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THE LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

MINISTERIAL STATEMENT

**Response to the Standing Committee on Public Accounts' Report Number 4
of 2022: Inquiry into the Auditor-General's Report No. 6 of 2020: Transfer of
Workers' Compensation Arrangements from Comcare.**

**Presented by
Mick Gentleman MLA
Minister for Industrial Relations and Workplace Safety
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I rise to make a statement in response to the Standing Committee on Public Accounts' Report Number 4 of 2022, entitled *Inquiry into the Auditor-General's Report No. 6 of 2020: Transfer of Workers' Compensation Arrangements from Comcare*.

I welcome the Public Accounts Committee's interest in this Government's initiatives to improve services for injured and ill public servants.

I was pleased to attend the Committee hearings on the 16th of June last year to discuss the project which designed and established a new workers' compensation self-insurer for the ACT public service, and which managed the transfer of all past ACT public sector workers' compensation claims from Comcare, to the new self-insurer.

The decision to establish a workers' compensation self-insurer for the ACT public sector reflected a maturing of the ACT Government's approach to work safety and injury management.

Prior to March 2019, the ACT was the only Australian state or territory that outsourced responsibility for providing workers' compensation services for its public servants to another Government.

That arrangement meant that important decisions affecting the health and wellbeing of our workers were taken by the Commonwealth Government.

Since commencing self-insurance, the ACT Government determines the number of staff who provide services to our injured workers, the performance and service standards that govern that work and how we measure its success.

By taking responsibility for all aspects of the injury prevention, management and rehabilitation process, we have made large and impactful improvements to health, welfare and work outcomes for public servants who become injured or ill because of their work.

The period since we commenced self-insurance has seen reductions in the amount of time that it takes to process workers' compensation claims, earlier access to medical and rehabilitation services, increased client satisfaction and faster returns to safe and suitable work.

It was in anticipation of achieving these types of improvement that this Government invested in a major project to establish a self-insurer, including staffing and systems, legislation, licensing and complex governance.

A major component of that project involved planning and managing the transfer of approximately 30,000 past workers' compensation claims to the new self-insurer. Approximately 1,500 of those claims were for people who were still receiving financial, medical and rehabilitation support and it was imperative that those services not be disrupted in the time of transition.

This was the largest claim transfer that the Commonwealth's insurer, Comcare had attempted. In many cases, the systems and governance arrangements that would be used had to be co-designed and developed with the Commonwealth to support the transfer.

Overall, the transition process was complex and fast moving. It had not been done on this scale before and there was a very narrow margin for error, beyond which injured and ill people may not have received payments and essential services.

Given the scale, financial implications and complexity of the project, it was not surprising that the ACT Auditor-General, and subsequently the Public Accounts Committee, would take an interest in and examine the conduct of the project.

It was gratifying to see the Auditor-General's observation, in their Report No. 6 of 2020, that the Government *"had developed effective governance arrangements for the management and oversight of the Public Sector Workers' Compensation Fund and the Territory's compliance with its self-insurance license requirements."* And furthermore, that it *"has established effective contract management arrangements to oversee the claims administration services"*.

The transition to workers' compensation self-insurance was a project that was well conceived, planned and executed. It has produced tangible and sustainable benefits for the ACT community.

Significantly, the project's success was underpinned by engagement with affected workers and their trade unions.

The ACT self-insurer was co-designed by a working group comprising departmental and union officials with expertise and experience in workers' compensation. That group operated for over 12 months and was instrumental in designing the self-insurer's supporting governance and infrastructure. It also oversaw key aspects of the claim transition, including supporting consultation and communication processes that were integral to the transition.

The constructive and cooperative approach of that committee and the strong results it achieved influenced this Government's decision to legislate a ministerial advisory body with a similar composition. The Public Sector Workers' Compensation Advisory Committee, now monitors and advises me

on the performance of the self-insurer and the Government's return to work infrastructure.

Although the Auditor-General's Report 6 of 2020 made no recommendations, it did identify opportunities for improvement in respect of data validation and highlighted an aspect of the transition project that was not yet complete at the time of the audit.

This aspect of the transition project related to an incomplete transfer of funds from the Commonwealth to the ACT insurer.

The issue of funds transfer arose because becoming a self-insurer meant that the ACT Government would assume responsibility not only for all future public sector workers' compensation claims, but also for past and existing claims.

The ACT Government had paid workers' compensation premiums to Comcare to cover the cost of those existing workers' compensation claims and at the time of transfer, not all of those funds had been spent for that purpose.

Consequently, the project to transfer past and existing workers' compensation claims also necessitated work to calculate and transfer an amount of money from the Commonwealth back to the ACT to help meet the cost of those transferred claims.

The process of calculating the expected ultimate cost of still ongoing workers' compensation claims was a complex one that was not intended to be complete at the time the ACT commenced its self-insurance service. Instead, a part payment was made in 2019, and a process initiated to calculate a final amount in the future. The ACT's self-insurance licence was issued with a transitional provisions to accommodate that timing.

The Auditor-General's report provides a comprehensive description of the financial transfer issue, the underpinning policy and legal frameworks and the timing of the process. It also emphasised that until such time as the amount was settled and transferred to the ACT Government, there would be a residual financial risk to the Public Sector Workers' Compensation Fund.

This matter, and the self-insurer's associated risk management approach, was a particular focus of the Public Accounts Committee inquiry. Its Report No. 4 of 2022 makes only one recommendation, to finalise the matter and receive the funds no later than 30 June 2022.

I am pleased to inform Members that the matter has now been finalised and that in November 2021, the ACT received the final payment in the form of a workers' compensation premium refund. The details of that payment will form part of the Public Sector Workers' Compensation Fund's accounts, which will be published in its reporting for financial year 2021-22.

Receipt of that payment brought the project to establish the workers' compensation self-insurer to a close. Although the transition project is successfully completed, the Government's commitment to continuously improve services for our injured and ill workers is ongoing.

The claim and rehabilitation management systems that underpin our workers' compensation self-insurance are independently audited annually against a set of national criteria.

I can inform Members that the most recent audits of these systems have found a 100 per cent compliance rate.

During the period since self-insurance has commenced, the ACT Government has introduced an immediate medical and rehabilitation service, which means that as soon as a workers' compensation claim is made, injured workers commence receiving unlimited reasonable and necessary medical treatment and rehabilitation support.

In the event that a claim is ultimately not accepted, the costs expended on that person's care up to that point are not recovered. This avoids injured and ill workers incurring out of pocket expenses and prevents delays in treatment. Both factors are important contributors to a timely recovery and return to work.

We have also been able to introduce streamlined claiming processes for certain illnesses that the Government considers are often causally related to employment. This includes post-traumatic stress disorder in the case of emergency service workers and COVID-19 in the case of frontline workers.

The COVID-19 experience has highlighted the versatility of the new self-insurance arrangements for dealing with unexpected risks to work safety and injury management.

Rapid and sweeping changes to working arrangements that were necessary to respond to the pandemic introduced additional risks to worker safety.

A greater number of staff spent time working in isolation, frontline workers have been exposed to occupational violence, work demands have increased, with longer hours being worked and fatigue being observed in many roles. Claim volatility has correlated closely with major changes to working arrangements, including for example in the education sector during the transitions to and from home-based schooling.

These risks are being addressed through a range of new and refined initiatives to promote safe working arrangements. For example, *“Move More, Work Well”* is a 30-minute information, question and answer session available for teams who are working from home or working differently to usual. Sessions are presented by a physiotherapist and provide information on healthy work habits, including the most recent evidence on ergonomics, and how to prevent and manage discomfort and pain. It can be delivered online, and at a time that suits ACT public sector employees. The additional of these programs is further evidence of the ambition of the government in progressing hybrid and flexible working arrangements which support the wellbeing of our most valuable resource our staff.

Another initiative is the virtual physiotherapy service which provides staff with a 15-minute physiotherapist consultation, by phone or video call, to talk about how they are working and their symptoms. The physiotherapist provides expert information and strategies to manage symptoms, and recommendations for further care or different services to support recovery.

The virtual physiotherapy service complements the existing Early Intervention Physiotherapy program. The early intervention program provides staff with access to high quality treatment as soon as possible if they have a musculoskeletal injury in the course of their work.

Almost 350 people with Musculo-skeletal symptoms accessed these services last financial year and the majority of people who accessed the program were supported to recover at work and maintained their pre-injury hours and duties.

Each of these improvements was enabled by the workers' compensation self-insurance arrangements put in place by the project examined by the Auditor General in their report No.6 of 2020.

I thank the Public Accounts Committee for its interest in this important project.

Madam Speaker, I would also like to acknowledge the work of WSIR and Treasury in the ACT Government for their achievements with the transfer. I especially want to recognise the ongoing efforts of the Public Sector Workers' Compensation Commissioner and his team, who are continuing to improve the workers compensation experience, and wellbeing, of our ACT Government public servants.