

GENERAL PURPOSE STANDING COMMITTEE NO. 1

Monday 1 December 2003

Examination of proposed expenditure for the portfolio area

INDUSTRIAL RELATIONS

The Committee met at 3.00 p.m.

MEMBERS

Reverend the Hon. F. J. Nile (Chair)

The Hon. A. S. Burke
The Hon. J. C. Burnswoods
The Hon. D. Clarke

The Hon. M. J. Gallacher
The Hon. P. T. Primrose
Ms L. Rhiannon

PRESENT

WorkCover Authority

Mr J. Blackwell, *Chief Executive Officer*

Mr J. Watson, *Acting General Manager, Occupational Health and Safety Division*

Mr P. Reed, *General Manager, Corporate Governance Division*

Mr R. Thompson, *Manager, Insurance Division*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

Corrections should be marked on a photocopy of the proof and forwarded to:

**Budget Estimates
General Purpose Standing Committee Secretariat
Parliament House
Macquarie Street
SYDNEY NSW 2000**

CHAIR: For the benefit of Committee members, I have been advised by the Opposition Whip that the Hon. Michael Gallacher will substitute for the Hon. Don Harwin and the Hon. David Clarke will substitute for the Hon. Catherine Cusack during this hearing into WorkCover New South Wales.

I declare this meeting open to the public. I welcome you to this supplementary estimates hearing of General Purpose Standing Committee No. 1. I thank the departmental officers for attending today, particularly those who have been asked to attend at very short notice. At this meeting the Committee will examine the proposed expenditure for WorkCover. Before questions commence some procedural matters must be dealt with. As to the broadcasting of proceedings, part 4 of the resolution referring the budget estimates to the Committee requires the Committee to hear evidence in public. The Committee has previously resolved to authorise the media to broadcast sound and video excerpts of its public proceedings. Copies of the guidelines are available from the attendants.

I point out that, in accordance with Legislative Council guidelines for the broadcast of proceedings, only members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee the media must take responsibility for what they publish or for what interpretation they place on anything that is said before the Committee. There is no provision for Committee members to refer directly to their own staff while they are at the table. Witnesses, members and their staff are advised that any messages should be delivered through the attendant on duty or the Committee clerks.

For the benefit of members and Hansard, I ask departmental officials to identify themselves by name, position and department or agency before answering any question referred to them. When a member is seeking information in relation to a particular aspect of a program or subprogram it will help the Minister and the Committee if the program or subprogram is identified in the budget papers. I encourage witnesses to answer questions put to them during the hearing, particularly when an indication has been given of the possible areas of questioning. The Committee must report back to the House by Thursday of this week so I ask members to place on notice tomorrow any questions that are not answered during this hearing. I declare the proposed expenditure open for examination. Mr Blackwell, would you like to make a brief opening statement?

Mr BLACKWELL: I welcome the opportunity to be here today. I have brought a number of officers with me—two of them are at the table and I have further officers behind me who might assist in answering questions. They will identify themselves if and when they are required to do so.

CHAIR: We will commence with questions from Coalition members.

The Hon. DAVID CLARKE: Workers compensation premiums have been much higher in New South Wales than in Queensland or Victoria. Have you conducted a study of businesses that are moving from New South Wales to Victoria or to Queensland and the reasons for this trend?

Mr BLACKWELL: Not only are premiums variable between the various States but the compensation arrangements are different in different States. I do not believe there has been a specific study of firms moving across the border to Queensland, for example. I know that a number of firms have claimed that they would do that but I certainly have not seen a study or any evidence that that is the case. Cross-border workers compensation arrangements have been, or are in the process of being, negotiated with both Queensland and Victoria. Following negotiations with those two jurisdictions, the Workers Compensation Legislation Amendment Act 2002 cut red tape for employers in border regions. After 10 years of negotiations between the jurisdictions about cross-border arrangements, Queensland and New South Wales passed common legislation.

I think it is imperative that we have national cross-border arrangements. Currently when a worker performs work for the same employer in two or more States or Territories the employer would usually have to obtain separate workers compensation cover in two or three States. The amendments that are talked about will require employers to have workers compensation policies only in the State where the worker usually works. That will prevent doubling up.

The Hon. DAVID CLARKE: Returning to the central question, I think you said that rates varied between the three States. Are the rates higher or lower in New South Wales?

Mr BLACKWELL: Workers compensation premiums in New South Wales are to some extent higher than those in other States, but so is the compensation that is paid to workers.

The Hon. DAVID CLARKE: Higher than in Queensland?

Mr BLACKWELL: Yes.

The Hon. DAVID CLARKE: Higher than in Victoria?

Mr BLACKWELL: It depends on the category: some categories are higher and some are lower. There are different industry classifications and categories in various areas.

The Hon. DAVID CLARKE: You said that you are not aware of whether businesses have moved north or south. Have you heard any suggestions that businesses may be doing that?

Mr BLACKWELL: I have heard the suggestion. One particular business has corresponded with us from time to time claiming that it would move north of the border but my understanding is that it has not yet done so.

The Hon. DAVID CLARKE: So you are aware of only one business that has indicated that it may move to another State because of workers compensation insurance.

Mr BLACKWELL: I have seen correspondence in relation to only one business.

The Hon. DAVID CLARKE: Have you heard any suggestions that it might be a general trend?

Mr BLACKWELL: I have heard that suggestion but I have no direct evidence that that is the case.

The Hon. DAVID CLARKE: If it were the case—if businesses were moving north or south to escape the high premiums in New South Wales—would it be a matter of concern to New South Wales?

Mr BLACKWELL: The issue for me is proper workers compensation arrangements for workers in whichever State they reside. I believe that injured workers should have adequate compensation, and I believe that is provided in New South Wales. It is not up to me to comment on other States' arrangements but my view is that New South Wales provides adequate compensation for workers who are injured at work.

The Hon. DAVID CLARKE: So do you think that workers compensation premiums are set at the correct level? Do you believe they should come down?

Mr BLACKWELL: The level of the rate is determined to a great extent by the benefit that is paid and by the way in which we assist workers to return to work. Given that it is my view that we pay adequate remuneration to workers who are not at work and that we try to assist them in as many ways as possible with medical expenses and so forth in returning to work, it clearly requires a premium payment to cover those expenses.

The Hon. DAVID CLARKE: Are you prepared to consider doing a study on whether businesses are, in fact, as has been claimed in many areas, moving to other States because of lower premiums? Do you think that should be looked at?

Mr BLACKWELL: It certainly would not be within my normal area of responsibility. My responsibility is to ensure that workers in New South Wales, as I say, receive adequate compensation. The premiums are actually obviously linked to that. I do not really think I can answer that any more fully than that.

The Hon. DAVID CLARKE: You do not believe there is a need to study why businesses are moving out of New South Wales to other States because of high workers compensation premiums?

Mr BLACKWELL: I did not say that. Basically I am saying that the premiums in New South Wales are adequate in relation to the benefits that are paid. If firms are claiming that they are moving because of higher costs in New South Wales, that does not come under my responsibility or my portfolio.

The Hon. DAVID CLARKE: Is it a part of the duties of the office you hold to advise the Government on trends relating to workers compensation premiums, and their relationship to other States, if we are losing business to other States?

Mr BLACKWELL: It is certainly my job to advise the Government in relation to relative payments and premiums between the various States and Territories, and we do that. The Government is aware of the differences. Whether that is inducing firms to leave New South Wales, as I said before, I have no evidence to support that, and a study of that would not be within my current responsibilities.

The Hon. DAVID CLARKE: You have no evidence to say that it is or is not happening? Because you have not studied the question, you do not have any suggestions one way or the other, except that you think one business may be contemplating moving to another State?

Mr BLACKWELL: That is correct.

The Hon. DAVID CLARKE: You do not think it comes within your general powers to investigate whether there is such a trend?

Mr BLACKWELL: No, I do not. I think it is within my powers and responsibility to ensure that the premiums that are paid by that firm—and any other firm that is concerned with possibly moving to Queensland—are, in fact, paid.

The Hon. DAVID CLARKE: At the last estimates hearing I understand you advised that you do not employ receptionists. Is that correct?

Mr BLACKWELL: Yes.

The Hon. DAVID CLARKE: That role is outsourced?

Mr BLACKWELL: It is.

The Hon. DAVID CLARKE: What other roles at WorkCover are outsourced and at what cost?

Mr BLACKWELL: There are a number of services that are provided to us by a company called Outsource Australia. Outsource Australia provides a range of services to our Gosford head office, the west Gosford records repository, and legal offices in the Sydney central business district. They include distribution, copy and collation services, equipment purchase, and records management, including the administration of WorkCover's library. Outsource Australia also provides a range of corporate services, including the organisation of functions in the catering, corporate concierge services, and security management. To cover the range of services provided to WorkCover, Outsource Australia employs 24 people in various capacities and various locations. The facility fee paid by WorkCover for the range of services provided by Outsource Australia incorporates the employment of 16 people. The facility fee is \$800,000.

The Hon. DAVID CLARKE: That is \$800,000 for those services?

Mr BLACKWELL: Yes.

The Hon. DAVID CLARKE: Was that put out to tender?

Mr REED: The process pre-dates both the time of John Blackwell and myself in WorkCover. It went out to tender and Outsource Australia was appointed on a five-year contract.

The Hon. DAVID CLARKE: When did that contract commence?

Mr REED: It ceases in July 2004, so it started in 1999.

The Hon. DAVID CLARKE: That is \$800,000 per year?

Mr REED: Yes.

The Hon. DAVID CLARKE: Was more than one tender received?

Mr REED: I am not aware of that.

The Hon. DAVID CLARKE: How many staff are employed in the prosecution and legal departments of WorkCover?

Mr BLACKWELL: In terms of pure legal staff, those with legal qualifications, there are 15, and there are support staff as well.

The Hon. DAVID CLARKE: How many support staff?

Mr BLACKWELL: Approximately half a dozen.

The Hon. DAVID CLARKE: What about the prosecution section, or is that included in the legal staff?

Mr REED: That is included in the legal staff.

The Hon. DAVID CLARKE: The total in the legal and prosecution departments is 15, plus an additional support staff of six?

Mr BLACKWELL: We would have to clarify the exact number of support staff.

The Hon. DAVID CLARKE: Would you take that on notice?

Mr BLACKWELL: Yes.

The Hon. DAVID CLARKE: What is the cost of employing that number of staff?

Mr BLACKWELL: We do not have the figure for the legal branch here. I will have to take that question on notice.

The Hon. DAVID CLARKE: Does anybody on your staff here have that figure?

Mr BLACKWELL: No.

The Hon. DAVID CLARKE: Could you obtain that for us?

Mr BLACKWELL: Yes, I will take that on notice.

The Hon. DAVID CLARKE: Do you have job descriptions for the 15 who are in the legal and prosecution departments?

Mr BLACKWELL: Every member of staff of WorkCover has a job description.

The Hon. DAVID CLARKE: Do you have those job descriptions here?

Mr BLACKWELL: No.

The Hon. DAVID CLARKE: Could you obtain them for us?

Mr BLACKWELL: Yes, certainly.

The Hon. DAVID CLARKE: What are the budgeted legal fees for 2003?

Mr BLACKWELL: In 2002-03 we paid \$12,000 in relation to external legal consultancy fees. I amend that. Payments by WorkCover to external legal providers in 2002-03 amounted to \$4,887,612. They related mainly to the use of solicitors and barristers for prosecution purposes of occupational health and safety matters. For 2002-03 there were 443 successful prosecutions, which resulted in courts imposing fines of over \$13 million.

The Hon. DAVID CLARKE: Do you have a list of whom those legal fees were paid to?

Mr BLACKWELL: Not here, but we could provide that.

The Hon. DAVID CLARKE: If you would provide that. Does WorkCover have an advertising budget? I assume it does.

Mr BLACKWELL: Yes, we do.

The Hon. DAVID CLARKE: What is that budget?

Mr BLACKWELL: Our annual advertising budget is \$5.5 million.

The Hon. DAVID CLARKE: Do you have a list of whom that is paid to?

Mr BLACKWELL: I do not have the list here.

The Hon. DAVID CLARKE: Would you provide that?

Mr BLACKWELL: Yes, we can.

The Hon. DAVID CLARKE: How much is your fraud detection budget?

Mr BLACKWELL: Although the detail is not part of the State budget papers, I can indicate what we are doing in relation to fraud at the moment and the resources going into that.

The Hon. DAVID CLARKE: But there is a fraud detection budget, is there not?

Mr BLACKWELL: There is a Fraud Investigation Unit, which has a budget. There is a dedicated Fraud Prosecution Unit in WorkCover's legal branch to ensure the successful prosecution of fraudulent claimants, employers and service providers; steps to increase the co-operation between government agencies, including the Health Insurance Commission and the Office of State Revenue and the Department of Social Security; and assistance to ensure the development of more sophisticated detection teams within their organisation to identify non-compliant employers and fraudulent claims. We now employ 19 specialist full-time staff to investigate fraud and prosecute fraud and non-compliant activity in the scheme, as well as five other positions which are involved in data mining—looking at the data—to try to identify where fraud is taking place. In 2002-03, \$1.297 million was spent on the detection of fraud.

The Hon. DAVID CLARKE: Are you sure that figure is correct? It seems a small figure for a department that is involved in such important work.

Mr BLACKWELL: The figure is correct. The situation is that every allegation of fraud is investigated. We receive allegations of fraud from a number of sources. In 2002-03 WorkCover received 261 reports of potentially fraudulent activity. Each of those reports has been investigated, and in many cases prosecution has commenced and there has been other follow-up action. The fraud that is alleged could be employee fraud, employer fraud or provider fraud. However, most of the referrals

of suspected fraud are made by insurers or employers, and that therefore leads us to the majority of those being about claimant fraud.

The Hon. DAVID CLARKE: Do you feel that if the budget for this area were enlarged, that would assist you in pursuing fraud to a far greater extent than you are able to do at the moment?

Mr BLACKWELL: No, I do not believe so, because all of the allegations of fraud which we receive—and we receive them from a broad range of areas—are fully investigated, and prosecutions are commenced where there is evidence to support it. So my view is that, provided we can provide that investigation of potentially fraudulent activity in all of the cases which we receive, the resource is adequate to follow matters up.

The Hon. DAVID CLARKE: In other words, you only investigate questions of fraud where an allegation is made? You are not out there taking the initiative, as it were?

Mr BLACKWELL: In relation to employer fraud, we have a Compliance Improvement Branch, and during 2002-03 we issued approximately 12,000 requests for wage audits to insurers, and identified approximately \$21 million in additional premiums, together with an additional \$5 million in late payment fees—a total of \$26 million. We issued 339 fines and penalties for premium evasion, with a total value of over \$1 million. And we successfully prosecuted eight employers for non-insurance, resulting in fines totalling \$105,000. Already in the first quarter of this year almost \$6 million in additional premiums have been identified as well. So we have actually detected considerable under-payment, if you like, in relation to premiums.

The Hon. DAVID CLARKE: You do not think anything more could possibly be done in fraud detection? You think that that is as good as it gets: that anything that can be detected, you are out there detecting it?

Mr BLACKWELL: You can never say that you are going to detect all fraud in any organisation or in any situation. My belief is that we are doing our best to do that. Where we are talking about claimant fraud, we certainly follow that up, and we prosecute wherever possible. It seems to me that the best possible source of referral of claimant fraud comes from the employers, as well as others. As I said before, every one of those is followed up. In relation to potential employer fraud, we do data mining and so forth and we do get other referrals from other parties as well to indicate whether there is a belief that an employer is not paying the proper premiums or where providers are potentially over-servicing people.

The Hon. DAVID CLARKE: So you think we are pursuing fraud more or less to the maximum that we can, and therefore it probably would not be fruitful to go down that pathway in seeking to reduce premiums and pay-outs in New South Wales?

Mr BLACKWELL: I think that the big dollars, if you like, are probably not there in claimant fraud. There are potentially larger dollars in terms of employer fraud in relation to non-payment of premiums.

The Hon. DAVID CLARKE: I am talking about employer and employee fraud.

Mr BLACKWELL: Sure. If I could give you an example. In March 2003 a worker who defrauded the workers compensation scheme of travel expenses connected with his workers compensation claim was fined \$5,625 and ordered to pay \$4,491 in costs by the Chief Industrial Magistrate's Court. The man, who failed to appear in court, was convicted of 55 counts of obtaining benefits by providing false information under section 67 (1) (b) of the Workplace Injury Management and Workers Compensation Act 1998.

The Hon. DAVID CLARKE: Do you have any estimate of how much fraud in New South Wales is costing overall?

Mr BLACKWELL: That is very difficult. As we progress along this track it will be much easier for me to identify the actual numbers. What I would say is that it appears to me that the underpayment of premiums is costing us far more money than fraudulent claims by claimants.

The Hon. DAVID CLARKE: That is another area, but has there been any study carried out by WorkCover as to how much they believe the system is being rorted by fraud?

Mr BLACKWELL: It is very difficult to know how you would undertake such a study.

The Hon. DAVID CLARKE: Sure, that is another question.

The Hon. MICHAEL GALLACHER: I note you said that fraud investigations are all fired up—I think "fully investigated" was the term. However, it is important to put onto the record that fraud investigators are instructed that they must make a judgment call, if you like, between the likelihood of success of the case and the financial, budgetary restrictions that impact upon the unit. Is that correct?

Mr BLACKWELL: Certainly, where there is what one might term minor fraud or where the cost of prosecution may not be met, if you like, or justified by the penalty that is going to be awarded, that is true. In relation to employer fraud—we would take the same view whichever fraud it is—we have the financial responsibility, if you like, to make sure that we pursue cases that are going to be worth pursuing at the end of the day.

Ms LEE RHIANNON: Is it true that WorkCover deals only with hold-ups that result in fatalities?

Mr BLACKWELL: I will ask John Watson to answer that question.

Mr WATSON: We certainly look at investigating matters where employees are put at risk, and WorkCover would encourage employers to carry out a risk assessment to establish whether the undertaking they are conducting is placing their employees at particular risk of armed hold-up or other hold-up, or other violent events that might occur within the workplace. From time to time we investigate fatalities that have resulted from an armed hold-up environment, but of course the primary agency in this respect is the New South Wales Police Force because it is a criminal event and they would investigate that matter. We would look at the systems at work that have developed within a workplace to establish whether the matter is one that we should investigate.

Ms LEE RHIANNON: You used the phrase "look at the systems at work", which would suggest to me that there was a need to look at a workplace after a hold-up, even if there was not a fatality. Are you aware of the Finance Sector Union [FSU] claim that, following a recent armed hold-up at an ANZ bank branch, an employee rang a number listed on a WorkCover brochure to report the hold-up and was told, "Unless there is a fatality we do not want to know about it." Are you aware of that incident?

Mr BLACKWELL: I do not believe that we are. We would be happy to follow that up, if we had the details.

CHAIR: If you could provide to Mr Blackwell the details of that case from that union, he may be able to answer the question.

Mr BLACKWELL: I need to correct the statement I just made. I was unaware of that.

Mr WATSON: I am broadly aware of that particular matter. The Labour Council has raised with me, personally, the fact that information was provided in the sense that you have outlined to a caller to WorkCover. That information has been corrected. The information service has been informed that we are interested in notifications relating to armed hold-ups.

Ms LEE RHIANNON: Perhaps you are also aware that the FSU also said that the insurer acting for the ANZ bank then rang a WorkCover hotline and WorkCover again provided the same information. Are you aware of that part of the story as well?

Mr WATSON: I am not aware of that extension, no.

Ms LEE RHIANNON: Going back to the original question, should WorkCover not also assist employees who are not killed but who suffer psychological and emotional stress due to hold-ups?

Mr BLACKWELL: We are certainly looking at providing counselling support where fatalities have occurred. We are putting that in place at the moment. Whether or not it is our responsibility to provide counselling to those who have been the subject of a hold-up, which, of course, would be extremely traumatic, is another issue. I would have thought an employer would have the responsibility of providing those sorts of services to their staff. Any large organisation these days will provide counselling services to its staff, whether they are the subject of something as traumatic as a hold-up or something perhaps more mundane, but I would have thought that that would have been the responsibility of the employer.

Ms LEE RHIANNON: Leaving counselling services aside, a hold-up where there has been no fatality would still suggest that there is a problem at that workplace in terms of the safety of workers. Would it not, therefore, be the responsibility of WorkCover to investigate?

Mr WATSON: We would investigate matters where there has been serious injury and fatality. Responsibility for the provision of a safe place of work under section 8 of the Occupational Health and Safety Act lies strictly and wholly with the employer of the place of work. The regime that is in place under that legislation includes the general duty of care and also a general duty to consult with employees. The legislation provides for the provision of a consultative mechanism at a workplace. Part of the responsibility in the consultative mechanism is to review incidents that occur within the workplace. Whether they result in injury or whether they result in death, they should be a part of the overall review of the consultation process that is conducted in a workplace and the appropriate corrective action put in place by the employer.

The usual regime for consultation within workplaces traditionally has been the occupational health and safety committee regime, which has been extended under the Occupational Health and Safety Regulations and Act that came into effect in September 2001 to include other consultation mechanisms in workplaces where there are fewer than 20 employed. In that way a consultation process can address the issues that you are alluding to. In respect of events that may occur where there may be shortcomings, we would expect the employers to address the shortcomings as part of the regime that they put in place under the very strict requirements of section 8 of the Occupational Health and Safety Act.

Ms LEE RHIANNON: Thank you for outlining that, but in listening to your whole answer I was left with the impression that WorkCover does not have an involvement unless somebody dies. To make a comparison with a building site, you investigate if somebody dies but I understand you also investigate if there is a serious accident. I would put an armed hold-up in the category of a serious accident. Maybe the person has been shot or hurt, or maybe the person is suffering the psychological consequences of the event, but I would still put that in the category of a serious accident. Do you not investigate that?

Mr WATSON: I am sorry to leave you with the impression that we do not investigate or are not concerned about these matters. We certainly notify the matters that are reported to us, and they are now reported to us through the workers compensation scheme under the new single notification arrangements. We review all those matters with a view to establishing whether in fact they are matters that need a full investigation or not, and we look at that with a view to seeing whether there are any trends within a particular industry sector. We examine those trends and put in place corrective action to try to prevent an escalation of issues within workplaces. WorkCover has already published documentation in respect of violence in the workplace, which covers armed hold-ups. We have dealt with issues, for example, in armed hold-ups in the cash-in-transit industry with a code of practice. Those sorts of issues have been dealt with by WorkCover quite extensively.

Ms LEE RHIANNON: Are you aware of the Financial Sector Union's claim that the St George Bank believes that it has no responsibility to inform WorkCover about hold-ups at its branches, even though WorkCover regulation 341 states that such incidents must be reported?

Mr WATSON: I am not aware of the detail of the matter. It may be that WorkCover has had correspondence on the matter, but I cannot recall the detail of the matter at this time.

Ms LEE RHIANNON: Will you take it on notice?

Mr WATSON: Yes, we are happy to take it on notice.

Ms LEE RHIANNON: Just to add to that, what actions will WorkCover take to ensure that the banks comply with their obligations under regulation 341? You can take that on notice as part of that question.

Mr WATSON: I would be happy to answer that, if you would like me to answer it.

Ms LEE RHIANNON: Thank you.

CHAIR: I would rather have as many questions as possible answered today rather than put them on notice.

Mr WATSON: WorkCover will, and continues to, administer the occupational health and safety legislation to ensure that employers are aware of their responsibility to notify us. A new notification system has just been introduced. It streamlines the notification arrangements so that when a workers compensation claim is made or when a matter falls outside of the workers compensation legislation, the notification is required. WorkCover has recently produced brochures and information which have been distributed to insurers, so that insurers can distribute that to their policy-holders and so on, to ensure that those notifications are forthcoming. So WorkCover has taken action in respect of making sure that employers in New South Wales are aware of their responsibility to notify WorkCover of matters that occur within the workplaces.

CHAIR: Can you just clarify that previous matter about the letter as to what WorkCover was going to supply? Do you want WorkCover to report only that they have received a letter? You know what is in the letter, apparently.

Ms LEE RHIANNON: It was about the St George Bank.

CHAIR: Yes. What does WorkCover have to do?

Ms LEE RHIANNON: We have heard that the St George Bank—the Finance Sector Union—

CHAIR: I understand that. Does it report to you or to the Committee that it has received a letter? That is the question, that is what is on notice?

Ms LEE RHIANNON: I did not mention a letter. It was just the claim that the St George Bank believes it has no responsibility to inform WorkCover about hold-ups at its branches. Considering that, I am asking if they can ascertain that that is the case.

CHAIR: Is that clear to you, what you are being asked to supply?

Mr WATSON: Yes.

Ms LEE RHIANNON: Thank you, Chair. I have a couple of questions on the Gretley mine tragedy. Obviously we were pleased to read in the paper that some legislation will come forward to resolve that particular incident. Arising from that, in preparing some work on that issue I became aware that in the coalmining industry in New South Wales alone there have been 2,500 deaths and very, very few penalties handed out to negligent employers. Why have mine accidents resulted in so few prosecutions? What is in place to rectify this?

Mr BLACKWELL: Mining injuries are not part of the responsibility of WorkCover. They are part of the responsibility of the Department of Mineral Resources.

Ms LEE RHIANNON: So they have never been under your—

Mr BLACKWELL: No.

The Hon. JAN BURNSWOODS: Mr Blackwell, I wonder if you could tell us something about the benefits that you believe have flowed to the Central Coast following WorkCover's relocation to its new head office in Gosford?

Mr BLACKWELL: As the Committee would be aware, on 15 October last year the Premier opened the new WorkCover head office in Gosford, fulfilling his February 1999 commitment to bring quality jobs to the Central Coast region. Of course, it is a major boost for the economy in Gosford. Gosford, as you may be aware—or the Central Coast in particular—has a rapidly expanding population. It is one of the fastest-growing areas in New South Wales. There are large numbers of people commuting down the F3 and by the railway every day into Sydney, and so the opportunity to produce additional jobs in Gosford has been well received.

I am pleased to advise that the building fit-out was based on occupational health and safety best practice, incorporating significant consultation with and input from WorkCover staff. Extremely high standards of environmentally sustainable design were also applied during the building's fit-out. This building is a best practice building, if you like, from an environmental aspect. For example, the paints used have no volatile organic compounds and were free from toxic lead, metals, mercury, chromium and chromates. A number of initiatives were also undertaken to increase the possibility of furniture and fittings being recycled at the end of their useful life. These included the use of pure textiles as opposed to blends, which cannot be recycled whereas pure textiles can, and the use of furniture that is easily disassembled in aid of recycling. Carpet suppliers with recycling programs were preferred. The metal content of workstations was minimised with the use of recyclable aluminium. International best practice for access and occupational health and safety were researched and implemented, and the building's level of amenities exceeds current best practice for disability and first-aid facilities.

WorkCover commenced operations in Gosford on Monday 21 October 2002. By Monday 28 October 2002, over 470 WorkCover staff were housed in the new building. On Monday 4 November 2002, over 50 staff of the Long Service Payments Corporation also commenced working in the new building, bringing even more jobs to the Central Coast. This is the biggest relocation of State Government organisations to regional New South Wales in over 30 years. The construction phase itself provided work for over 200 Central Coast people. Over \$14.3 million in subcontracting work was carried out by regional businesses. Local businesses are also involved in printing, catering, security, news agency services, motor vehicle maintenance and indoor plant hire in providing services to WorkCover in its new building on a continuing basis.

The Hon. DAVID CLARKE: Mr Chairman, is there some process whereby prepared answers can be tabled? That might assist, and save some time.

The Hon. JAN BURNSWOODS: You asked that in the previous Committee. I was just reading *Hansard*.

The Hon. DAVID CLARKE: Yes, I know.

The Hon. PETER PRIMROSE: Further to that point of order—

The Hon. DAVID CLARKE: It is not a point of order. It is just a question.

The Hon. PETER PRIMROSE: Mr Chairman, it may be that questions will arise out of hearing this material. That is why I am busy listening to it, so that I may be able to ask further questions.

CHAIR: It allows for follow-up questions. It should only be tabled if the witness wants to table it, and the witness certainly does not wish to table it.

Mr BLACKWELL: I would rather speak to it, thank you.

The Hon. PETER PRIMROSE: And we would like to hear it.

The Hon. DAVID CLARKE: And the answers to the questions that arise from it.

The Hon. PETER PRIMROSE: Yes.

The Hon. DAVID CLARKE: I look forward to them.

Mr BLACKWELL: A recent survey of WorkCover staff found that levels of workplace satisfaction were significantly increased in a number of respects following the move to Gosford from WorkCover's previous premises in Sydney. Of the 500 positions located in Gosford, over 240 WorkCover employees live on the Central Coast, so in fact we are approaching about half of the work force now being located on the Central Coast. That is a significant change over time, which is good. It means that perhaps a number of people who previously were commuting down the F3 or on the railway down to Sydney are now able to work locally, and I think that is extremely important for the Central Coast community.

Many of these, of course, are experiencing the convenience of living in close proximity to their workplace for the first time. Apart from providing a significant economic boost to the Central Coast's economy, the relocation of WorkCover's head office to Gosford provides a best practice example for any future public sector relocation to regional or rural New South Wales. In fact our relocation won a silver medal in the Premier's awards the other night. No gold medal was awarded, so I think we did the best of that category.

The Hon. JAN BURNSWOODS: What are the Government and WorkCover doing about the implementation of the recommendations of the McKinsey and Company scheme design review?

Mr BLACKWELL: The report by McKinsey is entitled "Partnerships for Recovery", and it is on caring for injured workers and restoring financial stability to workers compensation in New South Wales. It is the next major step in making the workers compensation system fair, efficient and affordable for workers and employers in New South Wales. Committee members will recall that in 2000 Minister Della Bosca announced a program of reform for workers compensation. The key focus of those reform principles was that the reforms deliver sustainable scheme costs and provide appropriate treatment and better return-to-work outcomes for injured workers. Since that time, a great deal has been achieved.

Initiatives that have been implemented include the premium discount scheme to reward employers for improving their occupational health and safety and injury management systems, and a medical management pilot which is initiated with a \$1.7 million program aimed at ensuring that general practitioners are appropriately skilled and knowledgeable about the latest in the clinical management of low back pain, which is a major injury. A number of highly successful initiatives were introduced from 1 January 2002, including provisional liability payments, the claims assistance service and the Workers Compensation Commission. As a result of those reforms, a huge saving has been made.

Premiums that are now collected, and have been for a couple of years, cover the scheme's operational costs every year. On a year-by-year basis the money coming into the scheme is more than the money going out. Future liabilities have been reduced by \$1.5 billion, and 94 per cent of that has been in legal investigation costs alone. So far employers have received about \$67.5 million in premium discounts, so it is an actual discount to the employers who use best practice in occupational health and safety. About 75 per cent of workers now get weekly benefits within seven days of the injury being notified to the insurer, and disputes have been reduced by 75 per cent.

The average reporting delay for an injury has been reduced from 22 days to 11. Those reforms were introduced on 1 January 2002, as the Committee would be aware. While those reforms have been extremely successful and are starting to renew the viability of the scheme, further reforms were necessary. The McKinsey report was the result of 12-month independent review of the WorkCover scheme, and determined that the key issue and the area with most room for improvement was claims management. My view would support that entirely. It seems to me that there are major

savings to be made in the scheme with claims management, ensuring that workers return to work as quickly as possible. In my view it is in the interests of the employer, the employee and all concerned parties that workers get back to work as quickly as possible.

Sometimes it can be quite quick for a relationship between employer and employee to break down when an employee goes off work as a result of an injury. It seems to me that proper management of the case, of the worker getting back to work as quickly as possible, involves negotiating with providers, workers and employers. That is necessary to ensure that a breakdown in the relationship does not occur, and that is in everyone's interests. It would reduce worker and provider costs to get people back to work quickly. McKinsey has identified a major area of need and reform within the scheme. The consultants estimate that significant improvements in claims management together with other recommendations could generate \$2 billion in savings, which should make the scheme fully funded within 5 to 10 years.

The report builds on earlier reforms and provides a framework for significant, durable change that will make a real difference to the injured workers and employers, as well as reduce the scheme's deficit. The Workers Compensation Amendment (Insurance Reform) Bill was passed recently, and the bill supports the implementation of the report's recommended reforms by facilitating the entry of new agents into the scheme. As members may know, currently six insurers are licensed within the scheme. They had an ongoing licence, and in the new world they will be agents and will have contracts that will be contestable. This has introduced another element of competition between the providers in the scheme.

The proposed new arrangements are intended to focus on outcome-based results through the introduction of more transparent and timely remuneration packages and the establishment of a minimum standard of performance. The selected agents will then be able to achieve results through innovation and process improvements. The report proposes also an environment with more active management of claims, which I have mentioned, including managing service providers such as rehabilitation providers and medical and legal professionals, so as to deliver better health and return-to-work outcomes for injured workers and more efficient application of scheme resources. The implementation of those reforms has commenced and is expected to take 24 months. As stated in the report, the intention is to have the new claims agents operational by the end of 2005. Shortly we will go to tender for a range of issues in relation to the McKinsey implementation.

Other agents such as recovery specialists, legal panels, and investment managers will be progressively introduced during the implementation period. To minimise disruption to employers and workers and ensure business continuity, the implementation will be phased. The focus of the recommended reforms is to improve claims management and deliver better services to employers and injured workers. We are committed to that objective. WorkCover has already commenced recruitment for the project and by Christmas approximately 20 staff will be working on the project. We have also made changes to senior management in our insurance function to ensure that the changes are designed to ensure that our implementation in the WorkCover scheme design review is fully integrated with the ongoing operation of their organisation and the insurance division in particular. The insurance division will have to manage this new scheme. Our implementation will be overseen by a steering committee with external members and the committee will provide guidance and advice on overall implementation of its objectives.

The Hon. PETER PRIMROSE: I am pleased that my colleague the Hon. Jan Burnswoods has been able to elicit so much information by her question. What action is WorkCover taking to assist non-profit organisations to meet their obligations under occupational health and safety legislation?

Mr BLACKWELL: WorkCover is aware of the issues that have arisen for non-government organisations, in the human services sector in particular, as a result of the implementation of the occupational health and safety legislation in 2001. As the Committee would recall, the Workplace Safety Summit, which was held over three days in July 2002, was a Government initiative in association with the New South Wales Labour Council and employers. It entailed a joint government and industry approach to reduce the unacceptable toll of injury and illness in New South Wales workplaces and communities. The summit provided a forum for the corporate sector, unions, government, small business and local communities to contribute to, debate and discuss new ideas and attempt to find solutions to health and safety issues.

The summit successfully brought together union, employer and government representatives, who agreed to meet a national target of a 40 per cent reduction in injuries by 2012 in New South Wales workplaces and a reduction in workplace deaths by 20 per cent over the same period. A number of specific industries put in place ambitious goals of reaching similar targets within five years. In November 2002 the Government released its response to the 132 recommendations of the summit. The Government pledged more than \$13 million over three years to assist with implementation of the recommendations. Some of the outcomes of that were the establishment of the workplace fatalities investigation unit within WorkCover, which liaises closely with WorkCover inspectors responsible for the investigation involving a fatality, helping with case management analysis of the evidence and provision of legal advice. In addition, the unit will help employers and employees work together to find innovative new solutions to safety in the industry through the funding of five industry-specific forums, including the establishment of the Forestry Industry Safety Council.

The unit will give small business the tools necessary to improve occupational health and safety through the small business assistance strategy, and the extension of a number of popular and successful programs, including Youth Safe, the Rollover Protection Rebate Scheme and Share Safety, as well as the extension of the premium discount scheme for not-for-profit organisations. Recommendation 24 of the safety summit called on the Government to form an equal partnership with the community services sector to reduce rates of manual handling injuries, slips, trips, falls, violence and stress through a number of forums. In that particular sector there are unique difficulties in relation to people's homes, for example, where hazards could be identified and need to be dealt with.

The Government, in its response to the Summit, supported this recommendation and undertook to convene an industry forum to address these issues. WorkCover hosted a tripartite forum on 31 July 2003 to discuss the issue of occupational health and safety for non-government organisations and the community services sector. The forum comprised some 60 representatives from unions, government and non-government peak bodies, and in keeping with the Summit recommendation the participants worked together to define priorities for joint action in order that the sector can achieve compliance with relevant legislation.

A wide range of government organisations were invited to the forum, including the Premier's Department, the Guardianship Board, Treasury, the Ombudsman's Office, the Department of Housing, the Department of Health, the Office of Children and Young People, the Department of Community Services, and the Department of Ageing, Disability and Home Care. The forum provided an excellent opportunity for the Government and industry to work together to improve the health, safety and wellbeing of people employed in the community services sector. The forum also further reinforced the commitment to the recommendations of last year's Safety Summit and more broadly a commitment to advancing workplace health and safety for the benefit of all workers throughout the State.

It was announced at the forum that WorkCover will be funding a new position within the support unit of the Council of Social Service of New South Wales [NCOSS]. This position will provide free consultation to the council's members to assist 7,000 affiliated not-for-profit organisations to implement occupational health and safety systems. Introduction of the position will also allow for the delivery of information sessions through the NCOSS regional forum network, and represents a significant investment on the part of WorkCover to assist the community services sector in meeting its obligations.

CHAIR: Following your earlier answer about the move of WorkCover to Gosford, you indicated that 50 per cent of the staff were living on the Central Coast. What impact has the shift had on the other 50 per cent, who obviously must live in the Sydney area? Has it had any impact on staff loss? Did people feel they could not transfer to Gosford for various reasons?

Mr BLACKWELL: For the detail of that I will hand over to Mr Reed, but I will make some general comments first. Mr Reed was primarily accountable for the shift to Gosford. Certainly, relocation assistance was offered to staff from Sydney, and Mr Reed will perhaps give more details on that. Obviously some staff did not want to make the shift to Gosford and then found positions in other departments and so forth.

CHAIR: I was particularly interested in whether you have lost some highly qualified people, experienced people, and whether that is having an impact on WorkCover?

Mr REED: When we initiated the relocation project there had been a survey done during 2000 which indicated that about 50 per cent of the staff in head office would not make the move to Gosford. By the time we moved we had about 120 Central Coast based staff already because, since the announcement in 1999, and also the fact that there were people already living on the Central Coast pre that announcement, we then encouraged as many of the other staff who had put their hand up to say that they may not seek to make the move to remain with the organisation. Some of those staff decided, based on the fact that we were offering a certain amount of assistance to staff—things like stamp duty relief—they were willing to relocate from the city to the Central Coast area.

But in general we encouraged as many people as possible to at least give the move to Gosford a try, even if they were going to stay living within the Sydney area, and we actually narrowed down the number of staff who did leave the organisation to far less than that 50 per cent. In fact, at the time of the move somewhere in the order of 30 or 40 people had left the organisation. Subsequent to that, the numbers have climbed to 240 people living on the Central Coast so we picked up another 120 people. Some of those are people who have moved with us from Sydney and others are people who have subsequently left over the past 12 months. We anticipate that over time that number will increase because we now have staff joining us from Newcastle. In the past there was no opportunity for that to occur, the distance being too great from Newcastle to Sydney.

So we are witnessing a slow change rather than a very rapid catastrophic change associated with the move, and that has been to the benefit of the organisation. Indeed, a number of people who had indicated back in 2000 that they would not relocate are happily working with us now. We provide also a process, which I am sure you are aware of, whereby there are opportunities for staff to buy annual rail passes, for instance, and for public sector agencies to pay that up-front fee and then deduct it on a fortnightly basis from the salary of those staff members. We also do that with our car park, which is a council car park next to our building. We allow staff to park in that car park. We pay the up-front fee and on a fortnightly basis we deduct that from them. That has encouraged a reasonable number of staff to stay with us as well.

CHAIR: Did you lose any highly experienced staff through the shift? Has that had any impact on WorkCover?

Mr REED: We lost fewer than we had anticipated. Mostly the people who we expected would be difficult to replace have actually remained with the organisation because, of course, their skills tended to be with an organisation like WorkCover. The labour pool available to those individuals is limited as well, so people had to make a decision about their options if they left WorkCover. A number of them found that there were only a few limited options within government, and in particular they had to make a decision as to whether to go to the private sector. So we have retained some of those highly specialised staff.

Mr BLACKWELL: It is probably worth noting that our legal branch has remained in Sydney and therefore has been unaffected by the shift. Therefore, we have not seen a loss in relation to that.

Mr REED: And our inspectorate as well, and that is primarily relating to the fact that the courts we are operating in are in Sydney. So it was a conscious decision of the organisation to leave that group in Sydney.

CHAIR: Is that the only department that is still in Sydney?

Mr BLACKWELL: We still have inspectors located in several offices in the Sydney area. There are major offices in Parramatta and Liverpool. We have inspectors located across the State. So a number of inspectors are still located in Sydney.

CHAIR: I note that in the budget papers there is no reference to any further expenses with Gosford, so all costs have now been met. Are there any additional fit-out costs for the building?

Mr BLACKWELL: No, the building is fully occupied.

CHAIR: I note in the budget papers the proposed income in revenue from investments. With the change in interest rates, will those figures—the State's \$10.2 million in 2002-03 and anticipated revenue of \$15.2 million in 2003-04—be reviewed now? I assume that that should increase. Do you have a sliding scale if there are further increases in interest rates?

Mr BLACKWELL: Investment income was expected to be \$10.7 million lower than budget in 2002-03 as a result of the unfavourable global investment market, I guess, rather than the interest rates. It is the property investment market that makes the difference, and we have budgeted for that investment income to increase by \$4.6 million in 2003-04 due to the expected recovery in investments across the world.

CHAIR: So the interest rate increase does not have a direct impact on you?

Mr BLACKWELL: We have a portfolio of investment, some of which are bonds which are affected by interest rates, and some of which are investments in, say, equities. So interest rates do make a difference, but not to the whole portfolio.

CHAIR: I note a reference in the budget papers to money being allocated for a mobile respiratory unit. Is that unit being used? If so, in what way is it being used? Can you report on its use? Does it visit factories, or how does it operate?

Mr BLACKWELL: I do not have that sort of detail with me. The Dust Diseases Board operates that unit, so I do not have that detail with me. I could take that question on notice and provide the detail for you.

CHAIR: You talked earlier about improving claims management. Could you supply percentages on the speedier results that have been achieved as a result in the reporting of injuries? Are you calculating the improvement there has been in the number of people returning to work? Are you able to state that those results have been achieved as a result of the procedures that WorkCover is implementing?

Mr BLACKWELL: There has not been too much of an improvement in return to work figures over the past few years. I do not believe that that has necessarily been the focus of the reforms to date. The McKinsey reforms relate very much to a return to work. I do not think we will see a marked improvement in those figures until we move a bit further down the track. Previous reforms certainly looked at issues such as reducing the amount of disputation, the closure of the Workers Compensation Court and the establishment of the commission to get more of an arbitration approach, if you like. So the focus of previous reforms has really been on things other than a return to work. I think that McKinsey accurately identified that improvements in the return to work area is the major area in which we can make big gains in the future.

CHAIR: What attracted my attention was the statement on page 19-11 of Budget Paper No. 3, Volume 2, which states:

In undertaking its statutory role, the WorkCover Authority:

· promotes the prompt, efficient and effective management of the return to work of persons injured at work
...

From the wording of that statement it appears to be a top priority.

Mr BLACKWELL: Yes. Our injury management branch has run some pilot programs relating to a return to work. Would you be prepared to allow Rob Thompson to address this issue?

Mr THOMPSON: Four injury management pilot programs were run over a 12-month period with varying outcomes. Two in particular showed significant improvements in the assessment of what came through. The claims were managed through the pilots compared with a control group. The results coming from the pilots run through Employers Mutual and QBE actually showed a reasonable

improvement and better outcomes as a result of those initiatives. The other two pilots were the IRS and Warrakanji projects.

The IRS project, which was run out of Orange, actually produced significant improvements in return-to-work rates and outcomes from the initiatives it proposed. The Warrakanji pilot was closed earlier than we expected because of issues relating to that pilot. Overall, the results demonstrated that some of the initiatives undertaken through those pilots were beneficial. It indicates the effectiveness of that in the medium to long term. Both QBE and Employers Mutual have taken the learning from the pilots that were run and incorporated them across businesses on an ongoing basis.

CHAIR: So it would be good for WorkCover to do an ongoing study and to compare what was happening with what is happening and what will be happening in the future?

Mr BLACKWELL: We would want to measure agents and providers to determine the improvements. Some claimants have been on workers compensation payments for a considerable time. Clearly, they would be quite expensive claims because of the length of time that they have been off work and receiving benefits. The McKinsey report identified the issue of long tail claims and the need to use some innovative solutions to get those people back to work. McKinsey talked about a three-year time frame.

I would have thought it would have been much less than that before you start to have real problems in getting people to return to work, in particular, to an employer that they left some time before. When we are looking at the McKinsey recommendations and the scheme redesign we are looking also at specialist agents who would take that group of workers and work hard with them in relation to their rehabilitation and work placement needs and those sorts of things so that we can get down as much as we possibly can what we call the long tail. Of course, that would achieve significant savings in itself. As I was saying earlier, to me the key to a successful return to work is to commence a return-to-work program or project as soon as the worker is injured.

CHAIR: You need to focus on minor injuries and ensure that those people returned to work as quickly as possible. That would represent the majority of injuries.

Mr BLACKWELL: That is right before it becomes a long-term claim because the worker-employer relationship might have broken down.

The Hon. MICHAEL GALLACHER: Am I right in assuming from what you have said that prior to the findings of the McKinsey report you did not focus as much as you should have on the early return to work issue?

Mr BLACKWELL: I would not say that there was not a focus on it; I think there has been a much stronger focus on it over the past 12 months or so as a result of these pilots that have been run. Certainly I think there is room for significant improvement.

The Hon. MICHAEL GALLACHER: So the schemes are not as effective as they should have been prior to the running of the pilot programs?

Mr BLACKWELL: Insurers concentrated on claims management, if you like. Perhaps they concentrated more on the issue of being an insurer, collecting premiums, rating people in relation to their premiums, making payments and accepting them and so forth in a fairly management-oriented manner.

The Hon. MICHAEL GALLACHER: So the comments that the Minister made in the past about the primary focus of the Government being on an early return to work have not been played out?

Mr BLACKWELL: It is difficult for me to make that comment.

The Hon. MICHAEL GALLACHER: Mr Reed, could you tell us what Central Coast-based services WorkCover engages in, apart from the car park?

Mr REED: Clearly, council is getting sick of not getting a benefit from the number of car spaces that we are renting. We are getting the maintenance of all our vehicles that are based in the head office fleet and we are purchasing those vehicles through government contracts but through local dealers. We are picking up security services for after hours security services within the building. We are picking up plant hire. In this case "plant" refers to living organisms as distinct from plant in the rest of the organisation, which is a non-living version of that. That was actually one of the design elements of the building because of the report of the upper House committee on sick buildings.

We picked up on the importance of having foliage within the building, so we made a conscious effort to include that in the fit-out. We are getting all our newspapers delivered locally and the catering for all our meetings is being provided by external companies. We actually went through an open advertising process for that. The cleaning company that we use is local as well and that was part of our original advertisement for services. That is being provided but through building management's local company. Obviously there is a raft of what our staff do at lunchtime and out of hours as well.

The Hon. MICHAEL GALLACHER: Are you in a position to indicate to the Committee how much money is spent on the purchase of goods and services in the Gosford area as a result of this relocation?

Mr REED: We cannot quantify it in exact dollar terms. My belief is that while WorkCover itself is purchasing services in those areas in general, there is a raft of other things being purchased by staff, even if they are not living there, by working there during the day. There will may be a significantly larger amount of money being injected into the community just by staff operating out of hours.

The Hon. MICHAEL GALLACHER: Therefore, I take it there has not been a study done of the financial impact of the relocation?

Mr REED: We have not looked at it in those terms. As a government agency we purchase a significant amount of material under government contract, so some of that purchasing will occur on the Central Coast and some will not occur on the Central Coast.

The Hon. MICHAEL GALLACHER: Mr Blackwell, in your role of making a future assessment of the success or otherwise of substantial relocation throughout country or regional New South Wales, do you believe it is appropriate in conjunction with the Department of Regional Development that such a study should be done of the financial impact of such a relocation of this magnitude?

Mr BLACKWELL: That is something I would certainly be wanting to consider. I would not commit to that at this stage, but in learning for potential future relocations out to regional areas I would have thought that would be something worth doing. The impact, I think, as Philip is saying, is not just in relation to the direct purchase of goods and services. You may be aware that the WorkCover office at Gosford is part of the central business district, and the CBD in Gosford has been going downhill for quite a while. This has provided a much-needed boost to local businesses there in relation to a whole range of service-type businesses, coffee houses, et cetera.

The Hon. MICHAEL GALLACHER: Earlier you made mention of Outsource Australia and the \$800,000 a year contract that it has. But I suspect that Outsource Australia is partly responsible for the delivery of cleaning services, is that correct?

Mr REED: No.

The Hon. MICHAEL GALLACHER: So, it only handles the catering?

Mr REED: It is providing reception security. These are things that are part of its original contract. It does not do the catering, it outsources it.

The Hon. MICHAEL GALLACHER: Let us just stick with catering for a moment. What sort of money are we talking about for catering? How much money have we had spent on catering up to this time since the opening of the Gosford office?

Mr BLACKWELL: Catering for last financial year, which is the latest we have, would be \$227,189.

The Hon. MICHAEL GALLACHER: Can I go back to the point that the Hon. David Clarke made earlier. We are looking at \$227,000 spent on catering and \$1.2 million spent on fraud investigations. Do you not think the public and the business community, on hearing that figure, would be right in asking "What is going on"?

Mr BLACKWELL: I can only answer in the way I have answered in relation to the fraud investigation. As I said previously, every single notification or allegation that we have is investigated. From my perspective as the Chief Executive Officer of WorkCover, if it costs whatever to provide that service, that is what it costs. Comparing it with other costs of the organisation may not be relevant.

The Hon. MICHAEL GALLACHER: But \$227,000 for catering—life is not just one big yum cha up there in Gosford, is it?

Mr BLACKWELL: No, it is certainly not, and we keep a very close eye on catering expenses that we have there. In fact, we are doing budgetary reviews at the moment of a whole range of issues.

The Hon. MICHAEL GALLACHER: Who do you cater for?

Mr BLACKWELL: We have a range of bodies to visit us. We have a range of industry advisory groups. We host meetings of employers and unions, et cetera, to negotiate on a whole range of issues across a whole range of industries.

The Hon. MICHAEL GALLACHER: How many meetings would you have had to warrant the \$227,000 meal bill in the past 12 months?

Mr BLACKWELL: I would have to take that question on notice. I really could not answer a question in relation to the detail of the number of meetings.

The Hon. MICHAEL GALLACHER: So we have \$227,000 for catering. How much do we have for the cleaning bill?

Mr BLACKWELL: Can I just clarify the issue of catering. The catering bill was the bill for the whole of WorkCover not just Gosford. So, that is all of our offices across the State, which would include, of course, our legal teams down here and our other teams elsewhere. The cleaning across the organisation has cost \$458,218. That is for the last financial year.

The Hon. MICHAEL GALLACHER: So, cleaning up after the \$227,000 worth of eating—

The Hon. JAN BURNSWOODS: Oh, come off it. This is just getting ridiculous.

The Hon. MICHAEL GALLACHER: Let us put it into perspective. The Hon. Jan Burnswoods interjects, but just catering and cleaning alone is half the money this Government gives to the fraud investigative unit to investigate fraud in the WorkCover scheme. I am not making those figures up, am I, Mr Blackwell?

The Hon. JAN BURNSWOODS: Your question, with the suggestion that the cleaning only relates to catering, is very offensive and unfair.

The Hon. MICHAEL GALLACHER: Put it into perspective. Have a look at how many workers in New South Wales are subject to fraud investigation.

The Hon. JAN BURNSWOODS: You are trying very hard to do a whole lot of fishing.

The Hon. MICHAEL GALLACHER: I am not going to respond to these useless interjections.

CHAIR: Please return to your questions.

The Hon. MICHAEL GALLACHER: Mr Blackwell, am I right in assuming that more than \$600,000 is spent on catering and cleaning for WorkCover, and \$1.2 million is spent on fraud investigation?

Mr BLACKWELL: The cleaning and catering costs—clearly the cleaning is not just related to post-catering. Cleaning is related to all of our offices across the State. We clean offices for and cater for 1,000 staff across the State, and that would seem to me to be a reasonable amount to spend in relation to ensuring that our staff have proper, clean workplaces. In relation to the issue of how much we spend on fraud investigation, I am satisfied as the CEO of WorkCover that we spend sufficient money to investigate all the claims of fraud that we receive.

The Hon. MICHAEL GALLACHER: Are you also satisfied that \$227,000 worth of catering is sufficient?

Mr BLACKWELL: The rules provide for catering for guests who visit us from time to time, and I think it is only reasonable to provide catering for people who have travelled some distance to attend a meeting, and the catering is provided for a whole range of groups. It seems to me quite reasonable that we should show hospitality of a minimal nature to those guests who are good enough to come and discuss issues with us.

The Hon. MICHAEL GALLACHER: Sure, they are good enough to turn up for that sort of selection of food, no doubt. It is probably pretty good.

The Hon. JAN BURNSWOODS: Now you are being offensive to everybody involved in WorkCover, whether it is employers, employees, insurance people or legal people.

The Hon. MICHAEL GALLACHER: I am trying to get information about \$227,000 worth of spending on food. I am asking reasonable questions.

The Hon. JAN BURNSWOODS: We are glad you think so.

The Hon. MICHAEL GALLACHER: You would like to go there to dine. Mr Blackwell, in your role, do you make recommendations to the Government about where you see the need for future changes in policy and direction in the workers compensation scheme?

Mr BLACKWELL: Part of my role is to advise the Minister in relation to some of these issues, yes.

The Hon. MICHAEL GALLACHER: Do you believe the time is right for changing the scheme to allow self-insurers to reintroduce commutations?

Mr BLACKWELL: That is a policy issue that I do not believe I should comment on.

The Hon. MICHAEL GALLACHER: Have you commented on it in recent times?

Mr BLACKWELL: No, I have not.

The Hon. MICHAEL GALLACHER: I understand that self-insurers are concerned about WorkCover giving itself the authority to direct self-insurers how to manage their claims. It is set out in section 194. Do you think their concerns are justified?

Mr BLACKWELL: Self-insurers have the same responsibilities as companies that are not self-insured. I believe part of the privilege of being a self-insurer is that you meet certain standards. I do not believe there is any problem in relation to WorkCover ensuring that the standards are met and

ensuring that workers who are injured while working for self-insurers have the same rights and benefits as others. I do not have an issue with that.

The Hon. MICHAEL GALLACHER: Can you tell the Committee what problems have been reported to WorkCover that have warranted these changes to self-insurers' arrangements? What is the catalyst for the changes?

Mr BLACKWELL: I will ask Mr Thompson to answer that question.

Mr THOMPSON: It is to ensure consistency of service across the whole of New South Wales, not just looking from a managed fund perspective. We want to ensure that self-insurers, and even specialised insurers, plus the managed fund deliver services in an appropriate way so that injured workers receive consistent service. We want to ensure that self-insurers are complying with the injury management provisions and injury management programs that are operating within their organisations. That is the main thrust of what it is about: to ensure consistency of service for injured workers across the State.

The Hon. MICHAEL GALLACHER: Is it correct to assume from your answer that self-insurers have not done anything wrong to warrant these changes?

Mr THOMPSON: I would suggest that there have been instances involving their level of service or compliance. As with the managed fund, there are issues involving self-insurers not necessarily performing to the appropriate levels.

The Hon. MICHAEL GALLACHER: Do you know of any examples offhand?

Mr THOMPSON: Not specifically. I am aware of anecdotal information, inferences and areas of concern but I do not know specifically.

The Hon. MICHAEL GALLACHER: Could you tell the Committee how the exit fees are calculated for companies wishing to move out of the workers compensation scheme into self-insurance?

Mr BLACKWELL: We will have to take that question on notice. It is a fairly detailed question.

The Hon. MICHAEL GALLACHER: Are you aware that it is a massive disincentive to companies, especially given that one would argue that self-insurers produce results superior to those of WorkCover?

Mr BLACKWELL: I am not sure upon what you are basing the assertion that they have superior results. Clearly any liability that exists needs to be carried when a company becomes a self-insurer.

CHAIR: We should clarify the question that has been taken on notice. Are you clear as to the information that you have been asked to provide?

The Hon. MICHAEL GALLACHER: I want to know how you calculate the exit fees.

CHAIR: The method of calculation.

Mr BLACKWELL: There is a methodology.

The Hon. MICHAEL GALLACHER: Mr Watson, does WorkCover assess the impact on businesses, especially small businesses, of its occupational health and safety [OH&S] requirements?

Mr WATSON: I am aware that WorkCover does take into account the responsibilities that are placed upon business by the legislation that we administer. As such, we have in place a small business assistance arrangement to provide assistance to small businesses to establish a systematic

approach to occupational health and safety management and to move to a system of compliance with the legislation that has been in place for three years.

The Hon. MICHAEL GALLACHER: How broad is this body or consultative group that you use to see how occupational health and safety requirements are impacting across a variety of industries?

Mr WATSON: I do not believe I indicated that we had any body consulted; I think I indicated to the Committee that we have a small business assistance scheme that provides for that. But we have set up consultative bodies throughout various sectors of industry—industry reference groups—that provide assistance and with which we formally consult about the needs of particular components of small business.

CHAIR: Can you supply a list of those consultative groups?

The Hon. MICHAEL GALLACHER: What sort of number are we talking about?

Mr WATSON: There are 13 industry reference groups in New South Wales that meet on a regular basis—sometimes monthly but mostly on a six-weekly or two-monthly basis.

The Hon. MICHAEL GALLACHER: We are receiving anecdotal evidence—as I suspect you are as well—of real concerns on the part of small business people. For example, we are told that undertakers are advising family members that they are not entitled to carry the coffins of deceased relatives due to OH&S requirements. Are you aware of anything along those lines?

Mr BLACKWELL: I have not heard that one.

The Hon. MICHAEL GALLACHER: You get unusual cases. Small businesses are so scared of occupational health and safety—they do not understand it—that they are taking it to the furthest degree. We want to know exactly what WorkCover is doing to study the impact and understanding of OH&S.

Mr WATSON: That particular issue has been dealt with by WorkCover through the funeral industry. Our team manager in the consumer services team dealt with that matter. Of course the occupational health and safety legislation is based on a workplace situation. When family members of a deceased are involved in carrying the deceased's casket they are not at work and are therefore not covered by the occupational health and safety legislation. Of course that is not to say that it is not good practice for a funeral director to give sound advice about manual handling practice. I am sure that committee members will have noticed that caskets are no longer carried on shoulders but are often wheeled from places of worship at a funeral.

The Hon. MICHAEL GALLACHER: Are you aware that under the new OH&S requirements landscape gardeners must keep as an antidote for accidental poisoning a drug that can be obtained only by prescription and that is no longer recommended for use? Has that issue been raised with you, Mr Watson?

Mr WATSON: No, it has not been raised with me personally.

The Hon. MICHAEL GALLACHER: Will you undertake to report back to the Committee as soon as possible on whether that is the case and what steps you are taking to rectify the situation?

Mr WATSON: We can take that on notice.

Ms LEE RHIANNON: I refer to the WorkCover review conducted by McKinsey and Company. On pages 105 and 106 of the McKinsey report not a single union, employee organisation or injured worker is listed. The names include the insurers, Employers Mutual Ltd and Australian Business Ltd. Why did the review not involve any employees, workers or their representatives?

Mr BLACKWELL: Unions and employer organisations were consulted by McKinsey during the McKinsey process. I guess the issue is that the McKinsey report has focused quite

significantly on the performance of insurers in particular, and that is why they are listed in the report. The McKinsey report was not written by us; it was written by McKinsey. However, there was extensive consultation with union and employer groups during that process and there has been extensive consultation with both those groups since the release of the report.

Ms LEE RHIANNON: Could you take it on notice to let me know which of the non-insurer bodies—unions and other bodies—were consulted? I could not find it in the report.

Mr BLACKWELL: By McKinsey?

Ms LEE RHIANNON: Yes.

Mr BLACKWELL: Yes.

Ms LEE RHIANNON: Thank you. On page 110 of that review it is suggested that an \$850 million saving will come from improving "average scheme continuance rates from that of the 50th percentile performer to that of the 75th percentile performer". I would like to ask a few questions about this. Given that there is no specific guidance on how WorkCover is to achieve that improvement, how does WorkCover intend to act on this recommendation?

Mr BLACKWELL: Basically, what McKinsey did was look at the relative performance of the insurers and say that if we can get all of the insurers to the same performance or to the average performance then we will save the amount of money that you referred to. The way that WorkCover has looked at these issues is to look at best practice. We have talked previously about injury management and long-tail claims. Our process to date has very much been that we would run pilot programs and introduce best practice across the board. Basically, McKinsey was saying that if all the insurers achieve the same level of performance then the money would be saved.

Ms LEE RHIANNON: In part D of the McKinsey review, starting on page 83, it states that one method of acting on the recommendations would be to "overcome shortcomings in insurer's remuneration arrangements by changing from 'process measures' to 'outcome measures'". Are the average scheme continuance rates one of the outcome measures you will use?

Mr BLACKWELL: Rob Thompson is running our insurance division at the moment. Perhaps he could answer that question.

Mr THOMPSON: The continuance rates are certainly one of the existing measures within the remuneration arrangements. The remuneration arrangements are split up currently into two areas. We have what we call service capability index measures, which are more process-oriented type measures; and we have a range of performance-based, outcome-oriented measures. One of the key outcome-based measures in that group is a return-to-work measure, which is based on the insurer's success at returning people to work. It is linked to the duration of the claim, how long the worker is actually off work.

Mr BLACKWELL: What McKinsey is saying is that we are largely at the moment remunerating insurers on the basis of process—in other words accepting claims, taking premiums, et cetera. We are not measuring them on their performance in getting workers back to work, which is what we were talking about previously.

Ms LEE RHIANNON: Getting back to outcomes.

Mr BLACKWELL: Yes.

Ms LEE RHIANNON: Now that commutations—discounted lump sum buyouts of workers' future compensation rights—are prohibited, we understand the insurers are frustrated by the limited ability to resolve long-tail claims, those claims which are older than three years. Long-tail claims are also the ones that increase average scheme continuance rates. If long-tail claims cannot be resolved easily, how will WorkCover reduce average scheme continuance rates?

Mr THOMPSON: There are two issues. First is trying to deal with the emerging long tail, so the emerging tail at the beginning. John Blackwell has alluded to some of this: proactive initiatives up front to try to ensure that people do get back to work. The focus of all parties involved in managing a claim—being the employer, the injured worker, the various providers of the support network for the worker, and the insurers and the like—is getting the worker back to work earlier. So earlier intervention will hopefully reduce the emerging tail. In relation to those claims that have been in the system for a lengthy period, there can be initiatives in trying to have more active involvement, trying to assess what the injured worker's current conditions are and taking corrective action to try to find alternative duties for them to do—not necessarily with the same employer—and the like. Some insurers have been more successful than others in the existing marketplace in delivering those sorts of outcomes for the scheme.

Ms LEE RHIANNON: The Chair and Mr Gallacher took up earlier the issue of getting workers back to work. I also would like to take it up. There seems to be an inconsistency in the report. On pages 92 and 93 it refers to getting people back to work but there is the acknowledgement on page 46 that workers who have long-tail claims have "full medical treatment and rehabilitation". So on the one hand they need constant medical help and on the other hand you want them back at work. This seems to be an inconsistency in the report. I would like you to clarify which statement you are following.

Mr BLACKWELL: A group of claims are catastrophic claims. That is where a worker is badly injured and is probably unlikely to return to work. That group of workers will always require support, will always require medical expenses and so forth. There is another group of workers who may well be able to return to work. They may be able to return to work in their original duties or potentially with some reduced duties or with a different employer. I think that is the difference that you are pointing out there.

Ms LEE RHIANNON: You are talking about different categories of workers? Are you saying that what I read as a contradiction was referring to different categories?

Mr BLACKWELL: Without having the report in front of me it is rather difficult to respond to that. The overriding issue is trying to get as many workers back to work as we possibly can.

Ms LEE RHIANNON: The only other initiatives suggested in the McKinsey report to reduce average scheme rates is to put in place a long-tail claims agent role. What would these agents do to reduce average scheme continuance rates? The report is not clear on that.

Mr BLACKWELL: At the moment the way that it works is that all of the insurers who are involved are generalist agents, if you like, in the sense that they manage the claims of those who are going to be returning to work fairly quickly, those who may be off work for some time and those who have catastrophic claims. McKinsey is recommending that in future the market be segmented so that there is a group of insurers who deal with generalist claims and a group of perhaps one or two agents who might deal with catastrophic claims, which I just explained. But the other thing that McKinsey has identified is that there are a lot of claims that have already existed for three years or more.

To my mind the return to work of those people requires specific expertise, because returning somebody to work who has been off work for three years is clearly far more difficult and complex than returning someone to work who has been off work for a short period. So the sorts of agents that we might want to get to do that may well be providers of rehabilitation services. They might be employment type agencies that can provide alternative employment for people who have been off work for long periods and who are unable to go back to their previous place of employment. They are the sorts of things that I think McKinsey was envisaging in terms of those long-tail matters.

Ms LEE RHIANNON: Does not cutting average scheme continuance rates amount to cutting weekly benefits of workers who have been on benefits for more than three years? From my reading you are basically taking \$870 million away from the 40,000 people who have been on benefits for a long time. Since there is no commutation option, is not your only option to redefine health or redefine capacity to work? Is that not where you are at? You have to redefine health or redefine capacity to work.

Mr BLACKWELL: I am sorry?

Ms LEE RHIANNON: Since there are no commutation options, do you not therefore have to redefine how the scheme is working? You are pushing workers who have been injured off their benefits back to work, therefore you are redefining those key terms.

Mr THOMPSON: I am not sure it is a redefining of the terms. I guess it is actually just a refocus. Previously the commutation environment allowed injured workers to take the option of taking a lump sum to settle their liabilities under the scheme. That meant they had to take the management of their own finances into their own hands, moving forward. Without that environment what you are talking about is actually reassessing the people who have been on benefits for a lengthy period.

You are talking about reassessing their current injury status, their current work capabilities and trying to come up with an alternative mechanism to get them back to better health and find them some appropriate work within the workplace. It is trying to deliver more of what the scheme is aiming to do. It is not an attempt just to take them off benefits; it is trying to find them gainful employment and better health. It is important to understand that a number of the people who are in what we call the tail—they have been in the system for a period of time—are receiving weekly benefits and the like, some are not, and some are just receiving ongoing medical-type payments as the process goes forward. Some are working and are just receiving ongoing medicals, so there is a mixture in the tail of the types of injured workers you have in there.

Ms LEE RHIANNON: On 19 September the Minister wrote to this Committee and referred to \$2 billion in savings over five years, as well as additional savings of \$400 million through a number of pilot projects already under way. I am trying to understand where the \$400 million comes from; it was not mentioned in the report. Does the Minister suggest that the \$400 million is the \$390 million savings to be made by December 2004, as set out in table 3-6 on page 110 of the McKinsey report?

Mr THOMPSON: The \$400 million relates to what is termed in the report as "new term initiatives". That may be the table you are referring to on page 110. That refers to the medical bill review, the settled recoveries exercise, the long-tail initiative and also the compliance. The work on those activities has commenced already, so we are looking at potential duplicate payments for medical bills under the bill audit area, increasing the number of audits under the compliance area, looking at claims that have already been settled and the recovery potential that may have been missed under those activities and also under the long tail. Those are the new term initiatives that have been identified that equate to the \$400 million.

Mr BLACKWELL: These were recommended by McKinsey during the review. Implementation was commenced before the final review was prepared.

Ms LEE RHIANNON: Is the Minister double-dipping? It would appear that the \$390 million is actually part of the overall \$2 billion savings? It is not an extra bit of savings on top of the \$2 billion, which is what the Minister suggests on page 3 of his letter.

Mr BLACKWELL: I do not know that that was suggested at all.

Ms LEE RHIANNON: I do not see that it is extra money. From the figures it would appear that it is part of the original \$2 billion.

Mr BLACKWELL: I would have to take that question on notice, without having the Minister's letter in front of me.

CHAIR: The public face of WorkCover is through the people who answer the telephones. Do you have instructions for people who answer the phones so there is no misunderstanding when someone reports an accident, an injury or a bank robbery? Is the call recorded and then listened to by a supervisor? Do you have protocols?

Mr BLACKWELL: I will confirm whether all of the calls are recorded. I have certainly sat and listened in to the calls. People are properly trained to take those calls. They also have a computer in front of them and they can type in a key word, for instance, "premium" and the screen will display

frequently asked questions. There are about 2,000 questions on a program that the operators can use. During their training, and when answering calls, supervisors listen in on the calls. People are warned when they ring up that the call might be recorded or listened to. I could not tell you the proportion of calls that are recorded, but certainly training is appropriate. The information is up to date and the performance of the operator is monitored.

CHAIR: I was not just referring to recording the telephone conversation but reporting the purpose of the call. Someone would get a report of what types of calls you are receiving?

Mr BLACKWELL: All of the calls are documented, yes.

CHAIR: What is the process?

Mr WATSON: It depends on the type of call. If it is an information call it is recorded in the database that John Blackwell just referred to, the nature of the information provided, and the topic of the call is recorded. If it is a call relating to a workplace shortcoming, a complaint about a particular workplace, it is recorded and passed on to the inspectorate for review and investigation. If it is a notification of an incident at a workplace it is recorded and also passed on to the OHS division for review and appropriate action to be taken.

The Hon. TONY BURKE: What is WorkCover doing to ensure that the inspectorate is operating at the strongest possible level?

Mr BLACKWELL: Members of the Committee would be aware that New South Wales has the largest occupational health and safety inspectorate in Australia. A number of our inspectors have just completed training, or are going through training. I would say the inspectorate is the front line of our operations. The inspectorate consists of people who go to the workplace. They issue notices, provide advice and guidance to employers and employees and are the public face of our organisation and, therefore, are extremely important. As I said, we have the largest inspectorate in the country.

In November this year 28 new inspectors commenced their training for a Diploma in Government (Work Place Inspection). That complements the 13 new inspectors who commenced their training in February this year. Of the 28 new inspectors who commenced in November, I am pleased to state that 12 are women. This represents an impressive 43 per cent of the inspector intake. Of course, historically women have been underrepresented as inspectors, but it is great to see that more women are taking up the challenge and are working very well as inspectors. It can be quite difficult for inspectors at times because they go and inspect workplaces by themselves. Sometimes there can be an unpleasant situation, so they clearly need proper training in a whole range of issues.

The number of 12 women equates strongly with the Government's commitment to equal opportunity employment. It seeks to ensure that no person is discriminated against based on gender, age, race or religion in the job application process. Such a commitment aims to bring an appropriate balance of perspectives to government employment—a concept that I am sure members of the Committee will appreciate and endorse. The average age of the new female inspectors is approximately 30 years, while that of the male inspectors is only 33 years. The introduction of such a young group will ensure that the recruitment process assists in the ever-constant regeneration of the WorkCover inspectorate. The maintenance of corporate knowledge is so important in such an organisation. In addition, new heads bring new ideas and the introduction of such ideas can only add to the inspectorate as a whole.

The new inspectors will complete an intensive training program for the diploma, which will consist of 17 weeks in classes and 36 weeks in the field. So there is a mixture of academic learning and on-the-job training. The full course work that the trainee inspectors are undertaking covers risk management, occupational health and safety law, the issue of notices and fines, workers compensation law and injury management, conduct of investigations, as well as the development of technical knowledge and skills. This will be complemented by field work where the trainees will be required to complete and be assessed in the basic core skills essential to their role of an inspector. The diploma which our inspectors go through is the only such accredited course offered anywhere in Australia and is coveted nationally.

The thorough training provided broadens inspectors' skills to ensure the proper and effective administration of the relevant legislation. Equally important as the development of technical and legislative knowledge is the ability to communicate and negotiate with those who influence occupational health and safety behaviour. Clearly, those interpersonal skills are important in the workplace, but so too are negotiation and communication skills. The task requires balance, and for that reason trainees are teamed with experienced inspectors throughout the field-based stages of their training.

At the conclusion of their training the trainees will join Australia's largest occupational health and safety inspectorate, which comprises a group of dedicated professionals committed to making a positive difference in workplaces by facilitating improvements in the management of occupational health and safety and injury management systems. I firmly believe that without the inspectorate that we have and its dedication and expertise many more people would be injured and killed in the workplace. The new inspectors will be dispersed throughout the State and will operate within the network of WorkCover offices in rural, regional and metropolitan centres.

They will work with myriad employers throughout the gamut of industries and will liaise with workers, unions, employers and industry associations. Their job is not an easy one and they all deserve the respect of the community and industry. The inspectors' task is sometimes intensified by social and economic conditions that have produced a highly competitive work environment and constantly changing labour conditions. No matter how pressured business conditions become, WorkCover is adamant that there is no room for employers to cut corners in fulfilling their obligations to provide safe and secure workplaces.

The Hon. PETER PRIMROSE: Please inform the Committee of the progress of WorkCover Assist.

Mr BLACKWELL: The Committee is no doubt aware of the WorkCover Assist program. The program provides financial assistance to employer and employee organisations to fund specific initiatives supporting the introduction of new WorkCover legislation. The WorkCover Assist program gives effect to section 43B of the Workplace Injury Management and Workers Compensation Act 1998. Section 42B enables WorkCover to provide financial assistance to employer associations and registered unions for one year to help them to assist their members to understand and comply with the new workers compensation and occupational health and safety legislation. This program is intended to improve awareness of and compliance with the new legislation.

WorkCover assists members of the participating organisations in developing increased understanding of the requirements arising from the legislation. In order to ascertain the success of the program, a recent statistical review of the training figures from the final reports of 2002 was undertaken. It is evident from the review that the program has reached more than 10,535 workplaces, which is an incredible achievement, and has been delivered to more than 31,000 participants. To achieve this reach, the program has produced more than 222,000 training products and a number of education and information strategies have been employed by organisations. Strategies include the publication of training guides and manuals, industry presentations, workplace guidelines, web-based information and courses, video and CD-ROM training packages and advice and assistance hotlines.

The industry response rate has exceeded initial expectations. Organisations have reported a demand for extra workshops and training materials to meet the needs of their members. An example of this is Master Painters Australia, which noted that the demand for training and information in the small business area tripled its initial expectations. This is extremely important in the small business area. On 4 November 2003 WorkCover conducted an information seminar for potential 2004 applicants. The seminar was conducted for applicants and existing participants, was attended by about 90 people and was well received. Presentations were given by WorkCover representatives and previous grant recipients. The talks covered identified strengths and weaknesses in the program from a participant viewpoint and examples of products produced under the scheme. This dissemination of information provided a valuable resource for all attendees, especially potential applicants for 2004.

Links have been provided from the WorkCover web site to the web sites of the 2002 participants. This allows interested persons to peruse the material developed by unions and employer groups under the WorkCover Assist program conducted in 2002 while simultaneously increasing the

exposure of these bodies. The volume of this material is constantly being updated as submissions are received from participants. The WorkCover Assist program is now entering its third year of operation. Funding will be provided in 2004 to help groups to manage new reform initiatives, including risk management, 2003 workers compensation legislative reforms and principal contractor requirements and grouping provisions. Participants will use funding to assist priority target groups such as the small business sector.

A call for expressions of interest for the 2004 program was advertised in the mainstream print media on 3 November 2003. It was also posted on the WorkCover web site. Eligible organisations were invited to apply for 12-month funding grants and the closing date for submissions was 28 November 2003. A formal evaluation of the program is planned for 2004 and it is anticipated that an understanding of the benefits achieved will be obtained from that study.

CHAIR: Thank you very much for appearing before the Committee. If there are any problems or delays in answering the questions on notice I ask departmental officers to advise the secretariat because we are trying to finalise our report to the Parliament.

The Committee proceeded to deliberate.
