



The Hon. Dominic Perrottet MP
Minister for Finance, Services and Property



Our Ref: WC

Mr David Blunt
Clerk of the Parliaments
Legislative Council
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Mr Blunt

I write regarding the New South Wales Government response to the Law and Justice Committee's *First Review into the Exercise of the Functions of the WorkCover Authority*.

I thank the Committee for its work during the review and in compiling its final report and recommendations. The Government takes the operations of the WorkCover Authority and the workers compensation system very seriously and is in the process of examining a range of potential options to fulfil its core objectives of rehabilitating injured workers where possible and returning them to work, while ensuring those who are unable to work are properly supported, with the ultimate goal of creating a fair and sustainable scheme for all.

While consideration of this matter is ongoing, there have been a number of major developments in relation to workers compensation in New South Wales since the Committee's report.

The Committee may be aware that following the concerns it raised about conflict of interest issues between WorkCover's role as the regulator and nominal insurer, the Chief Executive Officer of Safety, Return to Work and Support, Mr Vivek Bhatia, announced the operational separation of the regulatory and commercial functions within the Workers Compensation Division. The Government is giving further consideration to this issue.

As the Committee is aware, due to the improved financial position of the WorkCover Scheme, the Government was able to announce several enhancements to the Scheme in June 2014 to better support the State's injured workers to return to work. These included measures to ensure continued access to hearing aids, prostheses, home and vehicle modifications and related treatment until retiring age and extend medical benefits for workers with 'whole person impairment' of between 21 and 30 per cent, until retiring age.

More recently, I made a commitment that a re-elected Baird Government would immediately review the financial position of the Scheme following the election, and that out of that one-off review, of every dollar above the minimum surplus to keep the Scheme sustainable, two thirds would be invested in supporting injured workers and getting them back to work and the balance returned to business as lower premiums.

The Government is currently considering options to best return this money to injured workers and employers. In doing so, the Government will take into account the Committee's recommendations and will provide a more detailed response to the Committee once plans for the implementation of its election commitment around benefits, premiums and any other system reform is known.

In addition to these developments, WorkCover will initiate a number of actions during 2015 to address the Committee's other recommendations. These will include:

- Reviewing of incentives and penalties for non-compliance with return to work provisions in the *Workplace Injury Management and Workers Compensation Act 1998*;
- Supporting the recently-formed return to work inspectorate to assist with compliance of return to work provisions contained in the *Workplace Injury Management and Workers Compensation Act 1998*;
- Developing a long term overarching education and awareness campaign to inform employees and employers of their rights and obligations in regard to returning to work following an injury;
- Developing and then publishing an engagement plan in consultation with all stakeholders;
- Establishing a disability industry reference group, which is being considered as part of WorkCover's stakeholder engagement model;
- Including detailed information in WorkCover's annual reports, including information on claims processes, injury management, fraud, premium auditing and return to work rates;
- Recommencing the publishing of statistical bulletins, including bulletins containing information from 2010 to September 2014, noting that statistical bulletins from 2009/2010, 2010/2011 and 2011/2012 have recently been published on the WorkCover and OpenGov websites;
- Reviewing workers compensation guidelines in consultation with stakeholders;
- Publishing the external auditor's final report on the decision making process for prosecutions, and inviting feedback on the report's recommendations from stakeholders;
- Undertaking a review of self-insurer regulatory requirements; and,
- Developing an actuarial and legal impact statement of an expanded Comcare scheme.

WorkCover has also significantly upgraded its website design and content, with further refinement planned throughout 2015. The "Contact us" webpage and automated Customer Service Centre phone messages for injured workers have been updated to include information about the WorkCover Independent Review Office.

The Minister and the previous Attorney General have written to key Commonwealth Ministers to raise the issue of "phoenix" companies avoiding their work health and safety responsibilities and explore appropriate avenues to address this issue. WorkCover will convene the recommended roundtable on "phoenix" companies during 2015.

If you have any further questions about this matter, please contact Ms Carmel Donnelly, General Manager Strategy and Performance, Safety, Return to Work and Support, on 4321 5468 or by email to carmel.donnelly@srwsd.nsw.gov.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Dom - Perrottet', written over a faint dotted line.

Dominic Perrottet MP
Minister for Finance, Services and Property

4/5/15