

Supplementary
Submission
No 133a

INQUIRY INTO NSW WORKERS COMPENSATION SCHEME

Organisation: The Law Society of New South Wales

Date received: 22/05/2012



THE LAW SOCIETY
OF NEW SOUTH WALES

21 May 2012

Joint Select Committee on the
NSW Workers Compensation Scheme
Parliament House
Macquarie St
Sydney NSW 2000

Re: Inquiry on the NSW Workers Compensation Scheme

Dear Mr Borsak,

The Law Society's Injury Compensation Committee (the Committee) made a written submission to this Inquiry dated 18 May 2012. Following from this submission the Committee wishes to provide some further information which you may find helpful in considering financial aspects of the Workers Compensation Scheme (the Scheme).

Attached for your consideration are:

1. A graph of the trend in the rate of disputes and major injuries from 1996 to 2010 as compared with the cost of the Scheme.
2. A graph of the trend in the rate of disputes and major injuries from 1996 to 2010 as compared with the costs of the Workers Compensation Court (1996 to 2002) and Workers Compensation Commission (2003 to 2010).
3. A table showing analysis of costs/rates in the Scheme as at 31 May 2011.
4. A table of Sources drawn on in the above analysis, including WorkCover Annual Reports 1997/1998 to 2009/2010; Workers Compensation Commission Annual Reviews 2002 to 2009; NSW Department of Industrial Relations Annual Reports 1997 to 2002; and NSW Attorney General's Department Annual Report 2002 (Appendix 6).

In summary, the major trends are as follows:

- A. The public cost of managing the Scheme increased almost tenfold from 1999 to 2010 (from approximately \$70,000,000.00 to approximately \$630,000.00). These figures were calculated by adding all of the cost amounts on the attached data sheet excluding the payments to Scheme Agents adduced from income statements (see Attachment 3). The payments to Scheme Agents from the cash flow statements have been used because under normal accounting practices, these figures represent more accurately the amount of money that was actually paid to Scheme Agents in any one year.
- B. The Workers Compensation Commission cost about twice as much to run as the Compensation Court of NSW and dealt with less than half as many disputes.

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Law Council
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CONSTITUENT BODY

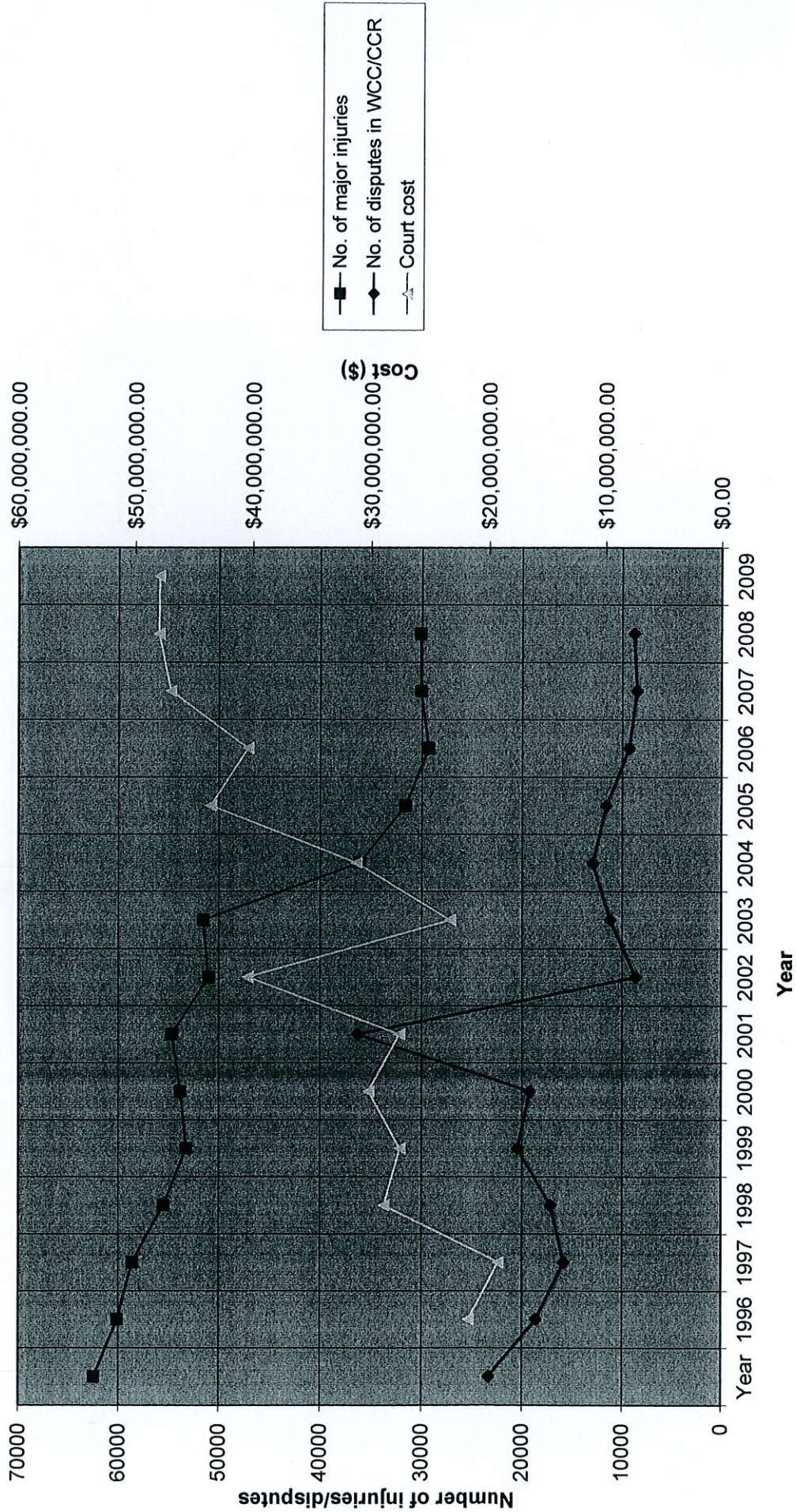
- C. The number of major injuries halved from 1996 to 2009 (from 62,469 to 30,133).
- D. The number of disputes decreased by nearly two thirds between 1996 and 2009 (at 8,803 down from 23,364).
- E. The identifiable Scheme cost per dispute increased about 16 fold from 1999 to 2009.
- F. The tribunal (Compensation Court or WCC) cost per dispute increased about fourfold from 1999 to 2009.
- G. Scheme agents received about three times as much in payments from WorkCover NSW per injury in 2009 as they did in 2001.

Should the Parliamentary Secretariat wish to contact the Law Society regarding this submission, the policy lawyer with responsibility for this matter is , who may be contacted on /

Yours sincerely,

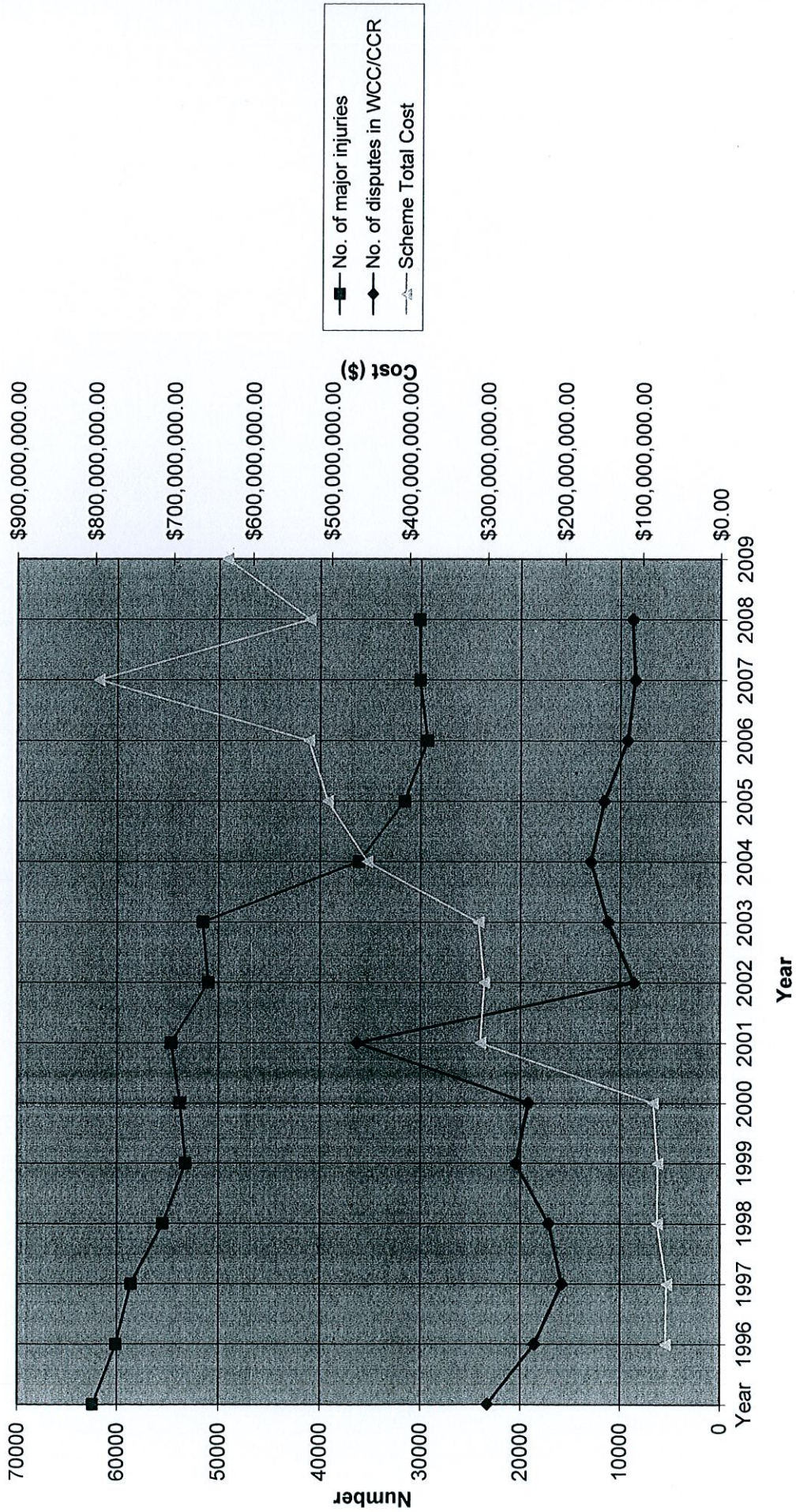
Justin Dowd
President

Cost of running the Compensation Court and WCC compared to rates of injury and disputes



Rates v scheme cost

Comparison of rates of injury and disputes to Scheme cost



Workers Compensation Scheme
Analysis of Costs/Rates

Year	No. of major injuries	No. of enquiries to CAS/WCRS	No. of disputes in WCC/CCR	IPDs	WIM	WorkCover Staff	WorkCover staff cost	Compensation Court of NSW cost	WCRS cost	WCC cost (facilities & additional staff provided by WorkCover)	Payments to Scheme Agents - income statement	Payment to Scheme Agents - cashflow statement	Cost of AMS	Cost of Arbitrators	Cost of Mediators	Cost of Medical Appeal Panel
1996	62469		23364													
1997	60109	~250	18602			879	\$48,331,000.00	\$20,550,000.00	\$1,190,000.00	\$0.00						
1998	58604	10013	15855			853	\$49,340,000.00	\$16,922,000.00	\$2,274,000.00	\$0.00						
1999	55492	~26000	17166			834	\$51,638,000.00	\$21,154,000.00	\$7,743,000.00	\$0.00						
2000	53224	~29000	20459			761	\$52,742,000.00	\$20,119,000.00	\$7,419,000.00	\$0.00						
2001	53797	Unknown	19232			856	\$55,779,000.00	\$22,562,000.00	\$7,622,000.00	\$0.00						
2002	54674	Unknown	36322			943	\$62,613,000.00	\$22,481,000.00	\$5,098,000.00	\$4,359,000.00		\$214,690,000.00				
2003	51000	5023	8641	248	99	981	\$67,497,000.00	\$27,202,000.00	\$31,000.00	\$13,165,000.00		\$196,440,000.00				
2004	51551	5611	11212	495	108	1056	\$75,033,000.00	\$41,204,000.00	\$0.00	\$23,303,000.00		\$172,392,000.00				
2005	36150	5316	12952	592	103	1113	\$85,821,000.00	\$5,534,000.00	\$0.00	\$31,216,000.00		\$331,538,000.00				
2006	31613	5323	11598	659	89	1338	\$65,531,000.00	\$2,221,000.00	\$0.00	\$29,805,000.00	\$683,676,000.00	\$393,587,000.00	\$4,840,000.00	\$7,651,000.00	\$191,000.00	\$1,043,000.00
2007	29326	4678	9305	699	105	1364	\$88,982,000.00	\$937,000.00	\$0.00	\$28,488,000.00	\$306,997,000.00	\$398,479,000.00	\$4,329,000.00	\$6,123,000.00	\$250,000.00	\$1,189,000.00
2008	30077	4394	8537	604	134	1384	\$97,457,000.00	\$1,250,000.00	\$0.00	\$31,962,000.00	\$303,697,000.00	\$649,538,000.00	\$6,019,000.00	\$7,833,000.00	\$328,000.00	\$812,000.00
2009	30133	4745	8803	572	139	1461	\$101,453,000.00	\$2,126,000.00	\$0.00	\$33,120,000.00	\$283,357,000.00	\$376,229,000.00	\$5,527,000.00	\$7,223,000.00	\$475,000.00	\$1,627,000.00
2010		4017				1607	\$104,539,000.00	\$2,984,000.00	\$0.00	\$33,097,000.00	\$306,767,000.00	\$476,996,000.00	\$5,270,000.00	\$7,565,000.00	\$511,000.00	\$1,507,000.00

Year	Scheme Total Cost	Court cost	Scheme cost per major injury	Scheme cost per dispute	Court/WCC cost per injury	Court/WCC cost per dispute	Scheme agents cost per injury
1996							
1997	\$70,071,000.00	\$21,740,000.00	\$1,165.73	\$3,766.85	\$361.68	\$1,168.69	
1998	\$68,536,000.00	\$19,196,000.00	\$1,169.48	\$4,322.67	\$327.55	\$1,210.72	
1999	\$80,535,000.00	\$28,897,000.00	\$1,451.29	\$4,691.54	\$520.74	\$1,683.39	
2000	\$80,280,000.00	\$27,538,000.00	\$1,508.34	\$3,923.95	\$517.40	\$1,346.01	
2001	\$85,963,000.00	\$30,184,000.00	\$1,597.91	\$4,469.79	\$561.07	\$1,569.47	
2002	\$309,241,000.00	\$27,579,000.00	\$5,656.09	\$8,513.88	\$504.43	\$759.29	\$3,926.73
2003	\$304,335,000.00	\$40,398,000.00	\$5,967.35	\$35,219.88	\$792.12	\$4,675.15	\$3,851.76
2004	\$311,932,000.00	\$23,303,000.00	\$6,050.94	\$27,821.26	\$452.04	\$2,078.40	\$3,344.11
2005	\$454,109,000.00	\$31,216,000.00	\$12,561.80	\$35,060.92	\$863.51	\$2,410.13	\$9,171.18
2006	\$504,869,000.00	\$43,530,000.00	\$15,970.30	\$43,530.69	\$1,376.97	\$3,753.23	\$12,450.16
2007	\$528,777,000.00	\$40,379,000.00	\$18,031.00	\$56,827.19	\$1,376.90	\$4,339.49	\$13,587.91
2008	\$795,199,000.00	\$46,954,000.00	\$26,438.77	\$93,147.36	\$1,561.13	\$5,500.06	\$21,595.84
2009	\$527,780,000.00	\$47,972,000.00	\$17,515.02	\$59,954.56	\$1,592.01	\$5,449.51	\$12,485.61
2010	\$632,469,000.00	\$47,950,000.00					

SOURCES - WorkCover Annual Reports/Workers Compensation Commission Annual Reviews, etc.

Document	Source
WorkCover Annual Report 1997/1998	http://www.workcover.nsw.gov.au/formspublications/publications/pages/WC04059_WorkCoverAnnualReport1998.aspx
WorkCover Annual Report 1998/1999	http://www.workcover.nsw.gov.au/formspublications/publications/pages/WC04060_WorkCoverAnnualReport1999.aspx
WorkCover Annual Report 1999/2000	http://www.workcover.nsw.gov.au/formspublications/publications/Documents/workcover annual report 1998 1999 4060.pdf
WorkCover Annual Report 2000/2001	http://www.workcover.nsw.gov.au/formspublications/publications/Documents/workcover annual report 2000 2001 212.2.pdf
WorkCover Annual Report 2001/2002	http://www.workcover.nsw.gov.au/formspublications/publications/Documents/workcover annual report 2001 2002 0212 3.pdf
WorkCover Annual Report 2002/2003	http://www.workcover.nsw.gov.au/formspublications/publications/Documents/workcover annual report 2002 2003 0212.pdf
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WorkCover Annual Report 2009/2010	http://www.workcover.nsw.gov.au/formspublications/publications/Documents/workcover annual report 2009 10 2846.pdf
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WCC Annual Review 2002	http://www.wcc.nsw.gov.au/Policies-and-Publications/Documents/2002.pdf
WCC Annual Review 2003	http://www.wcc.nsw.gov.au/Policies-and-Publications/Documents/2003.pdf
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WCC Annual Review 2009	http://www.wcc.nsw.gov.au/Policies-and-Publications/Documents/2009.pdf
Other Sources	
NSW Department of Industrial Relations Annual Reports 1997 – 2002	Photocopied from paper sources at NSW Industrial Relations
NSW Attorney General's Department Annual Report 2002 – Appendix 6	http://www.ag.gov.au/Publications/Annualreports/Annualreport200203/Pages/AnnualReport200203Part2.aspx