

## Questions on Notice – Budget Estimates – PC1 – Premier – 4 March 2021

**The Hon. DANIEL MOOKHEY:** Thank you. I appreciate that. And I do appreciate that context as well. Auditor-General, do you mind turning to page 31? You identify a set of issues to do with the way icare has administered the Nominal Insurer. You say in the paragraph that I have highlighted:

icare's allocation methodology resulted in the Workers' Compensation Nominal Insurer ... being charged 80 per cent ... of the indirect costs incurred by icare to manage all of its statutory schemes ... and 64 per cent of all direct costs.

You make the recommendation:

Insurance and Care NSW should ensure its approach to allocating services fees to the Workers Compensation Nominal Insurer and the other schemes it manages, is transparent and reflects actual costs.

You have also stated:

icare has not been able to demonstrate that its allocation of costs reflects the actual costs incurred by each scheme.

What I am interested in is: How much has the Nominal Insurer paid for costs that icare should have attributed to other schemes? You might need to take that on notice.

**Ms CRAWFORD:** I would have to take that on notice, I am sorry.

We reported concerns with the extent of documentation supporting the methodology used by icare to allocate indirect costs to the Nominal Insurer; highlighting the risk that the costs attributed to each scheme didn't reflect actual costs.

We did not identify specific instances where the charges were inappropriate.

**The Hon. DANIEL MOOKHEY:** On page 33 you state:

... 19.6 per cent of senior executive and applicable staff did not complete a conflict of interest declaration in 2019–20

Do you see that?

**Ms CRAWFORD:** Yes.

**The Hon. DANIEL MOOKHEY:** Has any other agency had such a record, that you are aware of?

**Ms CRAWFORD:** Yes. I suspect that that is the case. We do look in all of our audits across the sector at registers of conflicts of interest and it is variable.

**The Hon. DANIEL MOOKHEY:** Right—that is worrying. Do you wish to identify the other agencies that might have such a problem?

**Ms CRAWFORD:** No, I would have to take that on notice.

The Auditor-General's report *Internal Controls and Governance 2017*, tabled in December 2017, reported on how well the 39 largest agencies within the NSW public sector are managing conflicts of interest. Commentary on conflicts of interest appears on pages 52 – 53 of the report. The report stated:

"We found that 62 per cent of agencies do not require all staff to declare conflicts of interest annually. Of those that do, 35 per cent do not identify and follow up on outstanding declarations. And 10 per cent do not require the immediate update of their conflicts-of-interest register when a declaration is made.

Further, some 15 per cent of agencies do not train staff in their conflicts-of-interest policy, and eight per cent do not train new staff during induction. This increases the risk their staff may not be aware of their obligations to manage conflicts of interest."

The report is available at <https://www.audit.nsw.gov.au/our-work/reports/internal-controls-and-governance-2017>.

**The Hon. DANIEL MOOKHEY:** Fair enough. Also in that section you make the point, insofar as Treasury Managed Fund goes, that the number of psychological injury claims has risen dramatically—you did not use the term "dramatically" but I am using the term "dramatically". And that is attributable to the police, actually—we have established that elsewhere. Firstly, did you establish that those claims were arising from additional NSW Police Force claims?

**Ms CRAWFORD:** I would have to take that on notice. I am not certain.

**The Hon. DANIEL MOOKHEY:** If so, can you take on notice why you think there are so many more additional psychological injury claims coming from the NSW Police Force?

**Ms CRAWFORD:** I could not express a general view about that.

**The Hon. DANIEL MOOKHEY:** That is fair.

**Ms CRAWFORD:** It has been the subject of past audits that we have done through my office so I could refer you to those.

The Auditor-General's performance audit *Preventing and managing injured workers*, tabled in October 2016, assessed how well the NSW Police Force and Fire & Rescue NSW prevent worker injuries and manage the return to work of injured workers. The report is available at <https://www.audit.nsw.gov.au/our-work/reports/preventing-and-managing-worker-injuries>.

We recommend that details on the increasing number of psychological injury claims be sought from icare and / or NSW Police.