

Report highlights

What this report is about

Workers compensation schemes in NSW provide compulsory workplace injury insurance. The effective management of workers compensation is important to ensure injured workers are provided with prompt support to ensure timely, safe and sustainable return to work.

Insurance and Care NSW (icare) manages workers compensation insurance. The State Insurance Regulatory Authority (SIRA) regulates workers compensation schemes. NSW Treasury has a stewardship role but does not directly manage the schemes.

This audit assessed the effectiveness and economy of icare's management of workers compensation claims, and the effectiveness of SIRA's oversight of workers compensation claims.

Findings

icare is implementing major reforms to its approach to workers compensation claims management - but it is yet to demonstrate if these changes are the most effective or economical way to improve outcomes.

icare's planning and assurance processes for its reforms have not adequately assessed existing claims models or analysed other reform options.

icare's activities have not focused enough on its core responsibilities of improving return to work and maintaining financial sustainability.

SIRA has improved the effectiveness of its workers compensation regulatory activities in recent years. Prior to 2019, SIRA was mostly focussed on developing regulatory frameworks and was less active in its supervision of workers compensation schemes.

NSW Treasury's role in relation to workers compensation has been

unclear, which has limited its support for performance improvements.

Recommendations

icare should:

- Ensure that its annual Statement of Business Intent clearly sets out its approach to achieving its legislative objectives.
- Monitor and evaluate its workers compensation scheme reforms.
- Develop a quality assurance program to ensure insurance claim payments are accurate.

NSW Treasury should:

- Work with relevant agencies to improve public sector workers compensation scheme outcomes.
- Engage with the icare Board to ensure icare's management is in line with relevant NSW Treasury policies.

SIRA should:

- Address identified gaps in its fraud investigation.
- Develop a co-ordinated research strategy.

Fast facts

4.7m

approximate number of workers in NSW covered by compulsory workers compensation schemes

48%

increase in total workers compensation payments to injured private sector workers from 2018–19 to 2022–23

8%

annual premium increases planned for private sector employers over the next three years

110,000

approximate number of workers compensation claims in 2022–23

64%

increase in total workers compensation payments to injured public sector workers from 2018–19 to 2022–23

40%

public sector workers with psychological injury claims returning to work by 13 weeks versus 54% in 2018–19