

WorkCover Opening Statement 21 March 2014

Thank you for the opportunity to make an opening statement on behalf of WorkCover.

As the Committee is reviewing the exercise of the functions of the WorkCover Authority the focus of this statement is the administration of WorkCover's legislative responsibilities. I would like to highlight to the Committee some of the features of WorkCover's recent operational approach to delivering services to the people of NSW.

In particular our operational focus is firstly on preventing work related injuries and illnesses and to reduce the severity of those injuries and illnesses that do occur. Secondly, we focus on ensuring treatment, rehabilitation, care and support is in place according to the law for those workers who are injured at work so they can return to work and return to their life as best as possible, as quickly as possible.

I am pleased to report that our most recent finalised data shows the long term trend in major incident claims is continuing downwards. In 2011/12 New South Wales achieved a major incident claim rate of 8.7 per 1000 workers, the lowest incident rate of major workplace injuries since 1987.

Work-related fatality rates are also improving. A 35% reduction in the incidents rate of workplace fatalities was also achieved over the 10 years to 2011/12.

I can report to committee that unfortunately in New South Wales there have been two fatalities in the past 30 hours, the first one in the suburbs of Sydney and the other in regional New South Wales. It would be appropriate that at the end of my statement we take a moment to remember those involved.

I want to acknowledge that every fatality is a tragedy and our efforts to bring the numbers down continue to be a top priority.

WorkCover staff are very aware of the impact each and every serious injury - and especially each fatality - has on families, friends and workmates, and on the community.

Over the next 10 years New South Wales aims to reduce the number of workers killed at work by at least 20% ... and reduce in the incidence of major claims by a further 30%.

I would like to further highlight, the latest data published by SafeWork Australia that shows the NSW return to work rate has improved.

Specifically, they reported that in 2012/13, that in New South Wales the return to work rate improved by 3% to 88% making it higher than the national average of 86%.

Safe Work Australia's role is to lead the development of national policy to improve work health and safety and workers' compensation arrangements across Australia

Improved claims management and initiatives to provide increased rehabilitation, vocational and job placement support to injured workers has enabled workers to return to suitable employment earlier and assisted with their recovery at work.

As a result of the improvements I have outlined and a sustainable financial position for the NSW Workers Compensation Nominal Insurer Scheme, premium reductions have been possible over the last year for businesses in industries where there has been a relatively good safety and return to work track record.

The independent actuarial valuation shows the Nominal Insurer Scheme is becoming more financially sustainable. As at 30 June 2013 a surplus of \$309 million has been accumulated.

As a result 200,000 employers across 376 industries that have demonstrated an improved safety and return to work performance receive an average premium rate reduction of 5% from 31 December 2013. That rate reduction is in addition to an average 7.5% reduction at 30 June 2013 for 167,000 employers.

From 1 January 2012 new Work, Health and Safety Nationally harmonised legislation came into effect in NSW and implementing this new approach to work health and safety has been a significant focus of the organisation.

WorkCover in support of the new legislation has introduced a risk based targeted operational approach. This approach has been integrated into the prevention programs that are currently being rolled out across the State. High Consequence - Low Frequency, Focus on Industry and Focus on Workplace Health are all programs that use the risk based approach.

WorkCover had 230,416 work health and safety interactions with New South Wales workplaces in 2012/13.

WorkCover's focus on regional communities and working with high-risk sectors has seen an increase of approximately 55% in proactive workplace visits by WorkCover inspectors.

WorkCover has a strong focus on the challenge of improving New South Wales injury and fatality rates, the programs I have already mentioned are undertaken in consultation with those being regulated to secure compliance and to ensure that workers in NSW go home safe at the end of their working day.

As the regulator for workplace safety in New South Wales, WorkCover also undertakes a full range of regulatory approaches including conducting prosecutions for breaches of work health and safety legislation.

As the Committee will be aware there were other major changes to legislation administered by WorkCover in 2012 – in addition to the new Work Health and Safety Laws.

The Workers Compensation Legislation Amendment Act 2012, passed by the NSW Parliament in June 2012, changed the laws related to the NSW workers compensation system.

The 2012 changes were aimed at reducing the \$4.1 billion deficit for the Workers Compensation Nominal Insurer Scheme, administered by WorkCover and improving return to work rates for injured workers, and providing better support for the most seriously injured workers across the NSW workers compensation system. From 17 September 2012, many of the 940 most seriously injured workers have seen their weekly payment rate significantly increased.

WorkCover has been committed to making the transition under the new legislation as smooth as possible for all participants. The changes were introduced in stages to allow an orderly rollout of new systems and claims procedures by insurers.

In the Safe Work Australia Comparative Performance Monitoring Report at August 2013, the proportion of disputed claims in New South Wales was 4.2 per cent which was lower than the national average of 5 per cent, and up to 6 per cent lower than three other states in Australia.

Improved claims management and initiatives to provide increased rehabilitation, vocational and job placement support to injured workers in the Scheme has enabled them to return to suitable employment earlier and assist with their recovery at work.

Over the 2012/13 period, an additional \$196 million was allocated to help rehabilitate injured workers across the Scheme and ensure they had adequate support to assist them to return to work. This equated to on average an extra 5 per cent spend in rehabilitation costs per claim.

In the 2012 reforms, the Government also introduced two important improvements to the oversight of WorkCover:

- The WorkCover Independent Review Office or WIRO was established in the amendments to the workers compensation legislation.
- Oversight of WorkCover by a Parliamentary Committee was also established in the associated *Safety, Return to Work and Support Board Act 2012*. The Parliament later agreed that the Legislative Council Standing Committee on Law and Justice would conduct a review of the exercise of the functions of WorkCover every two years.

As the Committee is aware, the WorkCover Independent Review Officer has raised a number of issues regarding WorkCover's regulation of the workers compensation system and the implementation of the 2012 changes - including in his submission to the current Law and Justice Committee review of WorkCover.

I would like to assure the Committee that WorkCover is working with the WorkCover Independent Review Officer to address these issues – which, I believe, is the Government's intended result of establishing improved oversight of WorkCover. In that regard, the new system of oversight is working.

I would like to take the opportunity on behalf of WorkCover to say that if there are any questions from the Committee that we are unable to answer today we will be very happy to take them on notice and, of course, to provide further information during the course of the review.