

## Second Reading

**The Hon. PENNY SHARPE** (Parliamentary Secretary) [6.02 p.m.], on behalf of the Hon. John Hatzistergos: I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

### Leave granted.

The proposed amendments will facilitate changes to the structure of the Workers Compensation Commission (the 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 objectives are 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 allow 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 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. They 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, one, a comprehensive organisational review and, two, 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 consultant's 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:

introducing the appointment of full time salaried Arbitrators, and  
creating a new position of Senior Arbitrator.

This Bill gives effect to these recommendations and amends the number of Deputy Presidents that may be appointed at anyone time.

I will now turn to the details of the amendments.

This 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 only be two Deputies at anyone time.

As I previously mentioned, amendments made in 2004 allowed 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. Arbitrators will no longer **only** be appointed by the President on a sessional basis. Rather full time, salaried Arbitrators will be appointed by the Minister for a five-year term.

The President of the Commission has indicated that between 18 and 22 full time Arbitrators will initially be required. I understand that 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.

This 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 Offices Remuneration Act provide for the Statutory and Other Offices Remuneration Tribunal (the Tribunal) to determine the remuneration of senior arbiters and other full time arbiters. 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 this Bill.

I believe these amendments are essential to ensuring 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 NSW community.

I commend the Bill to the House.