

Agreement in Principle

Mr MICHAEL DALEY (Maroubra—Minister for Police, and Minister for Finance) [11.21 a.m.]: I move:

That this bill be now agreed to in principle

The proposed amendments will facilitate changes to the structure of the Workers Compensation Commission, which in turn will improve the arbitration process central to resolving workers compensation disputes. These changes will enhance the performance of the commission and, in the longer term, assist the commission to be more cost effective by reducing reliance on contractors and temporary staff. The commission was established in 2002 to resolve disputes between injured workers and employers regarding workers compensation claims. Its primary objective is to provide a dispute resolution service that is fair, cost effective and timely. Since its establishment the commission has finalised approximately 13,000 matters annually.

The commission's non-adversarial dispute resolution process is at the forefront of dispute resolution in Australia. The parties are directly involved in an accessible and accountable process that ensures injured workers obtain a fair and quick resolution to disputes about workers compensation entitlements. Currently, the commission consists of the following members: the president, two deputy presidents, a registrar and arbitrators. The president and deputy presidents hear and determine appeals from decisions of arbitrators. The registrar is responsible for the administrative management of the commission. In 2004 the Workplace Injury Management and Workers Compensation Act was amended to provide for the appointment of acting deputy presidents, on a part-time basis, to ensure appeals could be dealt with expeditiously.

The role of the commission's arbitrators is to work with the parties to explore settlement options and where possible to reach an agreed resolution of the dispute. Since 2002, the commission has contracted a pool of 50 arbitrators, selected by the president, on a sessional basis. Arbitrators are paid in accordance with an event-based fee schedule. In 2008, following legislative changes and new senior appointments, the commission embarked on a number of initiatives to enhance its performance. Two key initiatives were, first, a comprehensive organisational review; and, secondly, an extensive survey of external users and service providers to evaluate the commission's effectiveness in dispute resolution and case management practices.

The commission engaged consultants to undertake an independent organisational review. The consultants' report identified opportunities for both structural and operational realignment, which would assist the future efficiency and effectiveness of the commission. Among the recommendations the consultants made were to introduce the appointment of full-time salaried arbitrators and to create a new position of senior arbitrator. The bill gives effect to these recommendations and amends the number of deputy presidents that may be appointed at any one time. I now turn to the details of the amendments. The bill enables the Minister to appoint any number of deputy presidents to the commission as may be required, by removing the previous limitation that there could be only two deputies at any one time.

As I previously mentioned, the 2004 amendments provided for the appointment of acting deputy presidents to assist the two permanent deputy presidents with the appeal workload. Acting deputy presidents have been appointed every year since 2004. The proposed amendment provides another option for addressing this issue by removing the restriction on the number of ordinary deputy presidents that can be appointed. The commission proposes to phase in a new organisational structure. No longer will the president appoint arbitrators on a sessional basis only. Rather, the Minister will appoint full-time, salaried arbitrators for a five-year term. The president of the commission has indicated that between 18 and 22 full-time arbitrators will be required initially.

The president will also create a smaller panel of sessional arbitrators, which will give the commission further flexibility to deal with periods of peak demand and regional work. The bill also establishes a new position of senior arbitrator. Senior arbitrators will be responsible for strategic planning, induction, mentoring and appraisal of arbitrators, and continued education and training, as well as their usual duties of arbitrator. The amendments to the Statutory and Other Officers Remuneration Act provide for the Statutory and Other Officers Remuneration Tribunal to determine the remuneration of senior arbitrators and the other full-time arbitrators. The Minister will continue to determine the remuneration of sessional arbitrators based on the recommendation of the tribunal.

This proposed new structure is similar to that of the Consumer, Trader and Tenancy Tribunal, which has senior members, salaried full-time members and sessional part-time members. As the independent organisational review of the commission highlighted, a number of benefits will arise from this new structure, including better quality service provision; greater consistency in arbitral practices, as there will be a smaller number of individuals dealing with a greater number of cases; and in the longer term a reduction in direct costs. While initially there will be one-off capital costs, such as the additional infrastructure required to support the arbitrators full time, in the longer term it is believed that there will be lower direct costs, as arbitrators will be salaried rather than paid an event-based fee.

I understand that the commission undertook broad consultations with commission staff in formulating these structural changes and the commission has been involved in the development of the bill. I believe these amendments are essential to ensuring that the commission can adapt to workload pressures and meet the challenges of delivering fair, cost-effective and timely dispute resolution of workers compensation disputes to the New South Wales community. I commend the bill to the House.