

14 March 2022
Your Ref: D22/07015
Our Ref: 00033/22

The Hon Wes Fang MLC
Committee Chair
Standing Committee on Law and Justice, Legislative Council
Parliament of NSW
Law@parliament.nsw.gov.au

Dear Mr Fang,

In response to your request for additional information from icare, and to assist the Committee in its upcoming hearing for the *2021 Review of the Dust Diseases Scheme* on 18 March 2022, I attach a copy of reports prepared by PwC and Deloitte, regarding underpayments to workers under the Scheme and remediation.

The PwC report was commissioned to support icare in the development of a remediation methodology to address underpayments to workers in the Scheme that arose from historical misinterpretations of the legislation. PwC's scope included the development of guiding principles for the program as well as the steps in the remediation process.

The Deloitte report was commissioned to provide independent assurance over the remediation methodology developed by icare and PwC. The focus was on the extent to which the proposed approach was appropriate, fair and timely.

You will note that some content has been redacted as it referred to confidential communication containing legal advice.

Should you require any further information, please contact me directly by email at

Yours sincerely

Clemency Morony
Head of Ministerial & Parliamentary Support
icare

Encl

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This report is prepared by Deloitte Touche Tohmatsu and Deloitte was engaged by Insurance and Care NSW (icare).

The report is solely for the use of icare and is not intended to and should not be used or relied upon by anyone else. Deloitte does not accept any duty of care, to any other person or entity other than icare. The report has been prepared for the purpose set out in the engagement letter between Deloitte and icare dated 10 June 2021.

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All queries related to the content, or to any use of this report must be addressed to Aneliese Algie.



icare

Assessment of the design effectiveness of the Dust Diseases
Care Award Remediation Program Methodology

12 August 2021

1 Background

1.1 Background to the program

The Dust Diseases Scheme (DDS) is administered by icare and operates under the Workers' Compensation (Dust Diseases) Act 1942 (1942 Act) which is to be read together with the pre-2012 Workers Compensation Act 1987 (1987 Act).

In 2019, in order to prepare for a system build and the coding of entitlement amounts for compensation payments, a review was completed regarding the interpretation of the Dust Diseases Care (DDC) benefit entitlements provided for under the 1942 Act and 1987 Act and the calculations used by icare to determine compensation benefits.

icare have advised there are three types of issues which have been identified from this review that result in the miscalculation of compensation payments and were caused by an incorrect interpretation of the 1942 Act. The issues identified are:

1. Underpayment of participants due to an incorrect rate being used for the first 26 weeks.
2. Overpayment of participants due to an incorrect rate being used.
3. Overpayment of participants due to dependent allowances being granted in error.

As a result, icare commenced the DDC Award Remediation Program (DDC Award Program or Program) in 2021, with the objective of remediating participants who have been underpaid as a result of the DDC Award miscalculation from 4 December 2014. At the time of our report, only participants who have been potentially underpaid will be subject to review, and remediation where applicable, as icare intends to pursue legislative change which will help address situations of overpayment.¹

The DDC Award Program applies the following key remediation principles²:

- Participant centric – the aim of the remediation program is to do what is right and fair for the participant or their estates in the first instance.
- Adhere to icare's social and legislative duty – all remediation activities will be performed in accordance with social duty, regulatory requirements, expectations and obligations.
- Consistent and comprehensive – the reconciliation and remediation approach is consistent for all affected in scope participants.
- Overpayments will not be recovered – no effort will be made to recover historical overpayments to participants.
- Participant contact – reasonable efforts will be made to contact all impacted participants, including dependants of deceased participants.

2 Deloitte scope and approach

2.1 Scope

Deloitte (we or our) was appointed to assess the extent to which the DDC Award Remediation Program Methodology (DDC Award Methodology or Methodology), is considered appropriate, fair and timely as it relates to the remediation of underpaid DDC participants, or beneficiaries to the estate of deceased DDC participants, and to identify areas for improvement (as required). The scope of our work was limited to the services described as 'Phase 1: Review of the Methodology' in the engagement letter signed for and on behalf of icare on 11 June 2021 (the Engagement Letter) and to aspects of the design of the DDC Award Methodology that relates to potentially underpaid participants. Any subsequent changes to the Methodology could have an impact upon our conclusion. Our work is subject to the assumptions, conditions and limitations contained in the Engagement Letter and as described in this report.

¹ DRAFT DDC Award Remediation Program methodology document, v0.4, 30 June 2021.

² Ibid.

2.2 Approach

In assessing the Methodology we used our standard procedures for assessing remediation methodologies which includes consideration of the following:

- The period of time covered by the DDC Award Program.
- How in scope participants would be identified.
- How assessments would be conducted to determine if an error occurred.
- How remediation calculations would be performed.
- How participants and/or their legal representatives would be contacted throughout the DDC Award Program.
- How participants and/or the beneficiaries of their estate would be paid where remediation was applicable.
- How workers could dispute the findings if they disagreed with the outcome.

Deloitte completed the following procedures in our review:

1. Obtained, read and assessed the document that sets out the Methodology and process.
2. Gained an understanding of the remediation approach through inquiry, including discussions with icare.

In determining whether the Methodology was appropriate, fair and timely, the following definitions have been applied in performing our work.

Table 1: Assessment definitions

Term	Definition
Appropriate	<p>The appropriateness of a methodology considers the extent that it is designed to effectively:</p> <ul style="list-style-type: none">• identify and remediate participants impacted by the issue in question; and• enable the achievement of other remediation program objectives. <p>Consideration of the extent that a program is appropriate gives consideration to the legal, regulatory and operational challenges. Consideration is also given to whether the methodology is “fair” and “timely” as defined below.</p>
Fair	<p>The fairness of a methodology considers whether reasonable steps will be taken to proactively identify and engage with participants impacted by the remediation issue; and that participants are treated in a manner that is timely, consistent, honest and with the necessary support to be remediated where required. Fairness is considered largely from the perspective of the participant.</p>
Timely	<p>The timeliness of a methodology considers whether the activities noted in the methodology are able to be conducted without unnecessary delay; and the stated period for any timebound steps or processes are considered reasonable.</p>

2.3 Our report is based on the following assumptions and conditions:

- Our work was based on information and artefacts provided to us by icare for the DDC Award Program.
- We have assumed that the information provided is true, correct and not misleading. If the information is untrue, incorrect or misleading then our work may be incorrect or inappropriate.

The scope of our work did not include the following:

- [REDACTED]
- An assessment of icare’s communications approach, specifically letter templates, email templates, call scripts and frequently asked questions (FAQs), as these were not finalised at the time of this Report.

- An assessment of icare's calculators, payment policies, mechanisms and processes, as these were not finalised at the time of this Report.
- An assessment of icare's unclaimed monies approach, as this was not finalised at the time of this Report.
- An assessment of business-as-usual (BAU) processes that will be adopted by the Program e.g. relating to the payment of remediation monies.
- An assessment of the skills and capabilities of staff at icare or any intended service provider.
- Any reperformance or assessment of any activities related to the execution of the Methodology (e.g. participant identification, assessment and calculation).
- Validation of the completeness and accuracy of any data relied upon by icare, e.g. data to identify in-scope participants or an assessment of the design of the data related quality controls e.g. pertaining to extraction and/or manipulation.
- Any interpretation of law. No legal opinions or tax advice are provided or can be assumed.

3 Deloitte conclusion

3.1 Design assessment conclusion

Except for the findings noted in Section 3.2 below, at the date of this report we consider that the design of the DDC Award Methodology is appropriate, fair and timely, as it relates to the remediation of impacted underpaid DDC Award participants, based on the scope of our work, assumptions and limitations as set out herein.

Our assessment is based on the Methodology dated 30 June 2021. We understand the Methodology is substantively complete, however, any subsequent changes to the Methodology could have an impact upon our conclusion.

3.2 Recommendations to improve appropriateness, fairness, and/or timeliness

Table 2: List of key findings and recommended actions

#	Finding	Recommended actions
1	<p>The scope of the Program and the remediation period</p> <p>It is acknowledged that the start date for the remediation period has been determined (i.e. 4 December 2014), and participants are in scope where:</p> <ul style="list-style-type: none"> • Their first 26 weeks of benefits commenced after 4 December 2014. • Their first 26 weeks of benefits commenced prior to 4 December 2014 and continued after that date. • Their first 26 weeks of benefits completed prior to 4 December 2014 and the participant is still alive. <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED] it would be more appropriate to consider additional data led analysis to support the decision in determining the start date and/or any scoping decisions.</p>	<ol style="list-style-type: none"> icare should explore the quality of their relevant and accessible data, including a sense-check of the file content, and use this analysis to support the decision on the start date of the Program and/or scoping of potentially impacted participants (prior to implementation of the Methodology). This analysis should be documented and recorded. icare should commit to having a checkpoint following the implementation of the Methodology to review continued relevance, for example whether information is easier to obtain, of better quality than expected and/or whether the estates of deceased participants are more easily traced, which may in turn alter the current scope. icare should undertake targeted analysis, when the time is right, that addresses whether the errors that gave rise to the DDC Award Program are no longer adversely impacting participants to the extent that would warrant further remediation action when determining the end date of the Program. In addition, icare could

# Finding	Recommended actions
<p>For example, a participant who completed their first 26 week period on 30 November 2014 and died in March 2021 would be considered out of scope based on the current approach.</p> <p>At the time of our report the end date for the remediation period and Program had not been set.</p>	<p>consider performing a risk assessment to understand any updated processes and controls, and whether those controls are designed and operating effectively.</p> <p>iv) icare should determine the relevant actions and process steps for the circumstances where a participant/legal representative of a deceased participant that is not eligible for review (out of scope) contacts icare for a review. This should be documented accordingly to ensure fair and equitable treatment of all scheme participants.</p> <p>Refer also Finding 2.</p>
<p>2 Ongoing analysis of remediation outcomes should continue to inform future Methodology enhancements and/or alter initial scoping decisions</p> <p>It is understood that following a 'go-live' date, there will be a period of 'hypercare' where the solution will be closely monitored using designed controls. However, there is currently no commitment in the Methodology to undertake continued analysis of interactions with participants or their beneficiaries, or the outcomes of closed cases, to identify whether additional activities are required to be undertaken by the DDC Award Program. This may include adjustment to the scope and/or enhancements to the Methodology.</p> <p>It would be appropriate to include the ongoing consideration of any identified trends to ensure that any themes relevant to remediation are identified and actioned.</p>	<p>i) Together with recommended actions (i) and (ii) from Finding 1, icare should monitor and seek data indicators to identify if segments of the population require further action (e.g. conducting more reviews where the participant is deceased, but the legal representatives of the estate are known) and commit to this within its documented Methodology.</p> <p>The ongoing analysis may inform whether enhancements are needed around communication methods, the content of any communications and influence whether or not amendments to the review period and/or scope are necessary.</p>
<p>3 Time value of money</p> <p>The application of time value of money (interest) to a remediation payment amount is appropriate for the DDC Award Program. This differs from other icare remediation programs, where icare is not able to do so due to the applicable legislative requirements.</p> <p>At the time of our work icare had not decided upon the interest rate to adopt in order to compensate the participant or their beneficiary for the time value of money, although it was considering a flat rate of 3% reflecting the Reserve Bank of Australia (RBA) cash rate plus an additional 200 – 300 basis points.</p> <p>Standard industry practice for the remediation of underpayments of wages is the Federal Court Pre-Judgement Interest Rate, which is RBA + 4%, applied at a simple rate of interest. For clarity, the interest that accrues on each shortfall is based on the</p>	<p>i) icare should consider adopting an interest rate that is appropriate and fair. In contemplating this, icare should take into consideration the following factors:</p> <ul style="list-style-type: none"> • Is the rate: <ul style="list-style-type: none"> – reasonably high; – relatively stable; – set by an independent body; and – aligned to standard industry practice. • Whether the rate will set a precedent for other remediation programs and/or settlements e.g. complaint resolution. <p>Refer also Finding 4.</p>

#	Finding	Recommended actions
	<p>relevant RBA cash rate + 4% for the period, and each subsequent period, up to the date of remediation.</p> <p>In remediation programs pertaining to insurance products we have often seen Section 57 of Insurance Act and Regulation 38 of the Insurance Contracts Regulations 2017 (ICR) applied, which sets out a rate based on the 10-year treasury bond yield at the end of the half-financial year, plus 3% being used, applied at a daily compounding rate of interest.</p>	
4	<p>Provision of a payment to cover tax, legal or other professional advice costs</p> <p>Whilst the nature of the remediation payment itself is not considered to be complex, the impacts to personal income tax and Centrelink benefit payments may be difficult for DDC participants or their beneficiaries to understand and assess in the context of their situation.</p> <p>Whilst icare are already considering the implications with regards to this and any related communications, it would be appropriate in the circumstances for icare to also cover reasonable professional advice costs which may be incurred by the participant or beneficiary associated with an assessment of the remediation payment on their situation e.g. tax and legal costs.</p> <p>From our experience of similar programs of this scale and anticipated remediation levels, a reasonable cost would typically be between \$500 and \$1,500.</p>	<p>i) icare could consider implementing a process that enables the participant, beneficiary and/or legal representative to recover associated reasonable costs for tax, legal or other related advice costs.</p> <p>As an alternative, and subject to legal limitations and having regard for any personal income and fringe benefit tax implications, icare may want to consider payment of professional costs as an advance payment at the time of the remediation, rather than as a reimbursement. This will reduce the red-tape burden placed upon the participant/beneficiary or their legal representative and ensure better access to timely advice to support their understanding of the remediation payment and any associated impact.</p> <p>If icare wish to make an advanced payment to cover professional advice costs, the amount may be influenced by the chosen interest rate used to compensate for time value of money. A proactive payment should be set at a fixed/capped amount, for example \$1,000 and clearly differentiated from the remediation payment in outcome letters and/or reporting.</p>

4 Limitations of our work

4.1 General Use Restriction

This report is solely for the internal use of icare. Deloitte understands that icare will provide a copy of this report to State Insurance Regulatory Authority ("SIRA") and NSW Treasury. We agree that a copy of our report can be provided to SIRA and NSW Treasury, and also released publicly on the basis that it is published for general information only and that we do not accept any duty, liability or responsibility to any person (other than icare) in relation to this report. Recipients of this report should seek their own independent expert advice. The report has been prepared for the purpose set out in the Engagement Letter dated 10 June 2021.

4.2 Limitations

Deloitte assumes that any information provided by icare in relation to inquiries for this report are true, complete and not misleading. Deloitte has not performed any audit, testing or verification of the information supplied. However, if based on Deloitte's professional experiences, Deloitte identified a deficiency or gap in the information provided to Deloitte by icare, Deloitte has raised this with icare to see whether icare has the missing information. If the information provided is untrue,

incorrect or misleading then the report may be incorrect or inappropriate for its purpose. The decision-making responsibility in response to any findings in this report reside solely with icare.

We believe the statements made in this report are accurate, but no warranty of completeness, accuracy, or reliability is given in relation to the statements and representations made by, and the information and documentation provided by icare.

We have not attempted to verify or test the completeness and accuracy of any data sources independently unless otherwise noted within the report.

Deloitte was appointed under the Standard Form of Agreement icare Assurance Review Services Contract 4600002099. The procedures that we performed however did not constitute an assurance engagement in accordance with Australian Standards for Assurance Engagements, nor did it represent any form of audit under Australian Standards on Auditing, and consequently no assurance opinion or conclusion is provided. The procedures performed were high level in nature.

Our work was performed on a sample basis, we did not examine the entire content of the relied upon document, every activity or procedure, nor can we be a substitute for management's responsibility to ensure adequacy of the charters, policies and maintenance of adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud.

Our assessment is based on the relevant legislative and compliance obligations as identified within the Engagement Letter and information provided by you at a point in time which are subject to change and hence cannot be relied upon to meet the future compliance needs.

We do not provide any legal advice or opinion as part of our Services.

Our Services cannot be relied upon to disclose irregularities, including fraud, other illegal acts, or errors which may exist; however, Deloitte agreed to inform icare of any such matters as they come to Deloitte's attention in the performance of the Services. No matters have been identified.

Our work is not binding on the courts and it is not a representation, warranty, or guarantee that the courts will agree with our work.



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DDC Award Remediation Program

Version 0.5

21/10/2021

Version Control

Version		Dated	Approved by	Key Changes
0.1	Initial Draft	16/03/2021	...	N/A
0.2	Revised	01/06/2021	...	Updated with processes and decisions made since v0.1
0.3	Revised	03/06/2021	..	Incorporated feedback to support incorporation of activities completed to date
0.4	Revised	23/06/2021	...	Incorporated business rules and Cross functional Steering Terms of Reference. Further updates have been made including: [REDACTED] updated potentially impacted participant population as at May 2021
0.5	Revised	21/10/2021	...	Updated business rules, file review assumptions related to CWWR; updated process maps and communications approach; updated potentially impacted participant population as at Sep 2021.



Note the DDC Award Remediation Program was drafted by PwC with input and support from icare.

Contents

1. Background	3
2. Purpose and scope of this document	4
3. Remediation Program Overview	5
4. Remediation Principles	6
5. Governance	7
5.1 Planning Stage	7
5.2 Execution Stage	8
6. Participant Remediation	9
6.1 Discovery	9
6.1.1 Issue Identification	9
6.1.2 Root cause analysis and issue validation	10
6.1.3 Scope impacted population	10
6.2 Design & Build	12
6.2.1 Define remediation approach & methodology	12
6.2.1 Tools and templates required for remediation	23
6.3 Execution	25
6.3.1 Communicate to impacted participants	25
6.3.2 Implement Remedial Actions	25
6.3.3 Close Remediation File	26
7. Solution Implementation & Monitoring	27
7.1 Solution Design	27
7.2 Solution Build and Test	27
7.3 User Training and Education	27
7.4 Solution Implementation and Monitoring	27
8. Enabling Functions	28
Appendix A: Participant Contact Approach	29
Appendix B: Remediation Time Period	32
Appendix C: Business Rules	34
Appendix D: Draft Steering Group Terms of Reference	37

1. Background

The Dust Diseases Scheme is administered by the Workers' Compensation (Dust Diseases) Act 1942 (1942 Act) which is to be read together with the pre-2012 Workers Compensation Act 1987 (1987 Act). Amendments over the years have resulted in ambiguity and complexity in the interpretation of the benefit entitlements.

In 2019, in order to prepare for a system build and the coding of entitlement amounts for compensation payments, the Dust Diseases Care sought an improved understanding of the calculations used to determine compensation benefits.

[REDACTED]
[REDACTED]
[REDACTED] The issues identified are:

1. Underpayment of participants due to an incorrect rate being used for the first 26 weeks.
2. Overpayment of participants due to an incorrect rate being used.
3. Overpayment of participants due to dependent allowances being granted in error.

Note: *Whilst underpayments will be remediated, preliminary discussions with the Treasurer's office have indicated appetite for the introduction of legislation to facilitate the remediation, as it relates to maintaining existing overpayment practices. This is to minimise the impact on participants. As such at the time of drafting the DDC Award Remediation Program any changes to reducing payments are considered out of scope of the remediation activities.*

2. Purpose and scope of this document

The Dust Diseases Care Award Remediation Program (Remediation Program) aims to guide and support the development and execution of remediation activities by considering corrective compensation payments to identified impacted participants.

This document is intended to:

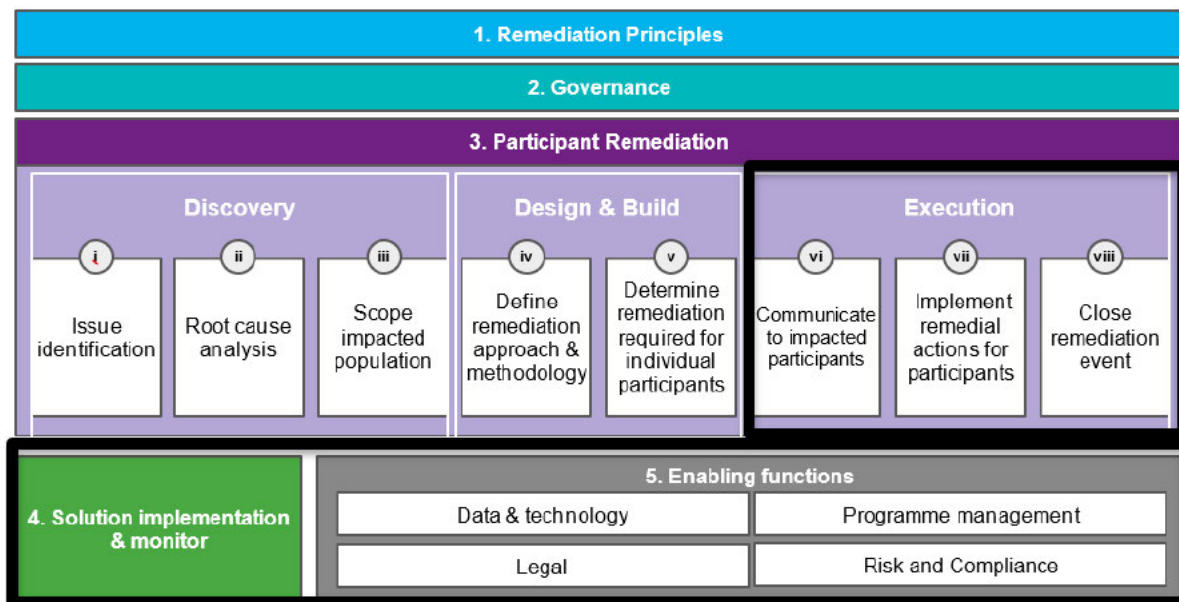
- Outline the remediation guiding principles to guide remediation solutions, approach and activities in responding to the issues identified
- Provide an overview of the governance arrangements in place over the duration of the remediation process.
- Outline the key steps involved in issue identification, root cause analysis, and scoping the impacted population.
- Outline the key steps involved within the file assessment and remediation process.
- Outline the key points of reference which will be used to support decisions made in relation to calculating the remediation for impacted participants.
- Provide an overview of the way in which participants should be engaged and communicated with during remediation.


It is important to note that this document acts as a guide, and each in-scope file must be reviewed objectively and take account of all information available and the circumstances of each participant. This can be done using a combination of data analytics and file reviews to support efficiency and timely remediation.

This document is intended to be a 'living' document that will be updated as the remediation progresses, new decisions are made, and new information comes to light. Changes will be governed through version control and the associated review and approval process.

3. Remediation Program Overview

The diagram below sets out the areas addressed by the Remediation Program.



 Indicates areas which have **not yet commenced** and as such provides an overview of activities that will be performed in the future.

Note

The sections on the REMEDIATION PRINCIPLES, GOVERNANCE, DISCOVERY, DESIGN and BUILD phases of this document refer to areas that are 'in progress'. As such, where initial activities have been completed, the relevant sections will highlight the outcomes and conclusions achieved to date.

The sections on the EXECUTION and SOLUTION IMPLEMENTATION phases of this document refer to areas that have 'not yet commenced'. As such, these sections provide an overview of activities that will be performed in the future.

The following sections of this document will step through each area of the Remediation Program.

4. Remediation Principles

1. Remediation Principles

These remediation principles have been developed in accordance with icare's values of:

- Integrity - doing the right thing
- Courage - stepping up and taking action
- Accountability - taking personal ownership
- Respect - valuing each other
- Empathy - listening, understanding and being there.

In this regard an icare cross functional steering group defined the following remediation principles to guide remediation solutions, approach and activities in responding to the issues identified within DDC:

1. **Adhere to icare's social and legislative duty** - All remediation activities will be performed in accordance with social duty, regulatory requirements, expectations and obligations.
2. **Participant Centric** - The aim of the remediation program is to do what is right and fair for the participant or their estates in the first instance.
3. **Sustainable and efficient** - Any solution or methodology put in place is sustainable, supports fund viability, and can be carried out efficiently for all in-scope participants.
4. **Consistent and comprehensive** - The reconciliation and remediation approach is consistent for all affected in scope participants.
5. **Accurate and pragmatic** - The remediation program will strive for accuracy but will apply pragmatism in the instance that the participant datasets are not complete or where there is limited value in interrogating the data relative to the remediation timeliness and quantum.
6. **Overpayments will not be recovered** - No effort will be made to recover historical overpayments to participants.
7. **Communication with participants or their legal representatives are timely, transparent and courteous** - The remediation program will consider the impact of communication to participants and apply best working practice to these communications.
8. **Enabling timely, consistent and transparent decision-making** - Established governance and reporting structures to ensure appropriate oversight, risk consideration and timely decision making which can be evidenced at each step of the process. This includes engagement with external stakeholders, such as regulators and other agencies where required.

9. **Participant contact** - Reasonable efforts will be made to contact all impacted participants, including dependents of deceased participants.
10. **Supporting guidance** - Remediation activities will not include the provision of Financial Advice, however efforts will be made to provide participants with guidance and information on possible 'next steps' where practical (e.g. links to Centrelink, Veteran Affairs, ATO, etc.).

5. Governance

2. Governance

The Governance structure proposed differs along the stages of the Remediation Program in order to evolve in alignment with the program requirements. In this regard, the governance requirements have been designed to evolve from initial remediation program planning to execution, as described below.

5.1 Planning Stage

During the initial planning phase and prior to the remediation program commencing, a Steering Group with broad representation across functional areas such as Risk, Operations, Actuarial, Finance, Stakeholder Relations, Communications, Customer Experience and Legal identified and defined key requirements of the program in a joint forum. Key decisions arising from this icare cross functional steering group were formulated and brought to the icare Group Executive and Board for endorsement.

Governance forum / reporting	Frequency	Scope
icare cross functional steering group including other identified SMEs and stakeholder	Multiple working sessions a week	<ul style="list-style-type: none"> Define the remediation guidance principles Review key remediation options and determine most appropriate option based on the remediation guiding principles Discuss and agree business rules to be applied to data extracts in order to identify the potentially impacted population Design participant communication approach Design and document the file assessment and compensation process
icare cross functional steering group (Refer to appendix D for the draft terms of reference)	Weekly	<ul style="list-style-type: none"> Deliberate on key challenges, risks, decisions and other aspects of the program in a joint forum with broad representation from icare stakeholders Formally track and report on key planning activities with broad visibility Identify and address potential risks or roadblocks associated with the remediation program
GET / Board	Where decisions require endorsement	<ul style="list-style-type: none"> Approval / Endorsement of Remediation approach Approval / Endorsement of methodologies and approach, including changes (new scenarios which may arise) Approval / Endorsement of key communication artefacts

The members of the icare cross functional steering group are:

- Change Program Specialist
- Technical Manager
- Manager, Business Intelligence and Data Reporting
- Head of Policy Integration
- Head of Specialist Care Delivery
- Principal Lawyer
- Communications Manager
- General Manager, Workers Compensation
- Head of Media, Marketing, Events
- Customer Experience Operations Lead
- Business Technology Owner
- Head of Corporate Communications
- Communications Specialist Care
- General Manager - Specialist Care /Dust Diseases Care
- Senior Actuary
- Head of Enterprise Compliance

5.2 Execution Stage

The remediation program, once established, will be governed across the following two elements:

1. **Program** - Governance over the entire Remediation Program including remediation execution, system solution build, stakeholder engagement, participant communication, etc.
2. **Operational delivery** - Governance over operational delivery including progress on remediation file assessment, quality assurance, compensation payments, triage, etc.

Overall program governance will be managed through a dedicated steering committee. The steering committee must, at a minimum, have senior representatives from Risk, Operations, Actuarial, Finance, Stakeholder Relations, Communications, Customer Experience and Legal. An appointed member of this committee will update the Group Executive and Board highlighting the progress of the program.

Governance over operational delivery will be managed by a program working group, led by a Program Manager overseeing all aspects of the remediation program who will be accountable to:

- Drive overall remediation progress.
- Track timely delivery and conduct ongoing plan review.
- Address and escalate key issues and risks.
- Develop and deliver status reports, program plans and a register of the risks, issues, decisions, assumptions and dependencies.
- Triage of participant files where deviation is identified from defined methodology and approach.

The governance forums involved in the oversight and execution of the remediation are described below. Where appropriate, each forum will invite relevant subject matter experts to provide counsel and advice on matters under consideration, e.g. actuaries, behavioural economics and communications experts, as well as independent experts.

Governance forum / reporting	Frequency	Scope
Remediation Delivery Team (Responsible for operational delivery)	Daily	<ul style="list-style-type: none"> • Progress on file assessments, QA reviews and participant contact • Risks, issues and any roadblocks/ areas of improvement • Decisions and approvals of remediation approach, methodology, communication artefacts and calculator • Key decisions / triage outcomes that might impact conclusions previously made or file assessments going forward • New scenarios that might need to be included in our guidance materials and training • Triage of participant files where deviation is identified from defined methodology and approach (as needed)

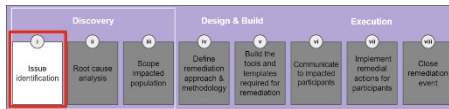
- Any other business

- Approval of Remediation approach
- Approval of methodologies and approach, including changes (new scenarios which may arise)
- Approval of key communication requirements and artefacts
- Risks, issues and any roadblocks/ areas of improvement
- Escalating and update the Group Executive and Board highlighting the progress of the program

6. Participant Remediation

6.1 Discovery

The Discovery Phase includes activities for (i) issue identification, (ii) root cause analysis, and (iii) scoping the impacted population. The section below provides an overview of the discovery phase requirements considered as well as the detail as it relates to the specific DDC remediation issues.



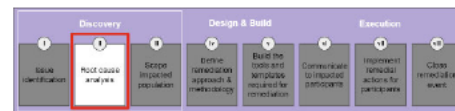
6.1.1 Issue Identification

Overview of the DDC Issue identified

The DDC sought an improved understanding of the calculations used to determine compensation benefits payable to workers with a dust disease in order to prepare for a system build and the coding of entitlement amounts for compensation payments. [REDACTED]

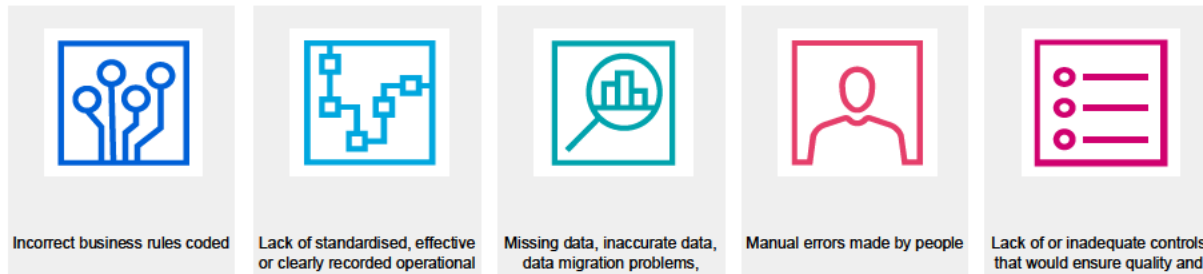
The issues identified are:

1. Underpayment of participants due to an incorrect rate being used for the first 26 weeks.
2. Overpayment of participants due to an incorrect rate being used.
3. Overpayment of participants due to dependent allowances being granted in error.



6.1.2 Root cause analysis and issue validation

Root causes may be associated with one or more of the following:

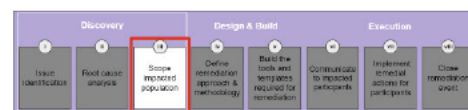


To determine the root cause of the issue SMEs were consulted to understand the issue and why it had occurred.

This consultation indicated that the root cause of the underpayment issue stemmed from a long standing and unappealed approach to paying workers who were totally disabled and retired. DDC entitlements differed from how retired workers are paid in other compensation schemes.

In relation to overpayments consultation indicated that the root cause stemmed from ambiguity within the Workers' Compensation (Dust Diseases) Act 1942 as to the proper calculation of weekly compensation entitlements. The 1942 Act is read together with the pre-2012 Workers' Compensation Act 1987 (the 1987 Act) and leads to some complexity in interpretation due to inconsistencies with regards to benefit entitlements.

As a result, awards were made based on incorrect interpretation of entitlements. These were then coded into systems and processes and have been consistently applied since the start of the issue.



6.1.3 Scope impacted population

This stage identifies the potentially impacted population in scope for file review, through data analysis.

When determining the remediation population for the DDC remediation program, the following has been considered:

- **Type of impact** - whether the impact has resulted in a loss (underpayment) or a gain (overpayment).
- **Time period** - when the participant was impacted, including how far back remediation would be required. It was decided that the remediation period start date will be exactly 6 years before the issue identification date (the date the matter was communicated to the icare Executive Team, 4 December 2020). Refer to **Appendix B** for rationale. In this regard Consideration of inscope participants include:
 - Any participant who commenced receiving their first 26 weeks of benefits after 4 December 2014 (including new emerging in scope participants)

- Any participant who commenced receiving their first 26 weeks of benefits prior to 4 December 2014 but was still receiving their 26 week benefit as at 4 December 2014
- Any participant who had completed their first 26 weeks of benefits prior to 4 December 2014 but are currently still alive

Scoping the potentially impacted population

The impacted population for the DDC remediation will include participants that have been underpaid historically. Where in doubt, the participants should be included in the potential impacted population. The remediation population will include those underpaid participants that fall within the defined remediation period, together with any living workers who remain DDC workers that fall outside that period.

It is not intended to remediate or contact overpaid participants at this point in time, given that icare will seek legislative change to align the legislation with existing payment practices where there has been overpayment. As such, only underpaid participants will be considered for remediation activities at this time.

To determine the potentially impacted population scope, key characteristics of an impacted claim were identified by reviewing impacted claims and root cause analysis. Characteristics may include:

- Impact period (entitlements paid between 4 December 2014 and the date remediation commences)
- Benefit type (totally disabled vs partially disabled)
- Payment type (weekly wage rate, dependent allowance, statutory rate, etc.)
- Payment frequency (weekly)

These characteristics formed the **business requirements** (Refer Appendix C for the business rules applied for the underpaid cohort) for the data team to produce a list of potentially impacted participants. The following participant population numbers were identified based on data extracts received for September 2021.

(1)	Up to 1,443 participants (1,141 deceased and 322 alive)	Yes	Yes
Underpaid	An additional 61 participants who completed their first 26 weeks prior to impact period who are currently still alive		
(Rate used)	Totally disabled, not working		
	Current: Stat rate		
	Should: Current weekly wage rate		

Note: The above numbers are current as at September 2021 and have been derived from analysis of data extracted by icare on all DDC clients and using available data fields to identify DDC participants who are potentially impacted under the identified scenarios. Where data is not available (e.g retirement or working status), the participants will be included in the file

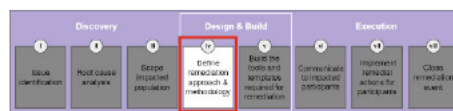
review process to determine whether they have been impacted or not. This approach mitigates the risk of excluding potentially impacted participants.

As award practices have not yet changed - the impacted population will need to be updated, as new participants will have joined the scheme whilst the strategic system fix has not been deployed.

Note: icare is in the process of determining the relevant actions and process steps for the circumstances where a participant/legal representative of a deceased participant that is not eligible for review (out of scope) contacts icare for a review. Where deemed appropriate these files will be considered for remediation.

6.2 Design & Build

The 'Design & Build' phase includes activities to (iv) define the approach & methodology and (v) build tools and templates to support the remediation for individual participants.



6.2.1 Define remediation approach & methodology

This stage formalises the remediation approach & methodologies and therefore includes:

- **The compensation approach** - the compensation elements for each participant segment, how they are calculated, and payment methods.
- **The communication approach** - the communication approach for each participant segment, communication plan and artefacts required.
- **File Review and Assessment approach and process** - where file assessment is required, a detailed overview of how the claim will be assessed to determine remediation.

The purpose of formalising the approach for the above-mentioned areas is to seek wide endorsement and approval on each of them, prior to commencing the remediation.

Compensation approach

The compensation approach defines how a participant will be paid. This will include:

- Compensation elements applicable per participant segment and how they are calculated including compensatory interest for the time value of money.
- Payment options per participant segment including EFT.

To date, the following considerations have been made in workshops with the Steering Group:

- **Time value of money:** Interest (to reflect the time value of money) shall apply to compensation payments. The RBA cash rate plus a margin of 4% will be applied where the RBA cash rate to be used is the highest rate applicable during the first 26-week entitlement period for each worker. Time value of money will be calculated as simple interest based on the number of days from the start of the

entitlement period to the date the remediation payment is expected to be made.

- *Tax implications:* It has been agreed with icare Finance that any remediation underpayments errors can be reflected on the current group certificate – there is no need to reissue group certificates of prior years. The group certificates are generated in CMS. Subject to it being received from CMS, Finance will lodge these. As such, ATO will not need to be consulted upfront with regards to the remediation process, however early engagement as a stakeholder is recommended.

In terms of withholding tax implications, the amount of tax withheld for alive participants (withholding tax does not apply to deceased participants) will be calculated in accordance with advice provided by icare. This amount will be withheld and paid to the ATO by icare.

In addition, an allowance of \$1,000 will be given to participants to seek further legal and tax advice.

- *Centrelink implications:* In line with the PIAWE program, icare will calculate the gross compensation payable and notify Centrelink of this amount. In return, Centrelink will determine the relevant net compensation and advise icare to enable the payment to the participant. This intended approach has been incorporated within the file review process below.
- *Compensation calculation considerations:* The remediation principles have been considered to define the high level compensation calculation. Compensation payments will be calculated as follows:
 - Remediation Amount = Current Weekly Wage Rate “CWWR” x Weeks in the 26 week period (will be less than 26 if the participant passed during the 26 week period) - (Total fortnightly payments received in first 26 weeks (this consists of the worker stat rate received + any additional dependent stat rates received)).
 - CWWR is subject to the capped amount applicable during the 26 week payment period (the current maximum amount is \$2,282.90 and will be updated again on 1 April 2022) regardless of injury date. The compensation amount will also be adjusted to include time value of money.

Note: The capped amount has been and will continue to be subject to change every 6 months i.e April and October.
- *Payment options:* Current Business As Usual (BAU) payment processes and systems will be used for remediation payments. Relevant system updates (where required) are currently being defined, built and tested.
- *Availability of operations and call centre teams:* Initial discussions were held with regards to the need for training and operational readiness, e.g. to action payments manually which may be required for closed or deceased participants who cannot be paid using current data on file.

Assumptions and compensation approach for the CWWR

A key data field required to calculate compensation is CWWR. The CWWR is calculated based on either an award, industrial or enterprise agreement rate, or the average weekly earnings where there is no applicable rate. In this regard the following general principles apply:

1. *The participant received CWWR (CWWR can be located on file) and not the stat rate for the correct occupation (i.e. occupation as at DOI) - No remediation required*
2. *The participant received CWWR (CWWR can be located on file) and not the stat rate. The CWWR was for the wrong occupation (i.e. most recent occupation which is different to occupation as at DOI), but what was received is higher than the ABS data for the correct occupation - No remediation required.*
3. *The participant received CWWR (CWWR can be located on file) and not the stat rate, but for the wrong occupation (i.e. most recent occupation which is different to occupation as at DOI) - Participant remediation required. ABS data will be used to remediate (refer to assumptions below). No need to contact the Participant to gather information. The outcome letter to the Participant will highlight information used to calculate compensation.*
4. *The participant received the stat rate and not CWWR - Participant remediation required. ABS data will be used to remediate (refer to assumptions below). No need to contact the Participant to gather information. The outcome letter to the Participant will highlight information used to calculate compensation.*

The following assumptions will be applied to compensation calculations in all scenarios which require remediation:

#	Assumption	Comments
1	In all scenarios which require remediation, ABS data on average weekly earnings based on occupation will be used to determine the compensation amount. This includes where the participant has been paid the stat rate or paid the CWWR based on the wrong occupation.	<ul style="list-style-type: none"> • The occupation of the participant at the date of injury is likely to be available on file / or in the data. This occupation will be matched to an occupation on the ABS dataset (63060DO011_201805 Employee Earnings and Hours, Australia, May 2018) to imply the participant's average weekly earnings. • In the case where the claimant's occupation may match to multiple possible occupations, the maximum earnings from the possible occupations will be taken. • The maximum earnings across gender will be taken.
2	Where the occupation on file cannot be matched to an ABS occupation, the file will go through the triage process.	Any files requiring triage will be discussed by the Remediation Delivery Team at the daily meetings (refer to section 5.2 Execution Stage).
3	Noting that the ABS data is at 2018 the compensation calculator should adjust to the specific year of compensation using historical inflation indices	<ul style="list-style-type: none"> • If incapacity period start date is up to and including 30 Sep 2018: Use May 2018 ABS AWE rate table, without applying any inflation or deflation • If incapacity period start date is after 30 Sep 2018: Inflate the 2018 ABS AWE rates to 1 April or 1 October immediately preceding the incapacity start date (that is, first 26-week benefit eligibility start date). • Inflate using WPI indices and methodology specified in the SIRA Workers Compensation Benefits Guide.

Note: These are a work in progress and may be subject to change.

Communication approach

When communicating with participants, a *positive participant experience* is a key priority and can be achieved through the use of:

- clear and simple language to inform and assist participants
- specific and easy to understand content tailored to each participant segment
- straightforward instructions that are focused on the purpose, benefit and action required, including reference to additional guidance & support where applicable

The needs of each participant segment should be considered when designing the communication approach. The participant segments within the remediation population can be further categorised into communication scenarios, such as participants with full contact details, participants without contact details, and participants with partial contact details only.

To date, the following communications related activities have taken place and discussed in workshops with the Steering Group:

- An initial set of required communication artefacts has been defined - refer to table below.
- Required artefacts have been drafted together with participant communication SMEs. Assistance is being sought from the Behavioural Economic experts to determine suitable wording for relevant participant cohorts.
- Mail house service providers have been engaged, predominantly for the purposes of an initial generic notification to all potentially affected participants.
- Design of a high-level participant contact approach for obtaining missing information as part of the file review process, if required. Refer to **Appendix A**.
 - Note that it is anticipated that participant contact will only be required in limited instances where the defined file review and compensation assumptions cannot be applied (e.g. updated bank details, recipient of compensation for deceased estates, occupation cannot be determined).

The table below provides a list of communication artefacts:

Letter	Once file review has been completed, each participant must receive an outcome letter informing them of the DDC Award Remediation Program and outline any assumptions made, compensation to be paid, centrelink deductions etc.
Email	Where address data is unavailable, emails may be used.
Phone call scripts	Scripts for inbound or outbound calls to be used by the call centre.

Frequently Asked Questions (FAQs)	A list of FAQs to be used by the call centre to assist with answering calls.
Transaction narrative & participant system note	When a payment is made to the participant, the description should clearly link the payment to the remediation. Similarly and where relevant, notes should be provided on the participant files.

All artefacts will be reviewed and approved by the working group, including legal.

File Review and Assessment approach and process

File assessment are required if:

- Key data required to scope the impacted population is inaccurate or not available; and/or,
- The impact of the issue cannot be identified through data available.

icare SMEs will provide training and documents to assist the remediation team in the design of a high-level file assessment methodology. The final methodology will then be reviewed and approved by the icare cross functional steering group.

The file assessment plan and approach will also include a quality control framework that will cover the following:

- **File assessment** - performed on 100% of the potentially impacted participants to identify the remedial action applicable per participant.
- **Quality assessment** - review by an experienced team member on 100% of participants assessed to confirm that the file assessment was accurate. This assessor must be more experienced and showcase a high level of quality during file assessment.
- **Quality control** - review by a highly experienced team member on 10% of all participants assessed. The purpose of this review is to validate the file assessment and provide feedback on the quality assessment.
- **Rework** - where errors are identified within the quality assessment and quality control stages, the file will be sent back to the file assessor. The file assessor will update the assessment based on detailed feedback provided. The file will then go back to the stage which identified the error.

File review assumptions where information is not on file

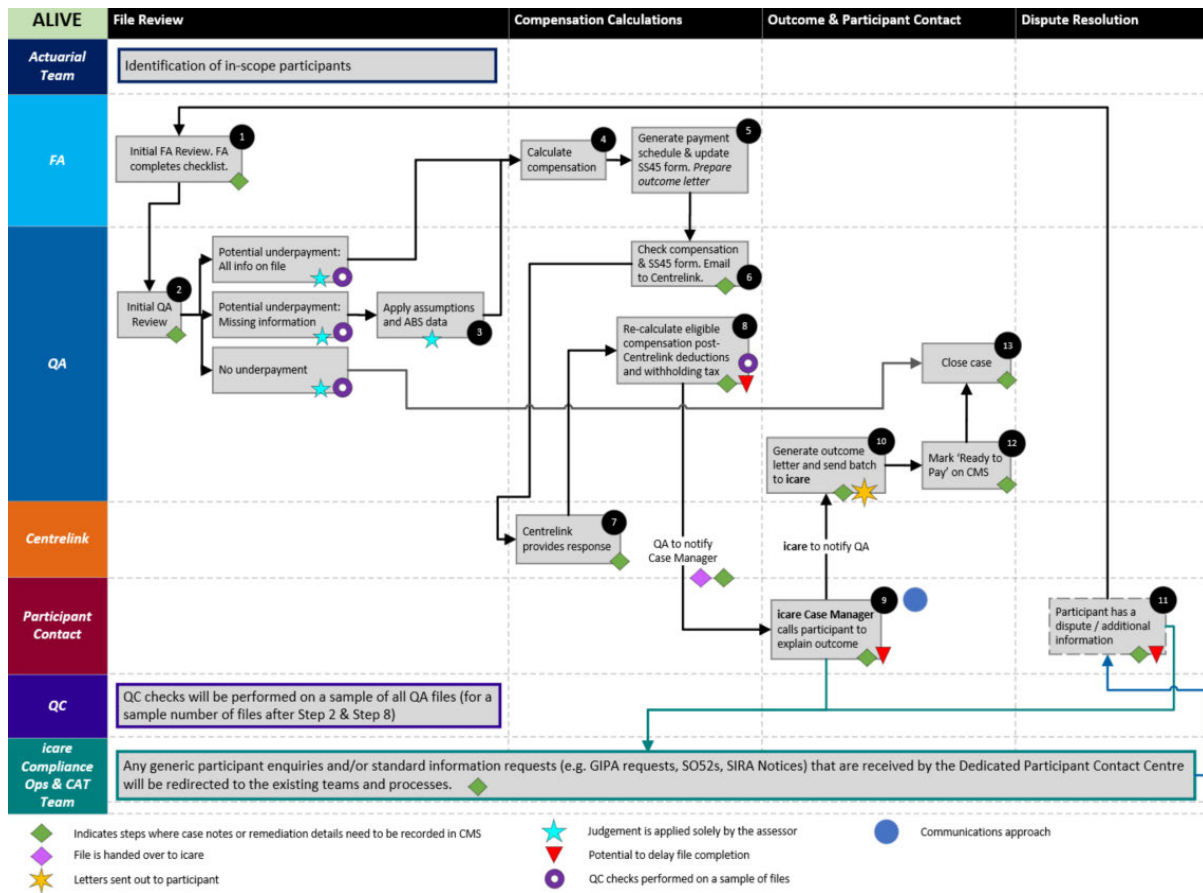
The following assumptions will apply to the file assessment where information is not available or is unclear on file:

#	Assumption	Comments
1	Where there is no evidence to suggest that a participant was working during the first 26 week period, it is assumed that they were not working.	<p>Where there is any uncertainty around working status, it is assumed that the Benefit Effective Date is accurate (i.e. the date stated in the award document has taken into account the date that the participant has ceased working in any capacity).</p> <ul style="list-style-type: none"> For example, the Industrial History indicates that the participant's last employment period was 2003-2016 without specifying the exact day or month the participant ceased to work. The Award document states that as at 01/05/2016, the participant is certified to have been retired, is totally disabled, and is eligible for weekly compensation benefits commencing 01/03/2016. There is no other evidence to suggest that the participant was working past March 2016. Therefore, it is assumed that they were not working as at the Benefit Effective Date.

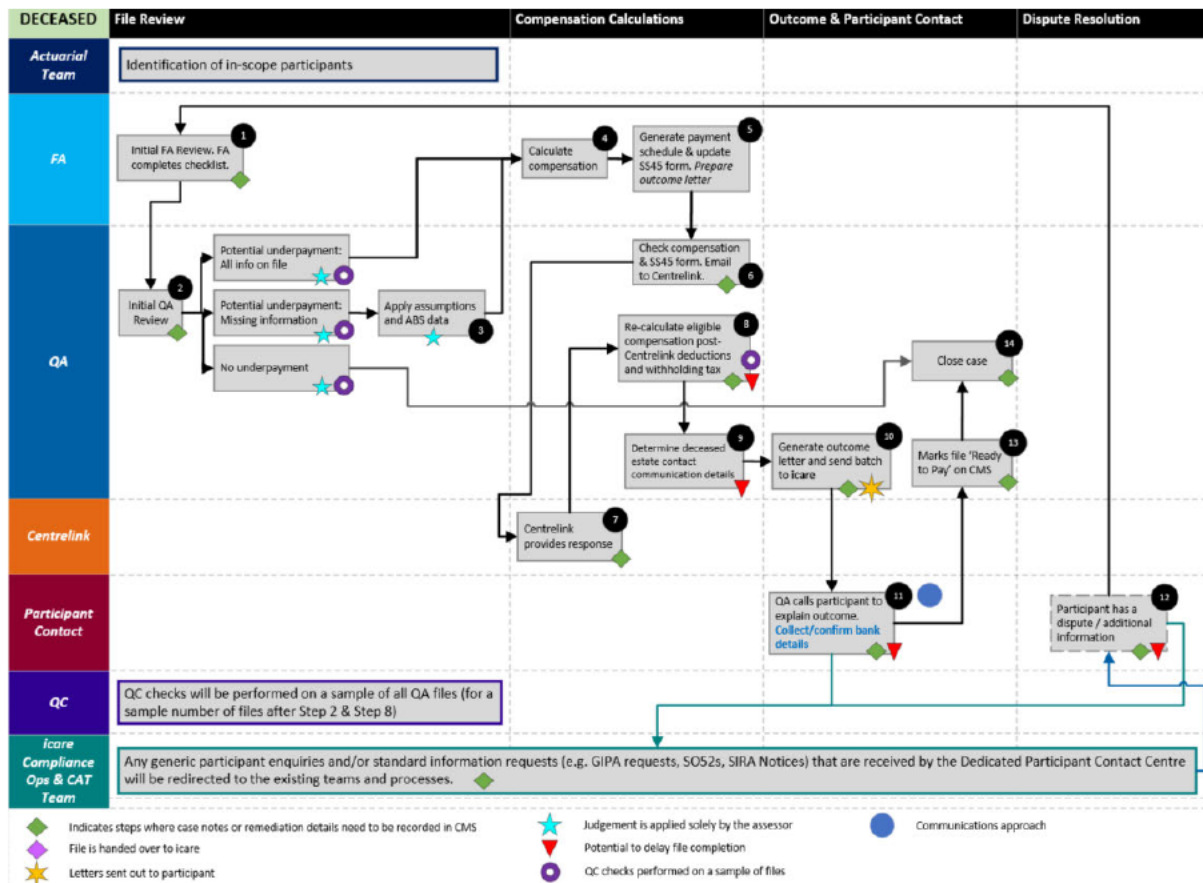
End-to-end file assessment and participant contact process

In relation to the DDC remediation review, the following process diagram has been defined in relation to the end-to-end process for file assessments and participant contact. It should be noted that the processes slightly differ between participants currently within their first 26 weeks and for those that fall outside this period. In relation to participants who are in their first 26 weeks contact will be made in all instances where a file is in-scope to ensure correct capture of CWWR as this will inform system changes. For participants who fall outside this period, participant contact will be limited to instances where information is not on file and appropriate assumptions cannot be made.

A. Diagram of end-to-end participant remediation process - Alive participants



B. Diagram of end-to-end participant remediation process - Deceased participants



Overview of process steps (both Alive and Deceased):

#	Process Step	Description	Responsible
1	Initial FA review	FA conducts initial review and completes the relevant sections of the checklist.	FA
2	Initial QA review <ul style="list-style-type: none"> Potential underpayment (all information on file) Potential underpayment (missing information) No underpayment 	QA reviews the checklist completed by the FA. <ul style="list-style-type: none"> Potential underpayment (all information is on file): send to FA to complete compensation calculations (proceed to Step 4). Potential underpayment (missing information): apply assumptions and then send to FA to complete compensation calculations (proceed to Step 4). No underpayment: proceed to closing the case (Step 13). 	QA
3	Apply assumptions and ABS data	QA to ensure that the relevant assumptions have been applied during the file review where information is missing, before proceeding to the next step.	QA

4	Initial calculation of compensation	Where a file is identified to have potential underpayment and has all relevant information and/or assumptions applied, the FA is to complete initial compensation calculations.	FA
5	Centrelink payment schedule & SS45 form	FA to complete the Centrelink payment schedule attachment and SS45 form with required details.	FA
6	QA of compensation calculations and Centrelink documents. Notify Centrelink	QA reviews the calculated amount of compensation due to the participant, payment schedule and SS45 form for accuracy. Email information to Centrelink once reviewed to notify them that the participant will be compensated..	QA
7	Obtain Centrelink response	Centrelink provides a response on the Centrelink deduction amount. Notify Centrelink that the participant will be compensated and determine the Centrelink impact on the final compensation amount.	QA
<i>Alive Participants Process</i>			
8	QA re-calculates compensation	QA re-calculates the final compensation amount net of Centrelink deduction and withholding tax. Notify the icare Case Manager that the file is ready for participant contact.	QA
9	Participant outcome call	The icare Case Manager for the alive participant conducts an outcome call to provide a high-level overview of the outcome call and dispute process. ¹	icare Case Manager
10	Generate outcome letter. Provide to icare for mailing out	QA to generate the outcome letter. Outcome letter to reflect the final compensation amount, any deductions payable to Centrelink, and the impact on the participant's regular payments. Letters to be provided to icare in batches for mailing out.	QA/icare

¹ Where participants contact icare with a dispute or additional information after receiving the outcome letter, they will be referred to the Dedicated Participant Contact Centre to resolve their dispute.

icare does not have an external dispute resolution body. In accordance with legislative requirements participants dispute resolution pathway is an appeal through the NSW district court.

The working group has given consideration to dispute resolution which includes, splitting the call centre team from an alternative dispute resolution team (e.g. a specialised icare remediation team).

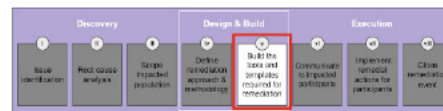
11	Participant has a dispute / additional information	<p>Participants may contact icare with a dispute or additional information after receiving the outcome letter. Any additional information provided which may impact the compensation amount will move the file back into file review (return to Step 1).</p> <p>If Case Managers receive any queries from participants in relation to this remediation review, they will redirect the participant to the Participant Contact Centre.</p>	Participant Contact Centre
12	File is 'Ready to Pay'	Case is marked as 'Ready to Pay' in CMS.	QA
13	Case close	Case is marked as closed in CMS.	QA
<i>Deceased Participants Process</i>			
8	QA re-calculates compensation	QA re-calculates the final compensation amount net of Centrelink deduction and withholding tax.	QA
9	Determine deceased estate contact details	<p>QA to confirm whether contact details are on file for the deceased estate or probate solicitor, or obtainable via the NSW online registry.</p> <p>If not, confirm whether contact details are on file for dependents/next of kin/solicitors who may be able to provide the relevant contact details.</p>	QA
10	Generate outcome letter. Provide to icare for mailing out	<p>QA to generate the outcome letter. Outcome letter to reflect the final compensation amount, any deductions payable to Centrelink, and the impact on the participant's regular payments.</p> <p>Letters to be provided to icare in batches for mailing out.</p> <p>and ensure it reflects the draft the final outcome letter - Outcome letter to reflect any deductions payable to Centrelink</p>	QA/icare
11	Participant outcome call	A call is made to the participant at the same time as when the outcome letter is sent out, to provide a high-level overview of the outcome and dispute process ² .	QA

² Where participants contact icare with a dispute or additional information after receiving the outcome letter, they will be referred to the Dedicated Participant Contact Centre to resolve their dispute.

icare does not have an external dispute resolution body. In accordance with legislative requirements participants dispute resolution pathway is an appeal through the NSW district court.

		<p>3 contact attempts are required: over 3 weeks at different times, via different methods if available.</p> <ul style="list-style-type: none"> • Each contact attempt must be recorded on CMS. • Bank details are to be confirmed if contact is made. • File goes back for FA review if any additional information which impacts the compensation amount is provided by the participant. 	
12	Participant has a dispute / additional information	<p>Participants may contact icare with a dispute or additional information after receiving the outcome letter. Any additional information provided which may impact the compensation amount will move the file back into file review (return to Step 1).</p> <p>If Case Managers receive any queries from participants in relation to this remediation review, they will redirect the participant to the Participant Contact Centre.</p>	Participant Contact Centre
13	File is 'Ready to Pay'	Case is marked as 'Ready to Pay' in CMS.	QA
14	Case close	Case is marked as closed in CMS.	QA

The working group has given consideration to dispute resolution which includes, splitting the call centre team from an alternative dispute resolution team (e.g. a specialised icare remediation team).



6.2.1 Tools and templates required for remediation

The compensation or remedial actions required for participants can be determined via:

- Data analysis, and
- File assessment

Where compensation payments form part of the remedial actions, required data inputs will be placed in a calculator to determine the compensation amount per participant.

The tools and templates required for remediation execution include:

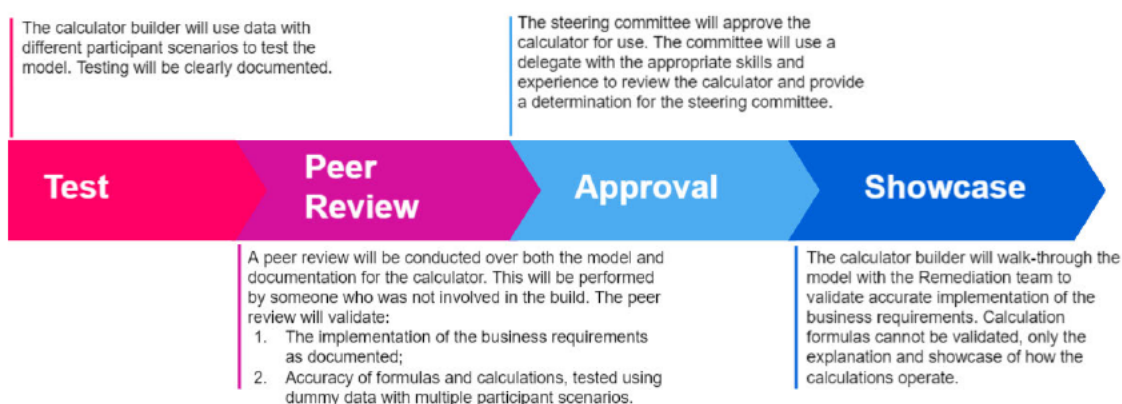
- Compensation calculator
- File review capture template and related Work instructions
- File review team training material

Compensation calculator

The calculator should determine the total underpayment amount owed to a participant (Note: the amount payable will be subject to Centrelink and tax deductions). The calculator build will involve the following:

- Document, in plain language, how the model works;
- Perform an appropriate level of testing and validation of the calculator before it is put into use;
- Implement appropriate End User Computing controls within the calculator to avoid deliberate or inadvertent manipulation by users

The calculator should proceed through the quality control framework, including the following steps:



The build and approval of the calculator is required before file assessment work instructions are completed. The work instructions will take into account all inputs required by the calculator.

File review capture template and related Work instructions

Note

The file review capture template and step-by-step work instructions, which explain how a participant is assessed, are in the process of being drafted and will be reviewed by the icare cross functional steering group.

At a high level, the *file review capture template* includes the following:

- Personal details of the participant, including their name and contact information
- Details of the file assessor and quality assessor
- The final file outcome, including any relevant commentary to support the outcome
- Information required to calculate compensation

At a high level, the *work instructions* include the following:

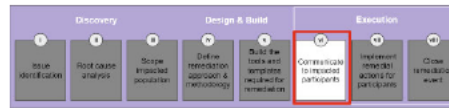
- An overview of the DDC Remediation Review program and issues identified
- An overview of the end-to-end file review process
- Detailed explanation of how to complete the questions in the file review capture template
- The communications approach where participant contact is required to obtain missing information, included call scripts and email templates
- The steps required to finalise the file and notify the participant of the outcome

Note: CMS will be updated to include outcomes of file review process

6.3 Execution

Note

No work has commenced on execution as the remediation program is still in the design phase. As such only a high-level overview of what the execution phase will contain has been provided.



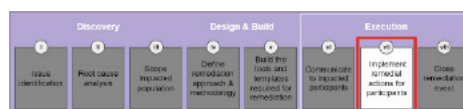
6.3.1 Communicate to impacted participants

Participants will receive communication regarding the upcoming remediation in accordance with the approved communications approach. Prior to communication, the following will be completed:

- Preparing operations teams to assist participants with their queries.
- Providing clear points of escalation where issues arise if participant queries require further detail from the remediation team / internal icare contacts.
- Internal and/or external communication sent to inform other stakeholders of the upcoming remediation. Consideration will be given to stakeholders who may be incidentally impacted by the remediation.

Communication processes and channels will be established, and remediation and other icare team members trained to assist participants with their queries, and/or to execute remedial action (such as manual compensation payments). Key inbound communication channels and processes include:

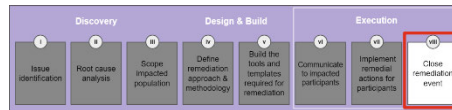
- **Channels -**
 - Remediation specific central inbox, created for remediation specific queries and managed by experienced team members.
 - Creation of a dedicated phone hotline for remediation specific enquiries, managed by a team of experienced and trained team members.
 - Where participants contact the DDC teams / account managers the participant will be directed to the appropriate remediation team contacts.
- **Processes and tools -**
 - Remedial action work instructions for operations team members, such as step-by-step instructions on how to manually pay the compensation amount to a participant using an agreed payment tool.
 - Example of participant notes to be recorded for audit purposes.



6.3.2 Implement Remedial Actions

Following communication to participants, remedial actions will be implemented as outlined within the remediation approach. The remediation will be conducted by a dedicated team supported by DDC subject matter experts.

The teams, systems and tools used to process payments should be equipped with the information and work instructions required to action this part of the process.



6.3.3 Close Remediation File

When an assessment has been completed and payment has been made to the participant, prior to the file being closed, the following review should be performed to ensure all relevant activities have been completed accurately.

- Confirm compensation outcome letter has been sent to participant
- Confirm ETF payment has been made
- Confirm the participant does not have any open complaints regarding compensation
- Complete file assessment in relevant tracker/system

Once all participant remediation closure activities have been completed the file can be closed off.

7. Solution Implementation & Monitoring

4. Solution implementation & monitor

This section refers to the changes required to ensure that **future payments** are correct (while the previous sections addressed historic payments), ie. to operationalise the correct payments as part of icare processes, policies and systems. **These updated processes, processes and systems are referred to as the 'solution'.**

Note

Design work has commenced on the required system changes which has been socialised with relevant stakeholders. The remaining activities in this section have not yet commenced. As such only a high level overview of what this phase will contain has been provided.

7.1 Solution Design

Designing a solution that will prevent the issue from occurring in the future will need to include updates to:

- existing icare processes and (where applicable) associated controls;
- existing icare policies and procedures;
- IT systems used.

The proposed solution design should be endorsed by key stakeholders such as Operations, Legal, Tax, Process & System owners and teams potentially impacted by the solution.

To date, the following solution design related activities have taken place and were discussed in workshops with the Steering Group:

- The functional system requirements for CRM have been identified and documented and then translated into technical requirements by Peter Surfield.
- The icare team maintaining the CRM system has commenced with the implementation of these requirements.

7.2 Solution Build and Test

The solution will be built, tested and implemented based on the approved design. Depending on the nature of the solution (system, data, controls, process, policies), different areas of the business will be engaged during this stage.

7.3 User Training and Education

Internal teams impacted by the solution, including users of the CRM system and operators of affected processes such as call centres and other operations teams, may also require communication and training to ensure they are prepared for the changes.

7.4 Solution Implementation and Monitoring

The solution will be implemented on a 'go-live' date, followed by a period of hypercare where the solution will be closely monitored using designed controls. The success of the solution will be closely tracked with the working group, and decisions required to resolve issues will also be approved by the working group.

8. Enabling Functions

The enabling functions will provide assistance around the management of the program and advice and endorsement of key decisions.

Working Group	<ul style="list-style-type: none"> Define and execute all aspects of the remediation program
Program Management	<ul style="list-style-type: none"> Day to day management of the remediation program
Steering Committee	<ul style="list-style-type: none"> Oversight and endorsement of key decisions
Legal	<ul style="list-style-type: none"> Provide legal advice and endorsement of key decision
Data & Technology	<ul style="list-style-type: none"> Provide relevant systems access Identify, extract and provide relevant data
Communications	<ul style="list-style-type: none"> Develop specific communication artefacts to be used during the remediation process
Risk and Compliance	<ul style="list-style-type: none"> Provide advice and input on relevant regulatory requirements that need to be adhered to and provide endorsement of related decisions Oversee and endorse risk management activities of the remediation program

Each enabling function will be made up of individuals with specific knowledge of icare who can provide expertise throughout the remediation program.

Appendix A: Participant Contact Approach

Step 1: Contacting the participant to obtain missing information

1.1 Participant contact categories

As a result of participant contact, a participant can be categorised as:

- A. Participant Unreachable
- B. Participant Reachable - willing to engage
- C. Participant Reachable - not willing to engage

Note: all impacted participants will be remediated whether they could be reached or not.

The section below outlines the call attempts procedure, which will determine whether a participant is considered reachable or unreachable.

1.2 Call attempts procedure

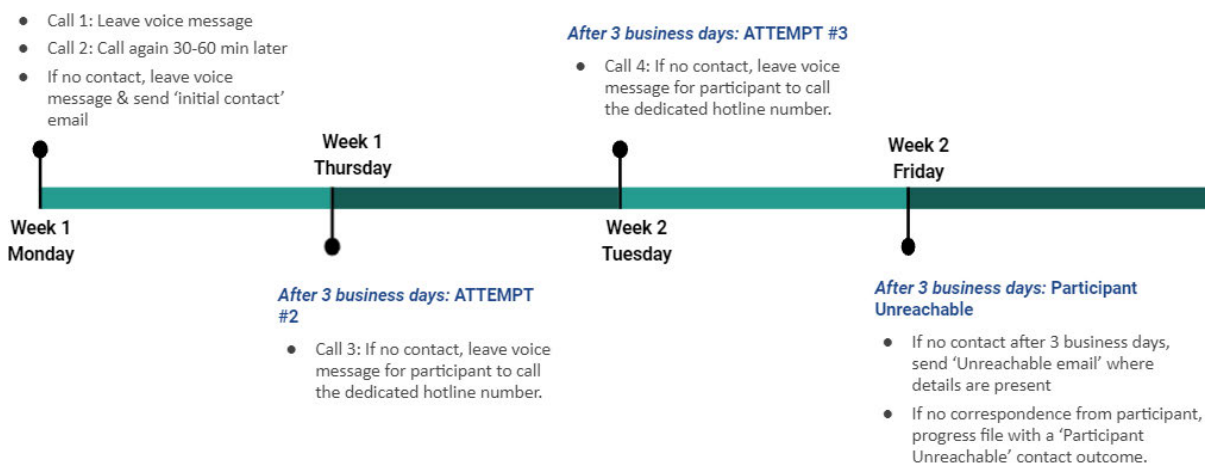
This section outlines proposed reasonable contact attempts before identifying a participant as unreachable.

Note: Consider the state the participant resides in as you do not want to call them at an unreasonable hour. Also take note of the voicemail (if there is one) - does it confirm the identity of the participant you are trying to contact?

Timeline	Contact Attempt
First contact	<p>Contact Attempt #1:</p> <ol style="list-style-type: none"> 1) Call 1: If the participant does not pick up, leave a voice message saying you will call back in 30-60 minutes. 2) Call 2: If the participant does not pick up when you call again after 30-60 minutes, leave a message saying you will try again at a specific day and time (cerca 3 days after 1st contact attempt). 3) If no contact is made at Call 2, where there is an email address on file, send an 'initial contact' email asking the participant to schedule a time and remind them of your next call day and time if they do not respond. 4) Update call details and date of next attempt in the central participant contact tracker. The caller is to add a reminder in their calendar.
After 3 business days of Attempt #1	<p>Contact Attempt #2:</p> <ol style="list-style-type: none"> 5) Call 3: If the participant does not pick up, leave a message with the dedicated hotline number and specify a time period during which they can get in touch.
After 3 business days of Attempt #2	<p>Contact Attempt #3:</p> <ol style="list-style-type: none"> 6) Call 4: If the participant does not pick up, leave a message with the dedicated hotline number and specify a time period during which they can get in touch.

	7) Update call details and due date for the participant to get in touch in the central participant contact tracker. The caller is to add a reminder in their calendar.
After 3 business days of Attempt #3	<p>When there has been no correspondence from the participant</p> <p>8) If no contact is made at Call 4, send an 'Unreachable' email.</p> <p>9) You can progress the file with a contact outcome of 'Participant Unreachable'.</p>

First contact: ATTEMPT #1



A. Participant Unreachable

A participant is considered unreachable when:

- No successful contact can be made after exhausting contact attempts #1-#3 above.
- On a weekly basis, the uncontactable participants will be reported to icare. icare will then conduct additional searches to try to find alternative contact details.

B. Reachable participants - willing to engage

If contact is successful, confirm the participant's identity using the security questions and proceed with the call script.

If the participant requests to reschedule the call, confirm the day and time at which they are available for contact.

Unreachable during participant engagement

The same number of contact attempts outlined in 1.2 Call Attempts Procedure should be applied in instances where a participant becomes unreachable at any point during the contact process.

For example - if a participant was engaged and a call was scheduled for a later date, however the participant does not pick up the scheduled call, restart the Call Attempts Procedure. Exhaust all contact attempts outlined before identifying the client as unreachable.

C. Reachable participants - not willing to engage

If at any point during the call where the participant indicates that they do not wish to engage in the review process:

- Explain the purpose of the call and confirm that the participant does not want to participate.
 - In the review checklist, mark the participant as 'Participant not willing to engage' to ensure that no further contact attempts are made. However, the participant will still have 20 days to make contact with any disputes or queries before their file is marked as 'Ready to Pay' in CMS and closed.
-

Appendix B: Remediation Time Period

A number of options were considered in respect of the period over which the remediation of underpayments should be considered. [REDACTED]

Each of the options has a justification. It is recommended that the **6 Year** option be utilised. This allows remediation to extend back 6 years from the date of GET discovery.

<p>26 weeks (6 months)</p>	<p>[REDACTED]</p> <ul style="list-style-type: none"> [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
<p>6 Years</p>	<p>[REDACTED]</p> <ul style="list-style-type: none"> [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] <p>Industry practice alignment:</p> <ul style="list-style-type: none"> General ASIC guidance as set out within RG 256.85 states that ASIC will not generally expect an organisation to review advice given to clients more than seven years before you became aware of the misconduct or other compliance failure.
<p>As far back as data allows</p>	<ul style="list-style-type: none"> Availability of data may result in significant delays in remediation efforts. Additional ASIC rule RG 256.86 provides that in certain circumstances it may be appropriate to review records going back further than the minimum seven years. Majority deceased estates — proportion of estates closed Cost benefit concerns No legislative requirement.

[REDACTED]

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[REDACTED]

Appendix C: Business Rules

Purpose: This appendix outlines the business rules applied to the data in order to arrive at a potentially impacted underpayment population to be reviewed. File review is **necessary** to refine towards a final impacted population. We have also identified the areas of known limitations of the data and as such further file review and validation will be needed.

Underpayments

The table below provides an overview of the current business rules to arrive at a population of 320 alive workers and 1,036 deceased workers, for a total of 1,356 workers. There are an additional 67 of whom were alive but had a beneficiary effective date prior to the cut-off, for a total of 1,423 workers to be reviewed using 31 March 2021 data.

[The figures in this document below uses March figures but as an update at the end of September, there are 322 alive workers, and 1,141 deceased workers for a total of 1,443 workers. There are an additional 61 of whom are alive but have a beneficiary effective date prior to the cut-off date for a total of 1,524 to be reviewed using 30 September 2021 data.]

Throughout the course of the remediation and before the system change, the population will change, with new claimants entering the scheme, and previously alive workers becoming deceased. As such, a worker's alive status should be checked before communication.

Description	Current Rule Description	Key Fields and Detailed Rules (*simplified from code)
Cut-off date for population and date from which to calculate payments - 'First 26 weeks of weekly compensation'	<p>Beneficiary effective date later than 5 June 2014 - this captures all participants that may have a payment within their first 26 weeks (exact as 26*7 = 182 days prior) as at 4 December 2014</p> <p>(If beneficiary effective date is not available, then apply same rules to the most recent medical authority date)</p> <p>OR</p> <p>First fortnightly payment (in either CMS or SUN) is before 4 December 2014 - this captures workers who may have had a beneficiary effective date before 5 June 2014 but had a delayed payment that falls within the cut-off period</p> <p>OR</p> <p>Worker is alive irrespective of beneficiary effective date or first fortnightly payment date</p>	<p>'5 June 2014' <= <i>benef_dateeffective</i></p> <p>[If <i>benef_dateeffective</i> is blank then use <i>max(medauthdate)</i> as the beneficiary effective date and apply same rules as above.]</p> <p>OR</p> <p>'4 December 2014' <= <i>date_paid</i> (where <i>date_paid</i> relates to the earliest payment classified as a worker fortnightly payment*)</p> <p>OR</p> <p>Worker is alive irrespective of beneficiary effective date or first fortnightly payment date</p> <p>*We observe from the data that there appears to have been earlier worker fortnightly payments made under <i>GL_code</i> = 0.</p> <p>As such, in considering whether a transaction is a worker fortnightly payment, we have taken <i>GL_code</i> = 9000-DB-DFFN or (<i>GL_code</i> = blank or 0 and <i>PaymentType</i> = "Fortnightly Pay")</p> <p><u>Data source:</u></p>

		<i>benef_dateeffective</i> from Claims_Header_2021_03.csv <i>Medauthdate</i> from Outcome_2021_03.csv <i>GL_code</i> , <i>PaymentType</i> from ddc_payment_history_2021_03.sas7bdat
Disability - 'certified as totally disabled for work as a result of their dust disease'	Disability of 100% at any point within the first 26 weeks from the beneficiary effective date	If <i>disability</i> = 100 and <i>benef_dateeffective</i> <= <i>date_effective</i> (disease file) <= (<i>benef_dateeffective</i> + 26 weeks) <u>Data source:</u> <i>benef_dateeffective</i> from Claims_Header_2021_03.csv <i>date_effective</i> from Disease_2021_03.csv <i>disability</i> from Disease_2021_03.csv
Other filters on the population	Awarded worker	<i>ben_type</i> = 0 <u>Data source:</u> <i>ben_type</i> from Claims_Header_2021_03.csv
Other filters on the population	Exclude workers where date of death is before the application date	<i>date_of_death</i> is not null and <i>date_of_death</i> < <i>app_date</i> <u>Data source:</u> <i>Date_of_death</i> , <i>app_date</i> from Claims_Header_2021_03.csv

Known limitations and corresponding actions

- In the dataset, all workers should be reviewed for their retirement and working status in the first 26 weeks, and any changes during this period. It is noted that claimants with 100% disability and working, are not entitled to fortnightly compensation until they stop working.
- Worker fortnightly entitlements are normally recorded in the CMS. However, when the worker is deceased (sometimes this occurs before the worker receives their first fortnightly payment), the owed fortnightly entitlement is made to the estate and is only recorded in the SUN system but not the CMS.

The business rules above have been applied primarily to the CMS data, supplemented with a check to the SUN system where no fortnightly payments are recorded to the worker in CMS.

- It is noted however that there are a small number of file numbers in the SUN file that have a worker fortnightly transaction date after our cut-off, but the file number is in a different format and therefore unable to be matched to the CMS file number. These should be reviewed separately to be matched against a relevant worker to determine whether they are in scope.
- In the dataset, 11 deceased workers are included who had a beneficiary effective date prior to the cut-off date ie. 5 June 2014, had not received any worker fortnightly payments in CMS, but had worker fortnightly payments in SUN after the cut-off date.
- In the dataset, 67 alive workers are included who are alive as at 31 March 2021 but have a beneficiary effective date before the cut-off date.
- In the dataset, there are 79 workers (9 alive, 70 deceased) that do not have a *benef_dateeffective* which may be the case if a) no fortnightly payments have been made; or b) fortnightly payments have only been made to the estate of the deceased worker via SUN.
 - A field *FNWpmt_flag* was created to flag whether the worker has received a worker fortnightly payment in CMS. All 79 workers have not received a fortnightly worker payment in CMS.
 - A separate check to the SUN system has identified 18 of these workers who have received fortnightly payments in the SUN system. These workers are flagged using the field *SUNpmt_flag*.
- In the dataset, there are 217 workers (13 alive, 204 deceased) that have a *benef_dateeffective* but have not received a fortnightly payment in CMS. There are a range of reasons why this may be the case.
 - As above, a field *FNWpmt_flag* was created to flag whether the worker has received a worker fortnightly payment in CMS.
 - A separate check to the SUN system has identified 161 of these workers who have received fortnightly payments in the SUN system. These workers are flagged using the field *SUNpmt_flag*.
- In the dataset, there are 12 workers that are withdrawn.
 - Within the dataset, the field *withdrawal_flag* (raw field from claims_header_2021_03.csv) indicates this information.
 - During file review, these workers should be reviewed for whether withdrawal may have impacted the duration of past fortnightly payments.
- In the dataset, it was noted that there are some cases where the date of death is not recorded although funeral payments were made.
 - Prior to communication of remediation outcomes to workers that do not have a date of death, their files should be checked for any funeral payments made to ensure appropriate communication with the worker or estate.
- In the dataset, there are 28 cases of missing/invalid date of injury (see below business rules on injury date) and 29 cases where the date of injury is 1987
 - A field *inyear_1987_flag* was created to flag workers with missing/invalid date of injury
 - During file review, whether the worker has a pre or post 1987 date of injury should be validated in order to apply the appropriate cap to benefit payments
- To monitor fortnightly payment activity on workers with blank disability as per the disease file. If any have a fortnightly payment made in the future, they should be included in the list to be reviewed. With the current data, there are no blank disability workers that have received worker fortnightly payments both in the CMS and SUN system.

Appendix D: Draft Steering Group Terms of Reference

1 Overview

1.1 Objectives of Weekly Steering Group Committee

The Steering Group Committee was established by icare from 19 April 2021 in order to enable members to jointly plan and prepare for the upcoming remediation program.

Specifically:

- Deliberate on key challenges, risks, decisions and other aspects of the program in a joint forum that has broad representation from icare stakeholders;
- Formally track and report on key planning activities with broad visibility;
- Identify and address potential risks associated with the remediation program.

1.2 Principles

The Steering Group will act in accordance with the Remediation Principles defined for the overall remediation program:

- **Adhere to icare's social and legislative duty** - All remediation activities will be performed in accordance with social duty, regulatory requirements, expectations and obligations.
- **Participant Centric** - The aim of the remediation program is to do what is right and fair for the participant or their estates in the first instance.
- **Sustainable and efficient** - Any solution or methodology put in place is sustainable, **supports fund viability**, and can be carried out efficiently for all in-scope participants.
- **Consistent and comprehensive** - The reconciliation and remediation approach is consistent for all affected in scope participants.
- **Accurate and pragmatic** - The remediation program will strive for accuracy but will apply pragmatism in the instance that the participant datasets are not complete.
- **Overpayments will not be recovered** - No effort will be made to recover historical overpayments to participants.
- **Communication with participants or their legal representatives are timely, transparent and courteous** - The remediation program will consider the impact of communication to participants and apply best working practice to these communications.
- **Enabling timely, consistent and transparent decision-making** - Established governance and reporting structures to ensure appropriate oversight, risk consideration and timely decision making which can be evidenced at each step of the process. This includes engagement with external stakeholders, such as regulators and other agencies where required.
- **Participant contact** - Reasonable efforts will be made to contact all impacted participants, **including dependents of deceased participants**.

- **Supporting guidance** - Remediation activities will not include the provision of Financial Advice, however efforts will be made to provide participants with guidance and information on possible 'next steps' where practical (eg. links to Centrelink, Veteran Affairs, ATO, etc.).

2 Steering Group Membership

2.1 Steering Group members

The members of the Steering Group are:

- | | | |
|---|---|---|
| • Change Program Specialist | • Principal Lawyer | • Business Technology Owner |
| • Technical Manager | • Communications Manager | • Head of Corporate Communications |
| • Manager, Business Intelligence and Data Reporting | • General Manager, Workers Compensation | • Communications Specialist Care |
| • Head of Policy Integration | • Head of Media, Marketing, Events | • General Manager - Specialist Care /Dust Diseases Care |
| • Head of Specialist Care Delivery | • Customer Experience Operations Lead | • Senior Actuary |
| | | • Head of Enterprise Compliance |

2.2 Chair

The chair of the Steering Committee is General Manager - Specialist Care /Dust Diseases Care

3 Role & Responsibilities

3.1 Member responsibilities

The members will:

- act as a representative and point of contact for their area of business to share feedback and ideas with the group
- test outcomes within their businesses to obtain broader feedback
- provide timely feedback and input into decisions
- identify risks and issues and bring them to the attention of the group
- maintain strict information and data confidentiality, other than to the extent that information can or needs to be shared
- attend and participate in all scheduled meetings
- track progress against agreed activities and timelines and raise (potential) delays or roadblocks during the weekly meetings

3.2 Decisions rights

The Steering Group is empowered to make operational decisions and can provide feedback and make recommendations for leadership consideration.

Key decisions that go beyond the operational challenges of the remediation program are to be presented to the GET and/or Board for endorsement.

4 Conduct of Steering Group business

4.1 Meetings

The Steering Group will meet **weekly** for 0.5 hours, or otherwise as required.

Meetings will be held via TEAMS unless there is a specific requirement for the group to convene in person.

4.2 Materials

The meetings will be supported by formal status update packs, which will summarise the progress on key activities, risk & issues, and key decisions.

4.3 Quorum

As a principle, the Steering Group will make decisions by consensus, ie. members generally agree on actions jointly. Where a member raises concerns or identifies challenges with a particular point, an action will be agreed upon to resolve the challenge in order to reach general consensus.