

Consolidated statement of changes in equity

For the year ended 30 June 2025

	Contributed equity \$'000	Asset revaluation surplus \$'000	Investment fluctuation reserve \$'000	Accumulated surplus \$'000	Total \$'000
Balance at 1 July 2023	2,500	38,334	881,202	974,826	1,896,862
Operating result for the year	-	-	-	132,504	132,504
Other comprehensive loss for the year	-	(114)	-	-	(114)
Total comprehensive income for the year	-	(114)	-	132,504	132,390
Transfer to investment fluctuation reserve from accumulated surplus	-	-	15,583	(15,583)	-
Total transactions with owners, recorded directly in equity	-	-	15,583	(15,583)	-
Balance at 30 June 2024	2,500	38,220	896,785	1,091,747	2,029,252
Balance at 1 July 2024	2,500	38,220	896,785	1,091,747	2,029,252
Operating result for the year	-	-	-	431,853	431,853
Other comprehensive income for the year	-	2,992	-	-	2,992
Total comprehensive income for the year	-	2,992	-	431,853	434,845
Transfer to investment fluctuation reserve from accumulated surplus	-	-	325,082	(325,082)	-
Total transactions with owners, recorded directly in equity	-	-	325,082	(325,082)	-
Balance at 30 June 2025	2,500	41,212	1,221,867	1,198,518	2,464,097

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

Consolidated statement of cash flows

For the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Premiums received		2,857,065	2,505,830
Interest received		58,846	45,910
Managed unit trust distributions received		594,287	245,342
Investment management fees paid		(41,699)	(37,503)
GST collected on sales		286,254	251,374
Claims paid		(2,611,633)	(2,362,971)
Claims recoveries received		101,381	102,918
Other operating income received		1,267	1,068
Other operating expenses paid		(66,635)	(63,833)
GST paid on purchases		(44,363)	(38,391)
GST remitted to the ATO		(243,236)	(211,348)
Net cash provided by operating activities	F2	891,534	438,396
Cash flows from investing activities			
Acquisition of investments		(596,551)	(447,420)
Proceeds from sale of investments		44,355	40,046
Acquisition of property, plant and equipment		(2,669)	(217)
Net cash used in investing activities		(554,865)	(407,591)
Net increase in cash and cash equivalents		336,669	30,805
Cash and cash equivalents at 1 July		448,796	417,991
Cash and cash equivalents at 30 June	D2(a)	785,465	448,796

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

Basis of preparation

A1 General information

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

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

WorkCover Queensland's Chair, Ms Chloé Kopilović, authorised this report at the date of signing the Management Certificate.

A2 Compliance with prescribed requirements

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

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

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

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

- unexpired risk liability and liability adequacy test (note B3);
- outstanding claims liability and recoveries receivable (note C2); and
- fair value measurements (note D3).

A3 Presentation and measurement

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

Assets and liabilities are classified as either 'current' or 'non-current' in the consolidated statement of financial position and the associated notes. Assets are classified as current where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or there is no right to defer settlement to beyond 12 months after the reporting date. All other assets and liabilities are classified as non-current.

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

A4 The reporting entity

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

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

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

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

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

Premium

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

B1 Net premium revenue

	Note	2025 \$'000	2024 \$'000
Gross written premiums		2,930,993	2,567,308
Discount on premiums		(53,124)	(47,678)
Premium penalties		9,950	9,037
		2,887,819	2,528,667
Movement in unearned premium	B2	(13,373)	(1,333)
		2,874,446	2,527,334

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

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

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

B2 Unearned premium liability

	Note	2025 \$'000	2024 \$'000
Balance at 1 July		23,874	22,541
Movement in unearned premium:			
Deferral of premiums on contracts written during the year		37,247	23,566
Earning of premiums written in previous years		(23,874)	(22,233)
	B1	13,373	1,333
Balance at 30 June	B3	37,247	23,874
<i>Represented by:</i>			
Current		36,890	23,874
Non-current		357	-
	B3	37,247	23,874

B3 Liability adequacy test

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

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

	Note	2025 \$'000	2024 \$'000
Unearned premium liability	B2	37,247	23,874
Less present value of expected future cash flows for future claims:			
Discounted central estimate		37,390	20,988
Risk margin		4,894	2,799
(Deficit)/surplus		42,284	23,787
		(5,037)	87
Risk margin		13.1%	13.3%
Probability of adequacy		75%	75%

As the test has identified a deficit (2024: surplus), an unexpired risk liability and an unexpired risk liability expense have been recognised in the consolidated statement of financial position and consolidated statement of comprehensive income respectively.

B4 Insurance risk

(a) Terms and conditions of insurance contracts

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

- accident insurance; and
- contracts of insurance.

Accident insurance

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

Contracts of insurance

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

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

Section 382(2) of the Act provides that all insurance policies issued by or on behalf of WorkCover are guaranteed by the Queensland State Government.

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

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

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

(c) Concentration of insurance risk

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

(d) Liquidity risk

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

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

	Note	2025 \$'000	2024 \$'000
1 year or less	C2(a)	2,212,675	2,041,942
1 - 3 years		2,149,263	2,071,119
3 - 5 years		680,690	642,525
More than 5 years		737,936	592,519
	C2(a)	5,780,564	5,348,105

Claims

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

C1 Net claims expenses

Note	2025 \$'000			2024 \$'000		
	Current year	Prior years	Total	Current year	Prior years	Total
Gross claims expense:						
Undiscounted claims expense	3,659,118	(241,983)	3,417,135	3,611,658	410,903	4,022,561
Discount	(437,164)	73,000	(364,164)	(636,559)	(413,715)	(1,050,274)
C2(a)	3,221,954	(168,983)	3,052,971	2,975,099	(2,812)	2,972,287
Claims recoveries revenue:						
Undiscounted claims recoveries revenue	(145,253)	(12,626)	(157,879)	(127,342)	(10,048)	(137,390)
Discount	12,537	(14,412)	(1,875)	13,309	(10,298)	3,011
C2(b)	(132,716)	(27,038)	(159,754)	(114,033)	(20,346)	(134,379)
Net claims incurred	3,089,238	(196,021)	2,893,217	2,861,066	(23,158)	2,837,908

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

Reconciliation of net claims expenses

Note	2025 \$'000	2024 \$'000
Gross claims incurred:		
Statutory claims paid	1,704,632	1,455,274
Common law claims paid	605,337	648,942
Claims handling expenses	316,046	272,965
Net self-insurance payments	(5,503)	1,495
C2(a)	2,620,512	2,378,676
Claims recoveries:		
Statutory claims recovered	(99,099)	(93,047)
Common law claims recovered	(7,444)	(5,913)
C2(b)	(106,543)	(98,960)
Movement in net outstanding claims liability:		
Gross claims liability	432,459	593,611
Recoveries receivable	(53,211)	(35,419)
	379,248	558,192
Net claims incurred	2,893,217	2,837,908
Movement in unexpired risk liability	5,037	-
	2,898,254	2,837,908

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

Self-insurance

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

Bank guarantees, financial guarantees given by an insurance company that is an approved security provider, and cash deposits of \$553.746 million (2024: \$492.737 million) are held by the Workers' Compensation Regulator (the Regulator) on behalf of self-insurers. If a self-insurer fails its obligations under the Act, WorkCover may recover from the guarantees for any debts owing from the self-insurer. As the likelihood of having to call on the guarantees has been assessed as low, no financial asset has been recognised in the consolidated statement of financial position.

C2 Outstanding claims liability and recoveries receivable

(a) Gross outstanding claims liability

Note	2025 \$'000	2024 \$'000
Expected future claims payments	6,795,168	6,162,654
Claims handling expenses	740,355	642,021
	7,535,523	6,804,675
Less discount to present value	(2,232,253)	(1,898,157)
Discounted central estimate	5,303,270	4,906,518
Risk margin	477,294	441,587
B4(d)	5,780,564	5,348,105
<i>Represented by:</i>		
Current	2,212,675	2,041,942
Non-current	3,567,889	3,306,163
B4(d)	5,780,564	5,348,105
Reconciliation of movement during the year:		
Balance at 1 July	5,348,105	4,754,494
Provisions made	C1 3,221,954	2,975,099
Payments made	C1 (2,620,512)	(2,378,676)
Effect of changes in assumptions to prior year provisions	C1 (168,983)	(2,812)
Balance at 30 June	B4(d) 5,780,564	5,348,105

This liability is calculated by an independent actuary, Taylor Fry Pty Ltd (the Actuary), in accordance with the Act and AASB 1023 *General Insurance Contracts*.

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

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

(b) Recoveries receivable on outstanding claims

	Note	2025 \$'000	2024 \$'000
Expected future recoveries		358,959	311,860
Less discount to present value		(23,478)	(25,197)
Discounted central estimate		335,481	286,663
Risk margin		30,193	25,800
		365,674	312,463
Represented by:			
Current		105,933	92,404
Non-current		259,741	220,059
		365,674	312,463

Reconciliation of movement during the year:

Balance at 1 July		312,463	277,044
Recoveries recognised	CI	132,716	114,033
Recoveries received	CI	(106,543)	(98,960)
Effect of changes in assumptions to prior year provisions	CI	27,038	20,346
Balance at 30 June		365,674	312,463

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

(c) Claims development

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

	Injury year										
	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	2023 \$'000	2024 \$'000	2025 \$'000	Total \$'000
Estimate of ultimate claims cost:											
At end of injury year	1,339,208	1,407,682	1,445,470	1,435,652	1,590,785	1,777,829	1,916,322	2,216,443	2,824,519	2,859,710	
One year later	1,206,767	1,268,765	1,302,500	1,512,595	1,615,787	1,812,027	1,942,779	2,422,749	2,821,912		
Two years later	1,084,722	1,186,315	1,325,147	1,560,243	1,667,786	1,837,296	1,895,727	2,377,401			
Three years later	1,064,268	1,213,882	1,316,980	1,605,536	1,717,310	1,817,760	1,847,044				
Four years later	1,063,510	1,251,196	1,329,801	1,639,267	1,860,609	1,774,223					
Five years later	1,078,682	1,264,390	1,335,893	1,680,709	1,810,587						
Six years later	1,075,879	1,264,037	1,326,974	1,668,577							
Seven years later	1,077,799	1,326,613	1,333,810								
Eight years later	1,074,524	1,328,894									
Nine years later	1,074,879										
Current estimate of cumulative claims cost	1,074,879	1,328,894	1,333,810	1,668,577	1,810,587	1,774,223	1,847,044	2,377,401	2,821,912	2,859,710	18,897,037
Cumulative payments	1,065,244	1,184,779	1,269,651	1,505,924	1,525,575	1,532,292	1,370,281	1,373,002	1,280,187	704,001	12,810,936
Undiscounted outstanding claims	9,635	144,115	64,159	162,653	285,012	241,931	476,763	1,004,399	1,541,725	2,155,709	6,086,101
Undiscounted outstanding claims for prior injury years											350,108
Claims handling expenses											740,355
Central estimate of outstanding claims											7,176,564
Discount											(2,208,775)
Discounted central estimate											4,967,789
Risk margin											447,101
Net outstanding claims liability											5,414,890

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

(d) Claims actuarial assumptions and methods

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

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

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

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

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

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

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

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

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

Key assumptions

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

Variable	2025	2024	Variable	2025	2024
Ultimate claim numbers per annum			Inflation rates¹ (average weekly earnings)		
Statutory claims	80,118	79,109	Gross outstanding claims:		
NIIS	11	18	Not later than one year	3.8%	4.4%
Common law	3,886	3,898	Later than one year	3.6%	4.0%
Silicosis	6	3	Recoveries receivable on outstanding claims:		
Ultimate claims size			Not later than one year	3.8%	4.4%
Statutory claims	\$22,877	\$19,997	Later than one year	3.6%	4.0%
NIIS	\$3,371,518	\$3,701,099	Discount rates		
Common law	\$195,041	\$193,367	Gross outstanding claims:		
Silicosis	\$1,526,908	\$1,502,417	Not later than one year	3.3%	4.4%
Average weighted term to settlement from claims reporting date			Later than one year	3.6%	4.3%
Gross outstanding claims	3.3 years	3.1 years	Recoveries receivable on outstanding claims:		
Recoveries receivable on outstanding claims	2.0 years	2.0 years	Not later than one year	3.3%	4.4%
Claims handling expense rate			Later than one year	3.4%	4.1%
Statutory claims	20.0%	20.0%	Risk margin		
Common law and latent	1.0%	1.0%		9.0%	9.0%

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

Ultimate claim numbers per annum

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

Ultimate claims size

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

Average weighted term to settlement from claims reporting date

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

Claims handling expense rate

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

Inflation rates (average weekly earnings)

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

Discount rates

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

Risk margin

The risk margin is determined having regard to the inherent uncertainties in the actuarial models and economic assumptions, the quality of the underlying data used in the models, and industry and market conditions. The analysis of these inherent uncertainties is performed considering the statutory, common law, and latent onset related gross outstanding claims estimates separately. The assumptions regarding uncertainty are applied to the net central estimates in order to arrive at an overall provision which is intended to have a 75% (2024: 75%) probability of adequacy.

Sensitivity analysis

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

Variable	Movement	Impact on operating result after tax and		Variable	Movement	Impact on operating result after tax and	
		2025 \$'000	2024 \$'000			2025 \$'000	2024 \$'000
Ultimate claim numbers per annum - latest year	+10%	-157,635	-147,121	Inflation rates - net claims cost:			
	-10%	+157,635	+147,121	Not later than one year	+1%	-24,682	-23,997
					-1%	+24,698	+24,014
Ultimate claims size - latest year	+10%	-157,635	-147,121	Later than one year	+1%	-118,789	-108,998
	-10%	+157,635	+147,121		-1%	+94,090	+84,923
Average weighted term to settlement - years	+0.5	+995	+6,016	Discount rates - net claims cost:			
	-0.5	-1,994	-6,343	Not later than one year	+1%	+29,974	+28,230
Claims handling expense rate	+1%	-34,788	-32,459		-1%	-30,593	-28,814
	-1%	+34,788	+32,459	Later than one year	+1%	+101,240	+88,207
					-1%	-129,737	-114,480
				Risk margin	+1%	-34,775	-32,339
					-1%	+34,775	+32,339

Financial instruments

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

D1 Investment income

	2025 \$'000	2024 \$'000
Financial assets at amortised cost:		
Interest income	57,866	43,857
	57,866	43,857
Financial assets or liabilities at fair value through profit or loss (FVPL):		
Designated upon initial recognition:		
Interest income	2,175	2,241
Managed unit trust distributions	599,505	403,582
Gain on financial instruments	157,568	165,301
Other income	273	28
	759,521	571,152
Mandatorily measured:		
Loss on financial instruments	(76,602)	(24,372)
	(76,602)	(24,372)
Total investment income	740,785	590,637
Investment expenses	(41,963)	(37,863)
Net investment income	698,822	552,774

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

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

WorkCover holds a diverse portfolio of investments with QIC Limited (QIC). Refer to note D5(c) for the market value exposure under the different sectors. The final rate of return net of fees for the QIC portfolio for this financial year is 10.19% (2024: 8.71%). Refer to note D5(c) for the cash and cash equivalents interest rates.

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

Direct investment management expenses are calculated as a percentage of the balance under management which were 0.6% for QIC and 0.12% for Queensland Treasury Corporation (QTC) for 2025 (2024: 0.6% and 0.12% respectively). Other investment fees paid to QIC include custody fees and brokerage fees.

D2 Categories of financial instruments

	Note	2025 \$'000			2024 \$'000		
		Current	Non-current	Total	Current	Non-current	Total
Financial assets							
Financial assets at amortised cost:							
Cash and cash equivalents	D2(a)	785,465	-	785,465	448,796	-	448,796
Receivables	D2(b)	71,580	4,380	75,960	53,704	3,255	56,959
Financial assets at FVPL:							
Investment assets	D2(d)	2,169,712	4,981,103	7,150,815	1,962,505	4,491,154	6,453,659
		3,026,757	4,985,483	8,012,240	2,465,005	4,494,409	6,959,414
Financial liabilities							
Financial liabilities at amortised cost:							
Payables	D2(c)	31,463	-	31,463	44,536	-	44,536
Financial liabilities at FVPL:							
Investment related liabilities	D2(d)	62,970	13,287	76,257	12,967	4,499	17,466
		94,433	13,287	107,720	57,503	4,499	62,002

(a) Cash and cash equivalents

	2025 \$'000	2024 \$'000
Cash at bank	277,038	447,766
QTC Capital Guaranteed Cash Fund	508,427	1,030
	785,465	448,796

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

(b) Receivables

	Note	2025 \$'000	2024 \$'000
Premiums and related penalties		41,645	36,769
Claims and related penalties		22,449	17,655
Unclosed business		26,497	14,551
Other debtors		6,369	3,284
		96,960	72,259
Less allowance for impairment	D5(a)	(21,000)	(15,300)
		75,960	56,959

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

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

(c) Payables

	2025 \$'000	2024 \$'000
Trade creditors	14,594	29,586
Premiums in credit	2,145	2,057
Claims creditors	6,606	5,459
	23,345	37,102
GST receivable	(4,421)	(3,610)
GST payable	12,539	11,044
Net GST payable	8,118	7,434
	31,463	44,536

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

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

(d) Investments

	2025 \$'000			2024 \$'000		
	Current	Non-current	Total	Current	Non-current	Total
Financial assets at FVPL						
Designated upon initial recognition:						
Cash and cash equivalents	47,177	-	47,177	71,924	-	71,924
Cash collateral and margin accounts	2,871	1,097	3,968	6,072	10	6,082
Receivables	257,054	-	257,054	248,004	-	248,004
Managed unit trusts	1,773,545	4,942,410	6,715,955	1,607,888	4,449,944	6,057,832
Debt securities	-	362	362	-	1,309	1,309
Mandatorily measured:						
Derivatives held for trading	89,065	37,234	126,299	28,617	39,891	68,508
	2,169,712	4,981,103	7,150,815	1,962,505	4,491,154	6,453,659
Financial liabilities at FVPL						
Designated upon initial recognition:						
Cash and cash equivalents	858	-	858	7,590	-	7,590
Cash collateral and margin accounts	-	13,287	13,287	-	4,499	4,499
Payables	339	-	339	624	-	624
Mandatorily measured:						
Derivatives held for trading	61,773	-	61,773	4,753	-	4,753
	62,970	13,287	76,257	12,967	4,499	17,466

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

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

There were no significant changes to the overall investment strategy and processes during this financial year (2024: no significant changes). However, notwithstanding that some of WorkCover's investment instruments are complex and interrelated, for greater transparency, WorkCover has provided a breakdown of the investment instruments held by WorkCover's custodian. These instruments consist of cash and cash equivalents, cash collateral and margin accounts, receivables, managed unit trusts, debt securities, payables and derivatives. Under the direction of QIC, WorkCover's custodian actively trades and holds investment assets and liabilities on behalf of WorkCover. Further details of financial instruments and the methods and assumptions used to estimate fair value are included in note D3.

D3 Fair value measurements

There are three levels of fair value:

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

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

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2025					
Financial assets					
QTC Capital Guaranteed Cash Fund	D2(a)	-	508,427	-	508,427
Investment assets:					
Cash and cash equivalents	D2(d)	47,177	-	-	47,177
Cash collateral and margin accounts	D2(d)	2,871	1,097	-	3,968
Receivables	D2(d)	1,737	111,721	143,596	257,054
Managed unit trusts	D2(d)	71,917	4,309,337	2,334,701	6,715,955
Debt securities	D2(d)	-	-	362	362
Derivatives	D2(d)	56,510	69,789	-	126,299
		180,212	5,000,371	2,478,659	7,659,242
Financial liabilities					
Investment related liabilities:					
Cash and cash equivalents	D2(d)	858	-	-	858
Cash collateral and margin accounts	D2(d)	-	13,287	-	13,287
Payables	D2(d)	294	45	-	339
Derivatives	D2(d)	3,505	58,268	-	61,773
	D2(d)	4,657	71,600	-	76,257
2024					
Financial assets					
QTC Capital Guaranteed Cash Fund	D2(a)	-	1,030	-	1,030
Investment assets:					
Cash and cash equivalents	D2(d)	71,924	-	-	71,924
Cash collateral and margin accounts	D2(d)	6,082	-	-	6,082
Receivables	D2(d)	650	112,592	134,762	248,004
Managed unit trusts	D2(d)	-	3,886,199	2,171,633	6,057,832
Debt securities	D2(d)	-	1,309	-	1,309
Derivatives	D2(d)	39,891	28,617	-	68,508
		118,547	4,029,747	2,306,395	6,454,689
Financial liabilities					
Investment related liabilities:					
Cash and cash equivalents	D2(d)	7,590	-	-	7,590
Cash collateral and margin accounts	D2(d)	4,499	-	-	4,499
Payables	D2(d)	624	-	-	624
Derivatives	D2(d)	-	4,753	-	4,753
	D2(d)	12,713	4,753	-	17,466

There were no significant transfers in either direction between level 1, level 2 and level 3 during this financial year (2024: no significant transfers in either direction between level 1, level 2 and level 3).

QTC Capital Guaranteed Cash Fund

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

Investment assets and investment related liabilities

Cash and cash equivalents

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

Cash collateral and margin accounts

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

Cash collateral refers to amounts held as security against future counterparty performance and in the event of a default or termination of derivative contracts. A collateral amount is usually made up of the net economic exposure of the parties to each other by calculating the market-to-market value of all derivatives transactions. More collateral may be required to be transferred as the value of the obligations and/or the value of the collateral fluctuates. Collateral may also be returned to the provider or released from the collateral arrangement in instances where the provider performs its obligations, excess collateral has been transferred, the value of the collateralised obligations changes or the collateral provider substitutes alternative eligible collateral. These instruments are recorded at face value and categorised as level 1 and level 2.

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

Receivables/payables

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

Managed unit trusts

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

Derivatives

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

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

Debt securities

The fair value of debt securities is determined using valuation techniques based on observable market inputs. These include recent transaction prices for similar instruments, and observable yield curves. Adjustments are made to reflect differences in terms and credit quality where appropriate. As these inputs are observable but not from quoted prices in active markets for identical instruments, these investments are classified as level 2. Where there is minimal or no market activity, these investments are classified as level 3.

Reconciliation of level 3 fair value measurement

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

	2025 \$'000	2024 \$'000
Balance at 1 July	2,306,395	2,151,488
Transfers into level 3 from level 2	1,312	-
Acquisitions	191,451	58,935
Disposals	(14,299)	-
(Losses)/gains recognised in operating result ¹	(6,200)	95,972
Balance at 30 June	2,478,659	2,306,395
¹ Includes unrealised losses recognised in operating result attributable to balances held at the end of the reporting period	(13,556)	(37,159)

Significant inputs and assumptions and estimation uncertainty

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

Description		Fair value \$'000	Valuation approach	Key unobservable inputs	Impact of alternative amounts for significant level 3 inputs
Managed unit trusts (including receivables)	2025:	2,478,297	Independent valuation	Valuation of underlying investments of the unit trusts	An increase in the value of the underlying investments of the unit trusts would result in higher fair values. Reductions would result in lower fair values.
	2024:	2,306,395			
Debt securities	2025:	362	Market comparison	Valuation based on the most recent comparable transactions	An increase in the value of the underlying assets would result in higher fair values. Reductions would result in lower fair values.
	2024:	-			

The valuations of these unlisted managed unit trusts occur at an appropriate frequency based on unit pricing and/or net asset value considerations, prevailing industry practice and the availability of valuation data. These are inherently subject to estimation uncertainty as the units are not traded in an active market and their fair value at reporting date is based on the price advised by external fund managers or valuations determined by appropriately skilled independent third parties. The underlying inputs and assumptions are reviewed on an on-going basis to ensure the valuations reflect the best estimates of the economic conditions at financial year end.

D4 Offsetting financial assets and financial liabilities

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

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

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

	Note	Effects of offsetting on the consolidated statement of financial position			Related amounts not offset		
		Gross amounts	Gross amounts set-off	Net amounts of financial instruments	Amounts subject to master netting agreements	Financial Instrument collateral	Net amounts
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2025							
Derivative assets	D2(d)	4,993,345	(4,867,046)	126,299	(37,792)	(13,287)	75,220
Derivative liabilities	D2(d)	(4,928,819)	4,867,046	(61,773)	37,792	1,098	(22,883)
		64,526	-	64,526	-	(12,189)	52,337
2024							
Derivative assets	D2(d)	4,617,753	(4,549,245)	68,508	(3,569)	(4,499)	60,440
Derivative liabilities	D2(d)	(4,553,998)	4,549,245	(4,753)	3,569	10	(1,174)
		63,755	-	63,755	-	(4,489)	59,266

D5 Financial risk management

(a) Credit risk

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

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

Investments

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

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

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

Cash and cash equivalents

Cash and cash equivalents are held with bank and financial institution counterparties. Impairment on cash and cash equivalents is measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The QTC Capital Guaranteed Cash Fund invests with a wide variety of high credit rated counterparties and all deposits made by WorkCover are capital guaranteed. WorkCover considers the credit risk in both the QTC Capital Guaranteed Cash Fund and cash at bank are low based on the credit ratings of the counterparties. The S&P Global short-term credit ratings for QTC and Commonwealth Bank of Australia are both A-1+.

No impairment allowances were recognised for cash and cash equivalents as at 30 June 2025 (2024: no impairment allowance recognised).

Receivables

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

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

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

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

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

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

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

Allowance for impairment

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

WorkCover then uses provision matrices to evaluate and measure the expected credit losses on receivables. Loss rates are calculated separately for groupings of debt (debt types, stage of debt cycle and debt aging) and reflect historical observed default rates experienced during the last 6 years preceding 30 June 2025 for each group. The historical default rates are then adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables.

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

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

	Note	2025			2024		
		Gross receivables ¹	Loss rate	Expected credit losses	Gross receivables ¹	Loss rate	Expected credit losses
Ageing		\$'000	%	\$'000	\$'000	%	\$'000
Current		65,898	9.34%	6,155	45,627	8.39%	3,828
1-30 days overdue		8,349	20.03%	1,672	6,511	9.56%	622
31-60 days overdue		2,326	36.59%	851	2,438	27.81%	678
61-90 days overdue		2,546	46.63%	1,187	1,873	66.15%	1,239
90+ days overdue		17,841	62.41%	11,135	15,810	56.50%	8,933
Total	D2(b)	96,960		21,000	72,259		15,300

¹Includes receivables of \$44.527 million (2024: \$27.454 million) with no loss allowance recorded (eg. claims recoveries, premiums and other receivables deemed to have immaterial credit risk).

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

	Note	2025 \$'000	2024 \$'000
Allowance for impairment of receivables during the year:			
Balance at 1 July		15,300	11,900
Net debts written off		(7,921)	(4,457)
Allowance made		13,621	7,857
Balance at 30 June	D2(b)	21,000	15,300
Individual impairment assessment		7,701	9,697
Collective impairment assessment		13,299	5,603
	D2(b)	21,000	15,300

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

(b) Liquidity risk

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

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

	Note	0 - 3 months \$'000	3 - 12 months \$'000	1 - 3 years \$'000	More than 3 years \$'000	Total \$'000
2025						
Financial liabilities						
Payables	D2(c)	31,463	-	-	-	31,463
Investment related liabilities:						
Cash and cash equivalents	D2(d)	858	-	-	-	858
Cash collateral and margin accounts	D2(d)	-	-	-	13,287	13,287
Payables	D2(d)	339	-	-	-	339
Derivatives	D2(d)	48,440	13,333	-	-	61,773
		81,100	13,333	-	13,287	107,720

2024						
Financial liabilities						
Payables	D2(c)	44,536	-	-	-	44,536
Investment related liabilities:						
Cash and cash equivalents	D2(d)	7,590	-	-	-	7,590
Cash collateral and margin accounts	D2(d)	-	-	-	4,499	4,499
Payables	D2(d)	624	-	-	-	624
Derivatives	D2(d)	4,753	-	-	-	4,753
		57,503	-	-	4,499	62,002

(c) Market risk

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

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

Market risk is minimised by:

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

The methodology adopted for the purposes of sensitivity analysis involves forecasting a reasonably possible change in each of the risk variables and, where applicable, applying this change to the reporting date value of each investment to determine the impact caused by this change on the operating result after tax and equity for the financial year. This approach assumes that all variables remain constant. QIC has adopted a 'top-down' approach which considers the total investment portfolio to derive the exposure value subject to market risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. WorkCover holds a portfolio of mainly forward exchange contracts within the foreign currency overlay to help achieve particular exposures, as well as hedge the foreign exchange risks of the investments in managed unit trusts and other non-hedge derivatives held by WorkCover. The currency hedging policy is updated as required. The current target risk exposure to foreign currency is 18.0% (2024: 18.0%). WorkCover's exposure to foreign currency risk at financial year end was 18.14% (2024: 17.8%) and a breakdown is as follows:

	US dollar	Euro	British pound	Japanese yen	Other	Total
2025	Currency (AUD \$'000)					
Equities	1,056,064	128,181	49,841	77,047	286,086	1,597,219
Property	55,964	24,186	-	-	-	80,150
Infrastructure	25,653	-	-	-	-	25,653
Alternatives	423,506	120,313	5,519	-	8,548	557,886
Private equity	384,434	176,994	81,106	-	9,285	651,819
Fixed interest	242,864	94,938	13,493	2,323	12,602	366,220
Cash	25,037	6,105	4,126	5,283	442	40,993
Foreign currency derivatives	(1,385,862)	(456,625)	(111,511)	(21,216)	(65,660)	(2,040,874)
	827,660	94,092	42,574	63,437	251,303	1,279,066
2024	Currency (AUD \$'000)					
Equities	1,133,471	107,841	46,015	72,307	255,729	1,615,363
Property	55,884	947	-	-	-	56,831
Infrastructure	30,923	-	-	-	16,680	47,603
Alternatives	387,471	111,838	5,382	-	8,190	512,881
Private equity	399,140	154,594	67,955	-	7,303	628,992
Fixed interest	40,295	33,609	-	-	-	73,904
Cash	40	(5,949)	3,644	1,738	531	4
Foreign currency derivatives	(1,288,597)	(327,825)	(85,403)	(13,936)	(75,163)	(1,790,924)
	758,627	75,055	37,593	60,109	213,270	1,144,654

Sensitivity analysis

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

Variable	Movement in variable	Impact on operating result after tax and equity	
		2025	2024
		\$'000	\$'000
Foreign currency derivatives	+10%	+142,861	+125,365
	-10%	-142,861	-125,365
Investments (excluding foreign currency derivatives)	+10%	-232,396	-205,490
	-10%	+232,396	+205,490
Total	+10%	-89,535	-80,125
	-10%	+89,535	+80,125

Interest rate risk

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

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

	Note	Interest rate %	Floating interest rate \$'000	Fixed interest maturing in			Non-interest bearing \$'000	Total \$'000
				1 year or less \$'000	1 - 5 years \$'000	More than 5 years \$'000		
2025								
Financial assets								
Cash and cash equivalents	D2(a)	Note ¹	785,465	-	-	-	-	785,465
Receivables	D2(b)	11.25 ²	-	-	-	-	75,960	75,960
Investments:		Note ³						
Cash and cash equivalents			47,177	-	-	-	-	47,177
Cash collateral and margin accounts			2,871	-	-	1,097	-	3,968
Receivables			-	-	-	-	257,054	257,054
Managed unit trusts			-	-	-	-	6,715,955	6,715,955
Debt securities			-	-	-	-	362	362
Derivatives			-	15,063	-	-	111,236	126,299
Total investments	D2(d)	Note ³	50,048	15,063	-	1,097	7,084,607	7,150,815
	D2		835,513	15,063	-	1,097	7,160,567	8,012,240
Financial liabilities								
Payables	D2(c)		-	-	-	-	31,463	31,463
Investment related liabilities								
Cash and cash equivalents			858	-	-	-	-	858
Cash collateral and margin accounts			-	-	-	13,287	-	13,287
Payables			-	-	-	-	339	339
Derivatives			-	1,473	-	-	60,300	61,773
Total investments	D2(d)	Note ³	858	1,473	-	13,287	60,639	76,257
	D2		858	1,473	-	13,287	92,102	107,720
2024								
Financial assets								
Cash and cash equivalents	D2(a)	Note ¹	448,796	-	-	-	-	448,796
Receivables	D2(b)	11.25 ²	-	-	-	-	56,959	56,959
Investments:		Note ³						
Cash and cash equivalents			71,924	-	-	-	-	71,924
Cash collateral and margin accounts			6,072	-	-	10	-	6,082
Receivables			-	-	-	-	248,004	248,004
Managed unit trusts			-	-	-	-	6,057,832	6,057,832
Debt securities			-	-	-	-	1,309	1,309
Derivatives			-	8,442	-	-	60,066	68,508
Total investments	D2(d)	Note ³	77,996	8,442	-	10	6,367,211	6,453,659
	D2		526,792	8,442	-	10	6,424,170	6,959,414
Financial liabilities								
Payables	D2(c)		-	-	-	-	44,536	44,536
Investment related liabilities								
Cash and cash equivalents			7,590	-	-	-	-	7,590
Cash collateral and margin accounts			-	-	-	4,499	-	4,499
Payables			-	-	-	-	624	624
Derivatives			-	2,591	-	-	2,162	4,753
Total investments	D2(d)	Note ³	7,590	2,591	-	4,499	2,786	17,466
	D2		7,590	2,591	-	4,499	47,322	62,002

¹ WorkCover has three transaction banking accounts and one capital guaranteed cash fund account. The weighted average interest rate of the transaction banking accounts, and cash fund account are 4.87% (2024: 4.70%) and 5.04% (2024: 4.99%) respectively.

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

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

Sensitivity analysis

All other variables remaining constant, a 1% change in interest rates at the reporting date would have increased or decreased the operating result after tax and equity for the year as follows:

Variable	Movement in variable	Impact on operating result after tax and equity	
		2025 \$'000	2024 \$'000
QTC Capital Guaranteed Cash Fund	+1%	+3,559	+7
	-1%	-3,559	-7
Investments	+1%	+49,522	+45,053
	-1%	-49,522	-45,053

Other price risk

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

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

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

Sector allocation	2025 \$'000	2024 \$'000
Australian equities	776,350	700,240
International equities	1,567,279	1,381,621
Private equity	717,150	680,440
Direct property	353,750	330,930
Direct infrastructure	530,240	522,140
Alternatives	498,920	523,420
Fixed income, cash and corporate investment-grade credit	2,229,869	1,994,992
Private debt	401,000	302,410
	7,074,558	6,436,193

Sensitivity analysis

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

Variable	Movement in variable	Impact on operating result after tax and equity	
		2025 \$'000	2024 \$'000
Equities prices	+1%	+49,522	+45,053
	-1%	-49,522	-45,053

Supporting our business

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

E1 Underwriting expenses

	Note	2025 \$'000	2024 \$'000
Employee expenses	E2(a)	157,364	135,227
Contractors		39,206	37,654
Special payments		120	-
Other administration expenses		25,628	21,497
Depreciation and amortisation	F2	2,491	1,978
Net loss on disposal of property, plant and equipment and intangible assets	F2	-	8
Transfer to allowance for impairment of receivables		13,621	7,857
Bad debts expense		9,802	8,784
Workers' Compensation Regulator expenses		51,170	46,956
Workplace Health and Safety Queensland grant		85,423	79,723
Operating expenses		384,825	339,684
Claims handling expenses allocated to gross claims expense	C1	(316,046)	(272,965)
		68,779	66,719

Total external audit fees quoted in relation to the 2025 consolidated financial statements are \$314,500 (2024: \$257,000). The Auditor-General of Queensland is the auditor for both WorkCover and WEO. No non-audit services were provided during this financial year (2024: no non-audit services).

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

Special payments are payments that WorkCover is not contractually or legally obligated to make to other parties. Special payments totalling \$120,000 were made during this financial year with \$100,000 relating to a release, discharge and indemnity agreement for an injured worker and \$20,000 relating to a deed of release for a former employee (2024: a cash ex-gratia payment of \$38,095 and an ex-gratia payment in kind with a market value of \$1,545 were made to the former Chief Executive Officer, B Watson, upon his resignation. Refer to note E2 and note E3 for the disclosure).

E2 Employee benefits

(a) Employee expenses

	Note	2025 \$'000	2024 \$'000
Salaries		127,018	111,994
Annual leave and long service leave expenses		2,502	123
Employer superannuation contributions		15,773	13,960
Other employee benefits		1,697	567
Special payments		-	38
Payroll tax expense		7,051	6,253
Workers' compensation premium		782	633
Recruitment fees		1,801	948
Other employee related expenses		740	711
	E1	157,364	135,227

Post-employment benefits

Superannuation

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

Defined contribution plans

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

Defined benefit plan

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

(b) Employee benefits liabilities

	2025 \$'000	2024 \$'000
Current		
Accrued salaries and other benefits	1,232	564
Provision for annual leave	10,133	8,757
Provision for long service leave	14,063	13,241
Provision for termination benefits	1,132	-
	26,560	22,562
Non-current		
Provision for long service leave	2,413	2,128
	28,973	24,690

Reconciliation of provision for employee benefits during the year:

Balance at 1 July	24,690	28,046
Amounts allocated to provision	15,186	7,944
Reductions in provision as a result of payments	(11,387)	(10,374)
Discount rate adjustments	484	(926)
Balance at 30 June	28,973	24,690

Short-term employee benefits

Accrued salaries and other benefits

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

Sick leave

Sick leave entitlements are non-vesting and are only paid upon valid claims for sick leave by employees. Sick leave expense is brought to account in the reporting period in which it occurs. No liability for unused sick leave has been recognised as experience indicates on average, sick leave taken each financial year is less than the entitlement accrued in that year. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees.

Other long-term employee benefits

Long service leave and annual leave

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

(c) Expected settlement of employee benefits liabilities

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

	2025 \$'000	2024 \$'000
No more than 12 months from reporting date:		
Annual leave	8,698	7,579
Long service leave	2,430	2,314
	11,128	9,893
More than 12 months from reporting date:		
Annual leave	1,435	1,178
Long service leave	14,046	13,055
	15,481	14,233

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

Key assumptions

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

	2025	2024
Discount rate	4.3%	4.8%
Settlement term for long service leave	6.3 years	6.3 years
Assumed annual leave days taken per year	20 days	20 days
Rate increase first year and thereafter		
Assumed rate of increase for contract salaries - annual leave and long service leave	3.0%	3.0%
Assumed rate of increase for non-contract salaries - annual leave and long service	3.0%	3.0%

The assumed rates disclosed are the base salary inflation rates, excluding the award progression increases based on the salary card rates.

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is 1,281 (2024: 1,095).

E3 Related parties

(a) Details of key management personnel (KMP) and remuneration

WorkCover's responsible Minister is identified as part of WorkCover's KMP, consistent with Australian implementation guidance included in AASB 124 *Related Party Disclosures*. WorkCover's Minister as at 30 June 2025 is the *Deputy Premier, Minister for State Development, Infrastructure and Planning and Minister for Industrial Relations*.

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

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

Directors

(Non-executive)

(Non-executive)	Short-term		Post employment	Total
	Fees ¹	Superannuation		
	\$'000	\$'000	\$'000	
C Kopilović ²	2025	40	5	45
Chair	2024	-	-	-
A Lynham ³	2025	37	5	42
Chair	2024	78	10	88
G Hallam ²	2025	26	3	29
Deputy Chair	2024	-	-	-
J King ³	2025	24	3	27
Deputy Chair	2024	51	6	57
C Richardson ⁴	2025	30	4	34
Director	2024	-	-	-
J Bertram	2025	40	5	45
Director	2024	40	5	45
K Dear	2025	43	5	48
Director	2024	43	5	48
S Havas ⁵	2025	43	5	48
Director	2024	43	5	48
I Leavers ⁶	2025	8	1	9
Director	2024	40	5	45
S McCullagh	2025	40	5	45
Director	2024	40	5	45
S Morris	2025	44	6	50
Director	2024	44	6	50
S Schinnerl	2025	40	5	45
Director	2024	40	5	45
Total remuneration:	2025	415	52	467
Directors	2024	419	52	471

¹ Fees represent amounts paid in cash during the financial year.

² Commenced on 20 December 2024.

³ Commenced on 1 July 2023 and ceased on 19 December 2024.

⁴ Commenced on 26 September 2024.

⁵ Commenced on 1 July 2023.

⁶ Ceased on 6 September 2024.

Responsibilities of Directors (Non-executive)

Chair

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

Deputy Chair

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

Director

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

CEO and Senior Executives

		Short-term		Post	Other long-term benefits		Ex-gratia	Termination	Total
		Salary ¹	Non-	employment	Annual leave	Long service	payments	benefits	
		\$'000	monetary ²	\$'000	accruals	leave accruals	\$'000	\$'000	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
M Pennisi ³	2025	623	8	29	51	7	-	-	718
CEO	2024	18	-	1	2	-	-	-	21
D Heley ⁴	2025	216	5	20	21	9	-	-	271
CEO, Acting CEO and Deputy CEO	2024	364	12	27	29	1	-	-	433
A Jones ⁵	2025	88	-	9	8	1	-	-	106
Chief Digital and Information Officer	2024	163	2	15	13	1	-	-	194
B Martin ⁶	2025	62	-	14	6	5	-	-	87
Chief New Claims Officer	2024	228	3	48	23	3	-	-	305
E Wright ⁷	2025	134	-	16	12	4	-	-	166
Chief People Officer	2024	273	22	28	23	6	-	-	352
G Hollier ⁸	2025	121	3	10	9	1	-	-	144
Chief Financial Officer	2024	-	-	-	-	-	-	-	-
J Reid ⁹	2025	70	-	11	12	25	-	-	118
Chief Legal Officer, Acting Chief Claims Management Officer	2024	211	4	35	21	1	-	-	272
K Muller ¹⁰	2025	357	6	22	27	3	-	-	415
Chief Operating and Technology Officer	2024	-	-	-	-	-	-	-	-
L Plimmer ¹¹	2025	38	4	5	5	1	-	172	225
Chief Claims Management Officer	2024	261	32	32	24	4	-	-	353
M Dennett ⁶	2025	72	3	9	6	1	-	-	91
Chief Partnerships and Relationships Officer	2024	237	10	32	22	1	-	-	302
M Readdy ¹²	2025	141	4	13	11	1	-	-	170
Chief Risk Officer	2024	-	-	-	-	-	-	-	-
N Duce ¹³	2025	137	3	11	13	1	-	-	165
Chief of People and Strategy Officer	2024	-	-	-	-	-	-	-	-
B Watson ¹⁴	2025	-	-	-	-	-	-	-	-
CEO	2024	256	19	20	27	36	40	288	686
B Dwyer ¹⁵	2025	-	-	-	-	-	-	-	-
Acting Chief Digital and Information Officer	2024	147	-	17	20	7	-	-	191
C Lajeunesse ¹⁶	2025	-	-	-	-	-	-	-	-
Chief Digital and Information Officer	2024	1	-	-	2	-	-	-	3
Total remuneration:	2025	2,059	36	169	181	59	-	172	2,676
CEO and Senior Executives	2024	2,159	104	255	206	60	40	288	3,112

¹ Salary represents amounts paid in cash during the financial year and associated adjustments.

² Short-term non-monetary benefits relate to packaged amounts and fringe benefits provided to the CEO and Senior Executives.

³ Commenced on 18 June 2024.

⁴ Ceased to be a KMP on 28 February 2025. Deputy CEO from 1 July 2023 to 26 November 2023 and from 18 June 2024. The Deputy CEO position remained vacant from 27 November 2023 to 17 June 2024. Acted as CEO from 7 July 2023 to 21 August 2023, 27 November 2023 to 14 February 2024 and 18 June 2024 to 21 June 2024. Appointed as CEO from 15 February 2024 to 17 June 2024 following the resignation of B Watson.

⁵ Commenced on 8 January 2024 and ceased to be a KMP on 7 October 2024.

⁶ Ceased to be a KMP on 7 October 2024.

⁷ Ceased to be a KMP on 13 January 2025.

⁸ Commenced on 24 February 2025.

⁹ Acted as Chief Claims Management Officer from 26 August 2024 and ceased to be a KMP on 7 October 2024.

¹⁰ Commenced on 8 October 2024.

¹¹ Commenced on 9 January 2023 and ceased on 26 August 2024.

¹² Commenced on 20 January 2025.

¹³ Commenced on 14 January 2025.

¹⁴ Ceased on 16 February 2024. A cash ex-gratia payment of \$38,095 and an ex-gratia payment in kind with a market value of \$1,545 were made to B Watson as part of the final settlement which were agreed and documented through a Deed of Release.

¹⁵ Commenced on 3 July 2023 and ceased to be a KMP on 9 January 2024.

¹⁶ Ceased on 3 July 2023.

Responsibilities of the CEO and Senior Executives

CEO

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

Deputy CEO

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

Chief Claims Management Officer

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

Chief Digital and Information Officer

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

Chief Financial Officer

The Chief Financial Officer is responsible for the strategic leadership of the financial operations of WorkCover to support the transformation agenda and to drive commercial outcomes.

Chief Legal Officer

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

Chief New Claims Officer

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

Chief Operating and Technology Officer

The Chief Operating and Technology Officer is responsible for the strategic leadership of the management and transformation of WorkCover's core business, all customer interactions and experience, technology, project delivery and execution.

Chief Partnerships and Relationships Officer

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

Chief People Officer

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

Chief of People and Strategy Officer

The Chief of People and Strategy Officer is responsible for the strategic leadership of the management and transformation of WorkCover's people strategy and operations, corporate strategy and enterprise portfolio management office functions.

Chief Risk Officer

The Chief Risk Officer is responsible for the strategic leadership of the management and transformation of WorkCover's risk and assurance, common law claims, regulatory and complaints management, and corporate relations functions.

Remuneration and appointment authority of KMP

Remuneration policy

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

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

Directors

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

CEO and Senior Executives

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

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

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

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

(b) Transactions with KMP

No transactions, other than remuneration payments or the reimbursement of approved expenses, were entered into by WorkCover with KMP or related parties of such KMP during this financial year (2024: no transactions with KMP).

c) Transactions with other related parties

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

Queensland Health public hospitals are utilised by WorkCover in the treatment of injured workers. The total payments in this financial year are \$57.108 million (2024: \$57.793 million).

As the provider of compulsory workers' compensation insurance in Queensland, WorkCover provides insurance to all Queensland State Government controlled entities other than those who self-insure. Policies are issued on the same terms and conditions as to other policyholders. The total premium income received or receivable from Queensland State Government controlled entities in this financial year is \$672.968 million (2024: \$488.389 million).

WorkCover utilises the services of QIC and QTC to invest excess cash not immediately required to cover expenses. The use of QIC and QTC is approved by Queensland Treasury. The total direct investment management fees paid or payable in this financial year to QIC and QTC are \$41.541 million and \$0.238 million respectively (2024: \$37.671 million and \$0.001 million respectively). Refer to note D1 for further details.

From 1 July 2016, the *Workers' Compensation and Rehabilitation Amendment Act 2016* implemented the NIIS for workplace accidents connected with Queensland. The scheme provides eligible seriously injured workers with a lifetime statutory entitlement to treatment, care and support payments such as rehabilitation, medical services and hospital expenses. In accordance with the scheme, payments are made by WorkCover to reimburse NIIS Queensland (NIISQ), the external case managers for the seriously injured workers, for costs in relation to these claims. The total NIISQ amounts paid or payable for this financial year are \$16.952 million (2024: \$11.407 million).

E4 Property, plant and equipment

	Note	Land	Building	Plant and equipment	Work in progress	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2023		28,000	42,500	893	9	71,402
Acquisitions		-	2	121	109	232
Disposals		-	-	(8)	-	(8)
Depreciation		-	(1,739)	(151)	-	(1,890)
Revaluation increments/(decrements)	F4(b)	(4,900)	4,737	-	-	(163)
Balance at 30 June 2024		23,100	45,500	855	118	69,573
At 30 June 2024:						
Cost or fair value		23,100	54,725	7,685	118	85,628
Accumulated depreciation		-	(9,225)	(6,830)	-	(16,055)
Net carrying amount		23,100	45,500	855	118	69,573
Balance at 1 July 2024		23,100	45,500	855	118	69,573
Acquisitions		-	2,287	376	-	2,663
Transfers between asset classes		-	118	-	(118)	-
Depreciation		-	(1,980)	(160)	-	(2,140)
Revaluation increments	F4(b)	-	4,275	-	-	4,275
Balance at 30 June 2025		23,100	50,200	1,071	-	74,371
At 30 June 2025:						
Cost or fair value		23,100	60,030	8,054	-	91,184
Accumulated depreciation		-	(9,830)	(6,983)	-	(16,813)
Net carrying amount		23,100	50,200	1,071	-	74,371

(a) Recognition and measurement

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

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

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

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

Plant and equipment with an original cost of \$5.741 million (2024: \$4.259 million) and a written down value of zero is still being used in the provision of services. There is currently no asset (2024: no asset) written down to an above zero residual value which is still being used in the provision of services.

(b) Valuation

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

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

The land and building is valued having regard to the highest and best use of the asset. An independent valuation of land and building was performed as at 30 June 2025 and fair value was determined by reference to market based evidence, being active market prices adjusted for any differences in the nature, location or condition of the specific property. The independent valuer used the discounted cash flow, capitalisation and direct comparison approaches to determine the fair value. The land and building has been categorised as level 3 based on sensitivity of fair value to change in the unobservable inputs.

(c) Depreciation

Land is not depreciated.

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

ITEM	USEFUL LIFE
Building	3 to 56 years
Plant and equipment	
Computer equipment	1 to 15 years
Office equipment and furniture	4 to 23 years
Fixtures and fittings	10 to 25 years
Motor vehicles	7 years

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

(d) Impairment

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

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

(e) Derecognition

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

E5 Commitments

WorkCover has contractual commitments for expenditure as follows:

	Acquisition of property, plant and equipment \$'000	Support and maintenance expenditure \$'000	Other expenditure \$'000	Total \$'000
2025				
Not later than 1 year	--	6,444	1,159	7,603
1 - 5 years	--	7,041	270	7,311
		13,485	1,429	14,914
2024				
Not later than 1 year	88	4,526	3,267	7,881
1 - 5 years	--	2,559	1,716	4,275
	88	7,085	4,983	12,156

Other

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

F1 Taxation

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

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

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

Tax Risk Management

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

(a) Income tax equivalent

Income tax equivalent expense

	2025 \$'000	2024 \$'000
Deferred tax expense	174,894	43,481

Reconciliation of Income tax equivalent expense:

Operating result for the year before income tax equivalent

Income tax equivalent expense at the standard tax rate of 30% (2024: 30%)

Tax effect of adjustments to income tax equivalent expense:

Gross up of foreign income tax offset received

Gross up of franking tax offset received

Non-deductible expenses

Conversion of franking credit to tax loss

Tax offset for franked dividends

Tax offset for foreign income

Other deductible expenses

Adjustments for income tax equivalent of prior years

Income tax equivalent expense attributable to operating result

606,747	175,985
182,024	52,795
2,713	1,763
2,425	2,206
22	1
-	(6,285)
(8,084)	(1,069)
(9,044)	(5,875)
-	(55)
4,838	-
174,894	43,481

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

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

No Pillar Two top up taxes have been recognised for this financial year (2024: nil). This is on the basis WorkCover is not within the scope of Pillar Two top up tax legislation in Australia.

Income tax equivalent expense/(benefit) recognised in other comprehensive income/(loss)

	2025 \$'000	2024 \$'000
Revaluation of land and building	1,283	(49)

Recognised deferred tax assets and liabilities

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

	Assets		Liabilities		Net	
	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income tax equivalent loss	162,468	322,948	-	-	162,468	322,948
Investment tax adjustments including unrealised gains	-	-	(329,695)	(297,443)	(329,695)	(297,443)
Indirect claims handling expense	133,413	119,674	-	-	133,413	119,674
Employee expenses	19	1	-	-	19	1
Other provisions	6,300	4,590	-	-	6,300	4,590
Other items	3,087	1,580	(51)	(60)	3,036	1,520
Property, plant and equipment	-	-	(8,549)	(8,026)	(8,549)	(8,026)
Intangibles	21	-	-	(74)	21	(74)
Tax assets/(liabilities)	305,308	448,793	(338,295)	(305,603)	(32,987)	143,190

Movement in deferred tax balances during the year

Movement in deferred tax balances during the year	Balance 1 July 2023	Recognised in operating result	Recognised in other comprehensive income	Balance 30 June 2024	Recognised in operating result	Recognised in other comprehensive income	Balance 30 June 2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income tax equivalent loss	316,891	6,057	-	322,948	(160,480)	-	162,468
Investment tax adjustments including unrealised gains	(236,933)	(60,510)	-	(297,443)	(32,252)	-	(329,695)
Indirect claims handling expense	110,691	8,983	-	119,674	13,739	-	133,413
Employee expenses	43	(42)	-	1	18	-	19
Other provisions	3,570	1,020	-	4,590	1,710	-	6,300
Other items	927	593	-	1,520	1,516	-	3,036
Property, plant and equipment	(8,486)	411	49	(8,026)	760	(1,283)	(8,549)
Intangibles	(81)	7	-	(74)	95	-	21
	186,622	(43,481)	49	143,190	(174,894)	(1,283)	(32,987)

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

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

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

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

(b) Goods and services tax

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

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

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

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

F2 Reconciliation of operating result to net cash from operating activities

	Note	2025 \$'000	2024 \$'000
Operating result for the year		431,853	132,504
Non-cash items included in operating result			
Net gain on change in fair value of financial instruments		(86,168)	(299,151)
Net loss on disposal of property, plant and equipment and intangible assets	E1	-	8
Contribution of an asset		-	(9)
Depreciation and amortisation expense	E1	2,491	1,978
Income tax effect on revaluation of land and building	F4(b)	(1,283)	49
Change in operating assets and liabilities			
Increase in receivables		(72,212)	(40,455)
(Increase)/decrease in other assets		(1,405)	235
Decrease in net deferred tax		176,177	43,432
Decrease in other liabilities		(2)	(3)
Increase in unexpired risk liability		5,037	-
Increase in payables and unearned premium liability		304	9,553
Increase in outstanding claims liability and employee benefits liabilities		436,742	590,255
Net cash provided by operating activities		891,534	438,396

F3 Leases

Leases as lessor

WorkCover has 6 lease agreements (2024: 6) with respect of the 280 Adelaide Street building. The building is leased to tenants under operating leases with rentals payable on a monthly basis. These non-cancellable leases have remaining terms of between 1 and 9 years and include clauses to enable upward revision of the rental charge on an annual basis according to a fixed percentage where applicable. There are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, WorkCover may obtain bank guarantees for the term of the lease. Minimum lease payments receivable on operating leases are as follows:

	2025 \$'000	2024 \$'000
Within 1 year	608	586
Between 1 and 2 years	548	608
Between 2 and 3 years	137	548
Between 3 and 4 years	144	137
Between 4 and 5 years	137	144
Later than 5 years	572	709
	2,146	2,732

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

	2025 \$'000	2024 \$'000
Lease income	887	843

F4 Equity and reserves

(a) Contributed equity

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

(b) Asset revaluation surplus by asset class

	Note	Land \$'000	Building \$'000	Total \$'000
Balance at 1 July 2023		16,520	21,814	38,334
Revaluation increments/(decrements)	E4	(4,900)	4,737	(163)
Income tax effect on revaluation		1,470	(1,421)	49
Balance at 30 June 2024		13,090	25,130	38,220
Balance at 1 July 2024		13,090	25,130	38,220
Revaluation increments	E4	-	4,275	4,275
Income tax effect on revaluation		-	(1,283)	(1,283)
Balance at 30 June 2025		13,090	28,122	41,212

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

(c) Investment fluctuation reserve

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

F5 Contingent liabilities

In the normal course of business, WorkCover is exposed to legal issues, including litigation arising out of insurance policies. There are no known potential material litigation exposures at reporting date that may give rise to a contingent liability (2024: no contingent liabilities).

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

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

	Note	2025 \$'000			2024 \$'000		
		WorkCover	WorkCover	WorkCover	WorkCover	WorkCover	WorkCover
		Queensland	Queensland	Employing Office	Queensland	Queensland	Employing Office
Underwriting expenses	i	(68,779)	(64,754)	(155,624)	(66,719)	(64,342)	(133,844)
Investment income	ii	740,785	736,762	4,023	590,637	588,262	2,375
Other income	i	969	967	151,601	956	954	131,469

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

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

	Note	2025 \$'000			2024 \$'000		
		WorkCover Queensland	WorkCover Queensland	WorkCover Employing Office	WorkCover Queensland	WorkCover Queensland	WorkCover Employing Office
Current assets							
Cash and cash equivalents		785,465	756,053	29,412	448,796	423,507	25,289
Receivables	i	71,580	71,378	202	53,704	53,620	84
Other assets	ii	3,730	3,712	18	2,958	2,924	34
Current liabilities							
Payables	iii	31,463	30,739	724	44,536	43,817	719
Employee benefits	iv	26,560	57	26,503	22,562	2	22,560
Non-current liabilities							
Employee benefits	iv	2,413	8	2,405	2,128	-	2,128

- i. The difference represents the WEO bank interest receivable balance.
- ii. The difference represents the WEO prepayments balance.
- iii. The difference represents the WEO salary related payables of \$0.675 million (2024: \$0.585 million) and other WEO payables of \$0.049 million (2024: \$0.134 million).
- iv. The liabilities for employee benefits in WorkCover Queensland is the CEO's employee benefits. All other employee benefit liabilities are part of WEO.

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

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

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

	Note	2025			2024		
		\$'000			\$'000		
		WorkCover Queensland	WorkCover Queensland	WorkCover Employing Office	WorkCover Queensland	WorkCover Queensland	WorkCover Employing Office
Cash flows from operating activities							
Interest received		58,846	54,941	3,905	45,910	43,549	2,361
GST collected on sales		286,254	286,197	57	251,374	251,322	52
GST paid on purchases		(44,363)	(43,985)	(378)	(38,391)	(38,144)	(247)
Employee benefits expense paid	i	-	-	(151,296)	-	-	(136,691)
Employment services revenue received	i	-	-	151,918	-	-	131,582
Other operating income received	ii	1,267	1,267	2	1,068	1,068	2
Other operating expenses paid	iii	(66,633)	(67,172)	(85)	(63,830)	(58,632)	(91)

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

F7 Controlled entity

Summary of WEO financial statements

	2025 \$'000	2024 \$'000
Statement of comprehensive income		
Revenue	155,624	133,844
Expenses	155,624	133,844
Operating result for the year	-	-
Statement of financial position		
Total assets	29,632	25,407
Total liabilities	29,632	25,407
Net assets	-	-

F8 Summary of additional material accounting policy information

(a) Changes in material accounting policy information and disclosures

Amendments to standards relevant to WorkCover that have been applied for the first time in the presentation of these consolidated financial statements from 1 July 2024 are as follows:

Fair Value Measurement

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

Impact on adoption

The adoption of AASB 2022-10 has not resulted in any significant changes in the fair value measurement of WorkCover's non-financial assets.

Classification of liabilities as current or non-current

AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* amends AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

Impact on adoption

The adoption of AASB 2020-1 has not resulted in any significant changes in the classification of liabilities as current or non-current for WorkCover.

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2024 and have not been early adopted in preparing these consolidated financial statements.

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

AASB 17 Insurance Contracts

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

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

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

Measurement models

The standard introduces a new 'general model' for the recognition and measurement of insurance contracts. Insurance contracts must be measured using either the general measurement model or the simplified approach known as the premium allocation approach (PAA).

Entities may apply the PAA, if the insurance contracts have a coverage period of one year or less or if the liability for remaining coverage under that approach is not expected to be materially different from that under the general measurement model.

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

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

Onerous contracts

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

Risk adjustment

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

Discount rates

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

Presentation and disclosure

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

Taxation impact

Current tax law in Australia has been amended to align AASB 17 effective for annual periods beginning on or after 1 January 2023. NTER entities can continue to apply the former tax laws based on AASB 1023 until AASB 17 is adopted. WorkCover continues to review the financial and operational impact of the transition to AASB 17.

Transition

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

Presentation and disclosure in financial statements

AASB 18 *Presentation and Disclosure in Financial Statements* applies to not-for-profit public sector entities from reporting periods beginning on or after 1 January 2028 and is intended to replace AASB 101 *Presentation of Financial Statements*. The key presentation and disclosure requirements established by AASB 18 are as follows:

- the presentation of newly defined subtotals in the consolidated statement of comprehensive income;
- the disclosure of management-defined performance measures; and
- enhanced requirements for grouping (aggregation and disaggregation) of information.

AASB 18 will have an impact on the presentation and disclosure of WorkCover's consolidated financial statements. WorkCover will monitor the progress of the standard and apply the standard from the applicable date.

F9 Events after reporting date

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

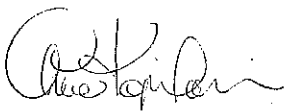
Management certificate

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

- the prescribed requirements for establishing and keeping of accounts have been complied with in all material respects; and
- the consolidated financial statements have been drawn up to present a true and fair view, in accordance with the prescribed accounting standards, of the transactions of WorkCover for the financial year ended 30 June 2025 and of the financial position at the end of that year; and

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

26 August 2025



C Kopilović
MAppLaw (Wills and Estates), GDip Legal Practice, LLB
CHAIR



M Pennisi
BEcon, BComm
CHIEF EXECUTIVE OFFICER

WorkCover Queensland – Actuarial Certificate for Outstanding Claims Liabilities as at 30 June 2025

Taylor Fry was requested by WorkCover Queensland to advise on its provisions for outstanding claims liabilities at 30 June 2025.

Valuation report

Full details of data, methodology and assumptions are set out in our report dated 5 August 2025. The advice provided in this report complies with the requirements of the Institute of Actuaries of Australia's *Professional Standard 302 Valuations of General Insurance Claims* ("PS302").

Basis of estimates

The adopted provision as at 30 June 2025 is \$5,415 million. This provision:

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

A risk margin has been included to allow for the risk and uncertainties inherent in the estimation of outstanding claims liabilities. The margin is expressed as a percentage of the central estimate. In recognition of the overall uncertainty in the claims experience, a risk margin of 9.0% has been adopted at 30 June 2025. The adopted margin is intended to provide a 75% probability of sufficiency.

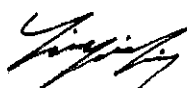
Qualifications

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'PM' followed by a flourish.

Peter Mulquiney
FIAA

A handwritten signature in black ink, appearing to read 'Danielle Ling'.

Danielle Ling
FIAA

5 August 2025

INDEPENDENT AUDITOR'S REPORT

To the Board of WorkCover Queensland

Report on the audit of the financial report

Opinion

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

The financial report comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements including material accounting policy information and the management certificate.

In my opinion, the financial report:

- a) gives a true and fair view of the Group's financial position as at 30 June 2025, and their financial performance and cash flows for the year then ended; and
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

Basis for opinion

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

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

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

Key audit matters

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

Valuation of gross outstanding claims liability (\$5,781m)

Refer to Note C2(a) to the financial report.

Key audit matter	How my audit addressed the key audit matter
Valuation of gross outstanding claims liability: The estimation of outstanding claims liabilities is a key audit matter due to the high degree of uncertainty that is inherent in estimating the expected future payments for claims incurred. It may take many years to finalise the cost of a claim, and the ultimate cost may be influenced by factors unknown at 30 June 2025 or outside the control of WorkCover (refer Note C2(d) for key assumptions and judgements).	My procedures included, but were not limited to: • challenging appropriateness of management's actuarial methods and assumptions through assessment of accuracy of previous estimates and changes made to the prior year's models • considering of the appropriateness of the assumptions adopted and methodologies applied for the individual benefit types • considering the reasonableness of movements in key claim experience and their impact on the calculation of the outstanding claims liability • benchmarking key economic assumptions such as discount rate, risk margin and inflation to observable market data • assessing management's experts' qualifications, competence, capabilities, objectivity and the nature, scope and objectives of the work completed for appropriateness • evaluating management's experts' findings and conclusions for relevance, reasonableness and consistency with the evidence obtained from my testing.

Other information

Those charged with governance are responsible for the other information.

The other information comprises the information included in the Group's annual report for the year ended 30 June 2025 but does not include the financial report and my auditor's report thereon.

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

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

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

I have nothing to report in this regard.

Responsibilities of the Board for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

This description forms part of my auditor's report.

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2025:

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

Prescribed requirements scope

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



Martin Luwina
as delegate of the Auditor-General

27 August 2025
Queensland Audit Office
Brisbane

Compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	— A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	Letter of compliance
Accessibility	— Table of contents — Glossary	ARRs – section 9.1	Contents Page Glossary
	— Public availability	ARRs – section 9.2	About this report
	— Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	About this report
	— Copyright notice	<i>Copyright Act 1968</i> ARRs – section 9.4	About this report - License
	— Information licensing	<i>QGEA – Information Licensing</i> ARRs – section 9.5	About this report - License
General information	— Introductory information	ARRs – section 10	About WorkCover Queensland Chair and CEO report
Non-financial performance	— Government objectives for the community and whole-of-Government plans/specific initiatives	ARRs – section 11.1	Chair and CEO report
	— Agency objectives and performance indicators	ARRs – section 11.2	Our financial and non-financial performance indicators
	— Agency service areas and service standards	ARRs – section 11.3	Highlights Our financial and non-financial performance indicators
Financial performance	— Summary of financial performance	ARRs – section 12.1	Financial performance Consolidated Financial Statements
Governance – management and structure	— Organisational structure	ARRs – section 13.1	Organisational structure
	— Executive management	ARRs – section 13.2	Our Executive Leadership Team
	— Government bodies (statutory bodies and other entities)	ARRs – section 13.3	WorkCover Board
	— Public Sector Ethics	ARRs – section 13.4	Public Sector Ethics
	— Human Rights	ARRs – section 13.5	Human Rights
	— Queensland public service values	ARRs – section 13.6	Chair and CEO report
Governance – risk management	— Risk management	ARRs – section 14.1	Risk management
	— Audit committee	ARRs – section 14.2	Risk and Audit Committee

and accountability	– Internal audit	ARRs – section 14.3	Internal audit
	– External scrutiny	ARRs – section 14.4	External audit External scrutiny
	– Information systems and recordkeeping	ARRs – section 14.5	Information systems and recordkeeping
	– Information security attestation	ARRs – section 14.6	Not applicable
Governance – human resources	– Strategic workforce planning and performance	ARRs – section 15.1	Workforce planning and performance Growing the capability and engagement of our people
	– Early retirement, redundancy and retrenchment	Directive No. 04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	Early retirement, redundancy and retrenchment
Open data	– Statement advising publication of information	ARRs – section 16	Open Data
	– Consultancies	ARRs – sections 16 and 31.1	https://data.qld.gov.au
	– Overseas travel	ARRs – sections 16 and 31.2	https://data.qld.gov.au
	– Queensland Language Service Policy	ARRs – sections 16 and 31.3	https://data.qld.gov.au
	– Charter of Victims' Rights	VCSVRB Act 2024 ARRs – section 31.4	https://data.qld.gov.au
Financial statements	– Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	Consolidated financial statements Actuarial certificate on net outstanding claim liabilities Management certificate
	– Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	Consolidated financial statements Independent auditor's report

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2019*

ARRs *Annual report requirements for Queensland Government agencies*

Glossary

Term	Definition
A	
Accident insurance policy	An accident insurance policy is a workers' compensation insurance policy, compulsory for employers engaging workers. The policy covers the employer's liability for workers' compensation and damages arising out of a work-related injury sustained by their worker, no matter who or what caused it.
Allied health provider	Any allied health provider (for example a doctor, medical specialist, physiotherapist, chiropractor or occupational therapist) who is registered with the relevant professional board (e.g., Physiotherapist Board of Queensland).
AS / ISO	Australian Standard / International Organisation for Standardisation
Average premium rate	The average premium rate is a rate per \$100 of wages, calculated by averaging net premium assessed for the year as a proportion of total wages declared by all employers for that year.
C	
CCC	Crime and Corruption Commission
CEO	Chief Executive Officer
Claims experience	An employer's claims experience is used when calculating premium and is comprised of the statutory claims amounts paid under an employer's accident insurance policy for the preceding three years and the damages claims amounts paid under the policy for one year preceding that.
Common law claim	A common law claim is the claim made by an injured worker who commences common law action against their employer for negligence (they are 'suing' their employer). Common law damages can include payments for economic loss, pain and suffering, legal costs, and medical and hospital costs. WorkCover may pay all damages awarded to the injured worker, including legal and investigative costs as part of the employer's accident insurance policy.
Customer experience measure / metric	Measures customers' overall perception of WorkCover and performance against the five customer strategy principles.
Customer strategy principles	These principles are the benchmark for the experience WorkCover wants customers to have across all interactions. There are five principles: easy, fair and transparent, empowered, consistent and valued, and they are based on customer research that identified what customers expect from WorkCover.
D	
Damages	Damages are payments made under a common law claim that are classified as 'heads of damage'. These are different types of damage that may be suffered by an injured worker. Examples are: general damages (compensation for pain and suffering) economic loss (compensation for loss of past earnings or future earning capacity).
E	
ELT	Executive Leadership Team
F	
FMPM	Financial Management Practice Manual
H	
HRA	<i>Human Rights Act 2019</i>

I	
IME	Independent medical examiners
Injury	An injury, as defined by the <i>Workers' Compensation and Rehabilitation Act 2003</i> is, 'A personal injury arising out of, or in the course of, employment if the employment is a significant contributing factor to the injury'. Some examples of injuries include: – a cut or fracture – a disease (example asbestos or Q fever) – industrial deafness – psychiatric or psychological disorders such as stress or depression – aggravation of a pre-existing condition – death from an injury, disease or aggravation of a disease.
IPaM	Injury Prevention and Management—WorkCover's program in partnership with Workplace Health and Safety Queensland which helps employers who have a high frequency of claims bring about a workplace culture change and achieve a better standard of workplace health and safety and injury management.
IRRI	Injury Risk Reduction Initiatives
N	
NIISQ	National Injury Insurance Scheme Queensland
O	
OIR	Office of Industrial Relations
P	
Premium rate	The rate per \$100 of wages for an individual employer
PSE	<i>Public Sector Ethics Act 1994</i>
PTSD	Post-traumatic stress disorder
Q	
QAO	Queensland Audit Office
QIC	Queensland Investment Corporation
QTC	Queensland Treasury Corporation
R	
RAC	Risk and Audit Committee
RACGP	Royal Australian College of General Practitioners
Rehabilitation	Under workers' compensation legislation, the purpose of rehabilitation is to ensure the injured worker's earliest possible safe return to work or to maximise the worker's independent functioning. Rehabilitation for return to work (sometimes called occupational, vocational or workplace rehabilitation) can include treatment from a range of health providers, assessments of work capacity and suitable duties programs. Under legislation, workers and employers must take every reasonable step to participate in rehabilitation and return to work programs.
Return to work	The worker's timely, safe and medically structured return to pre-injury duties, or other employment, following a workplace injury.
RTW	Return to work — the worker's timely, safe and medically structured return to pre-injury duties, or other employment, following a workplace injury.

S

Statutory (no-fault) claims	A statutory or no-fault claim is when a worker is compensated for a work-related injury with payments and benefits prescribed in the <i>Workers' Compensation and Rehabilitation Act 2003</i> . These payments and benefits are referred to as statutory compensation and may include weekly payments, lump sums to compensate for permanent impairment, and hospital and medical expenses. Statutory claims are determined on a 'no fault' basis. That is, it doesn't matter if it is the worker's or the employer's fault that the injury occurred, compensation is still paid.
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T

The Act	<i>Workers' Compensation and Rehabilitation Act 2003</i>
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W

Wages	Wages are the total amount an employer pays to a worker as defined by Schedule 6 of the <i>Workers' Compensation and Rehabilitation Act 2003</i> .
WCRA	<i>Workers' Compensation and Rehabilitation Act 2003</i>
WCRS	Workers' Compensation Regulatory Services
WHSQ	Workplace Health and Safety Queensland
Worker	A 'worker' for the purposes of the <i>Workers' Compensation and Rehabilitation Act 2003</i> is an individual employed under a Contract of Service (sect 11) or specifically included under Schedule 2 Part 1, unless specifically excluded under Schedule 2 Part 2.