AUDITOR-GENERAL'S REPORT PERFORMANCE AUDIT

Managing Injured Police

NSW Police Force



The Legislative Assembly Parliament House SYDNEY NSW 2000 The Legislative Council Parliament House SYDNEY NSW 2000

In accordance with section 38E of the *Public Finance and Audit Act* 1983, I present a report titled **Managing Injured Police: NSW Police Force.**

Peter Achterstraat Auditor-General

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Foreword

Police officers provide an essential service to our community. Their job can be dangerous and stressful, sometimes resulting in injuries and in the worst of cases, death.

Fortunately, fatalities are rare. However, injuries are not. In 2006-07, nearly 2,800 staff employed by the NSW Police Force reported injuries resulting in time off work. Some of these injuries were minor, but others required lengthy treatment and rehabilitation.

The way the NSW Police Force manages an injured officer directly affects the dignity and self-esteem of those injured, as well as the productivity and morale of other staff. It can also impact on the Force's budget and the delivery of front line services.

Early rehabilitation and getting officers back to work as soon as possible is best for the officer, the Force and the community. While most fully recover, some do not and, wherever possible, are rehabilitated into other jobs in the Force. Others retire on medical grounds.

This audit examines how well the NSW Police Force manages injured officers.

Peter Achterstraat Auditor-General

December 2008

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The focus of our audit

There are currently over 15,000 police officers in NSW. Today, injured police are covered by two different schemes each with their own requirements. Around 3,000 officers employed before 1 April 1988 are covered by the Police Superannuation Scheme (PSS). This scheme provides a pension and hurt on duty benefits to injured officers who are unable to return to policing. The PSS closed in 1988.

Officers employed after 1 April 1988 are covered for work related injury and illness under NSW workers compensation legislation, and have additional insurance benefits available under the 2005 Death and Disability scheme.

The treatment of injured police officers has often attracted comment. Over ten years ago the Police Royal Commission made mention of the hurt on duty provisions under the PSS. It reported that there was potential abuse of the scheme, with some officers seeing it as an early way out of the service with maximum financial benefit. In some cases, as soon as the link with the NSW Police Force was broken, the officer recovered and returned to a different job.

The NSW Government in 2005 set specific occupational health and safety targets for public sector agencies in order to improve workplace safety and rein in the cost of insurance premiums.

For the NSW Police Force this meant significant changes in practice and results. With over 2,600 workers compensation claims in 2006-07, a conservative estimate of the direct cost of injuries to the Force in that year was over \$110 million in premiums and payouts.

The Industry Commission and the National Occupational Health and Safety Commission have estimated that only 25 per cent of the total cost of work related injuries were direct costs. The remaining 75 per cent were indirect costs such as loss of productivity, and loss of income and quality of life. In the NSW Police Force this is estimated at around \$330 million.

In 2006, the Force established the safety command staffed with specialists to improve the case management of injured staff. Safety command has set up systems to ensure early notification when an officer is injured, liaising with the officer and the treating doctor on rehabilitation options, preparing return to work plans, and managing workers compensation claims.

In this audit we wanted to find out how well the NSW Police Force manages police officers who are injured at work to minimise the impact on policing, especially those employed after 1988.

Specifically, we examined whether the NSW Police Force has:

- an effective framework for managing injured officers
- successfully reduced the impact of injuries.

Audit opinion

Overall, the NSW Police Force's approach to managing injured officers since 2006 is appropriate, focussing on notification and early intervention and the development of successful return to work plans.

Early intervention and return to work are the key factors in successfully managing injured officers and reducing the cost of workplace injuries. The Force has not done this well in the past. Through the establishment of the safety command, the Force has built a framework for managing injured officers that should optimise early return to work.

The results are already promising. The Force has had some success in reducing the impact of injuries. More officers now return to work than in the past, benefiting both the officer's well being and reducing the Force's financial exposure. Workers compensation insurance premiums for 2008-09 have also reduced by \$7 million to below \$58 million.

Yet, the Force still faces a number of serious problems. In 2006-07, 24 police officers retired due to age and 263 resigned. But 445 officers were retired on medical grounds, the majority on medical discharge. According to NSW Police, approximately 80 per cent of these were officers employed before 1988.

The rate of medical discharge increased by over 40 per cent between 2003 and 2007. This rate appears excessive. In Victoria, around 15 per cent of officers retire on medical grounds compared to 57 per cent in NSW.

In fact, following the introduction of the new Death and Disability insurance scheme in 2005, the number of officers employed after 1988 leaving the Force on medical grounds increased by 300 per cent. And like the old scheme, these officers if capable, can engage in any employment elsewhere after they have received their lump sum payment.

Some officers might perceive this new scheme in the same way that the old scheme was seen, that is, as a preferred means of leaving the NSW Police Force.

When introduced by the Government in 2005, the scheme was intended to limit the Government's financial exposure to 3.6 per cent of the total salary of police officers covered by the scheme. If the scheme costs too much it had to be reviewed.

Claims history and lump sum payments under the scheme increased its cost to over five per cent after its first year, costing around \$33 million. As yet, the Force has not completed a review of the scheme.

The increase in costs is due mainly to the partial and permanent disability cover where lump sum payments are a factor of the officer's age and can be more than eight times the officer's salary. And the future looks bleak. An actuarial assessment of future liabilities under this part of the scheme predicts an increase from around \$29 million at June 2006 to over \$115 million at June 2008.

This trend is unacceptable and must not be allowed to continue. The review of the scheme should be completed as a matter of urgency.

Key audit findings

Chapter 1 Managing injured police

Policing can be a dangerous job and priority is given to minimising the risk of injury or death. Where officers are injured on duty they need to be cared for and returned to work as soon as possible.

In 2006-07, the NSW Police Force had:

- over 15,000 police officers
- around 3,000 police officers employed before 1988
- nearly 2,800 staff that reported workplace injuries resulting in time off work
- over 63 days lost per injured employee
- 2,631 workers compensation claims lodged
- 445 police officers retired on medical grounds.

In May 2005, the Government announced a \$105 million reform package to overhaul the way in which the NSW Police Force (the Force) supports police officers who are killed or injured in the performance of their duties. The aim was to address inequities and better manage return to work.

Police officers employed before April 1988 (pre'88 officers) are covered by the compulsory Police Superannuation Scheme (PSS) which entitles them to benefits, including medical and rehabilitation expenses, and a pension if they retire on medical grounds.

In 1988, the then Government reviewed a number of superannuation schemes and closed the PSS. Police officers who joined the Force after 1 April 1988 (post'88 officers) joined the State Authority Superannuation Scheme or First State Super, which cover other public sector workers in NSW. These officers are also covered by workers compensation.

The result was a situation whereby two officers rostered on the same shift, responding to the same incident, and receiving the same injury could receive different compensation simply because of the date that they joined the Force.

Recognising this, the Government introduced a compulsory Death and Disability scheme to cover post'88 officers as part of the 2005 reform package.

The Death and Disability scheme was designed to provide post'88 officers with additional insurance protection commensurate with the risk they face in the line of duty.

The Death and Disability scheme provides lump sum payments on death or total disability. It also provides lump sum benefits where the officer is partially and permanently disabled.

Pre'88 officers represent around 20 per cent of the Force and are not covered by workers compensation. When injured, the Force continues to pay the officer's salary while PSS pays all medical and rehabilitation expenses.

Chapter 2 Is the framework for managing injured police effective? Through the establishment of the safety command in June 2006, the Force has built a framework for managing injured officers that should prove to be effective.

Once a police officer has been injured, early intervention and return to work are key factors in the officer's successful rehabilitation.

The NSW Police Force has not done either of these well in the past.

Through the safety command, the Force has introduced systems and practices to ensure it knows when an officer has been injured and can respond appropriately. These include an online system for reporting injuries, timeframes for assessing and responding to an officer's rehabilitation needs, and early and continuous welfare checks by fellow staff.

Rehabilitation outcomes are better where the return to work is as early as possible and often before the officer is able to undertake the full responsibilities of the job.

The safety command plays a key role in developing return to work plans in consultation with the injured officer, the local area command and the treating doctor. Overall, we found that safety command had prepared appropriate plans for injured staff.

For an injured police officer, early return to work also relies on the local area command making a suitable job available and if needed, adjusting the officer's working conditions to comply with restrictions in medical certificates. This is not always easy, but we found that in the commands we visited, suitable jobs were available to most injured officers.

Part of early intervention is also the investigation of an incident to reduce the risk of recurrence. At all the commands we visited there was some review of the incident. However, the extent of the investigation differed and was not related to either the severity of the injury or its likelihood to reoccur.

We found problems with obtaining data on injured officers as distinct from civilians working in the Force. There have also been problems in isolating data on return to work and medical discharges relating to workplace injuries as distinct from off-duty injuries. And in some cases, data on the impact of injuries before 2005 is not available.

We recommend that the NSW Police Force:

- establish systems to collect sufficient data to judge the efficiency and effectiveness of injury management practices in respect to police officers by June 2010 (p 16)
- 2. develop injury management guidelines to help commands consistently implement policies by March 2009 (p 17)
- introduce quality assurance practices as part of its routine audits of commands to test compliance with injury management policies and procedures by March 2009 (p 17)

- 4. develop standards for investigating incidents based on the severity and type of incident by June 2009 (p 19)
- 5. as part of the quality assurance program for injury management, test compliance of injury management plans and return to work plans with policy by March 2009 (p 21)
- monitor performance against its one week standard for the placement of injured officers in suitable positions by March 2009 (p 21).

Chapter 3
Has the Force
reduced the
impact of injuries?

The Force's efforts to reduce the impact of injuries have achieved mixed results. Although the average time lost per employee has reduced, the total time lost for workplace injuries and time lost for each person injured have increased, especially for post'88 officers. This group is now taking longer to return to work.

The type of injury may be a factor. Although the total number of claims has reduced, claims for psychological injuries are increasing and were rated as the third most common cause of injury in 2007-08.

On the positive side, more officers are returning to work than in the past. And the Force has had some recent success in reducing the cost of workers compensation insurance premiums, in part as a result of its improved injury management practices.

In fact, after peaking at \$65 million in 2007-08, the Force has been able to reduce the premiums to below \$58 million in 2008-09, a saving to the Force of over \$7 million.

Despite these improvements, the Force will struggle to further reduce the total cost of injury. This is mainly due to the cost of the 2005 Death and Disability scheme which provides insurance cover for injured post'88 officers.

Under this scheme, injured officers who are partially and permanently disabled and cannot be found a suitable police position can receive a lump sum payment on medical discharge. These payments are calculated on a sliding scale depending on the age and salary of the officer.

In addition, the Force tops up the weekly workers compensation benefits of injured post'88 officers so that their rates of pay do not reduce after 26 weeks of injury, as it does for civilians in the Force.

These financial benefits are likely to discourage return to work and may make medical retirement the preferred option for some who wish to leave the Force. In fact, following the introduction of the new scheme in 2005, the rate of medical discharge for post'88 officers has tripled.

This increase has also meant that the cost of premiums and payments under the Death and Disability scheme was about \$33 million; over five per cent of salary cost in its first year (2005-06).

However, the scheme was designed to limit the Government's exposure to a maximum of 3.6 per cent of salaries of post'88 officers, or around \$22 million. Any increase beyond 3.6 per cent was supposed to trigger an immediate review of the scheme. As yet, the Force has not completed its review.

A review of NSW Police, NSW Fire Brigades and Ambulance Service death and disability schemes is currently being undertaken by the Department of Premier and Cabinet.

We recommend that the NSW Police Force:

- 7. investigate and develop strategies to address psychological injuries in order to encourage early return to work by June 2009 (p 28)
- 8. finalise the guidance material to assist medical practitioners make decisions regarding work restrictions on injured officers by June 2009 (p 30)
- 9. review the approach to determining the number of permanent restricted duty positions in a command as a proportion of actual strength on a case by case basis (p 30)
- 10. review the conditions in the Death and Disability scheme to improve the rate of redeployment of post'88 officers to suitable positions in the Force or elsewhere in the public sector by June 2009 (p 31)
- 11. review the impact of the top-up pay to post'88 officers under the Police Award 2005 by June 2009 (p 31)
- 12. develop in consultation with the Police Superannuation Scheme administrator, protocols including time standards for processing medical discharge applications by March 2009 (p 35)
- 13. monitor the determination of hurt on duty claims by commands against its three month standard by March 2009 (p 35)
- 14. complete its review of the benefits and officers' contributions under the Death and Disability scheme with a view to either reducing benefits, increasing officers' contributions or ceasing the scheme as a matter of urgency (p 38).

Response from the NSW Police Force

The NSW Police Force welcomes the findings of the Audit Office, which confirm that since the introduction of the Safety Command in 2006 this organisation has made significant improvements in injury management. Since that time we have introduced a range of strategies to assist in the prevention of injuries and developed robust early intervention and return to work strategies.

Our current approach to managing injuries has resulted in a reduction of our workers compensation premium, a reduction in the number of workers compensation claims as well as time lost per employee.

The NSW Police Force is committed to ensuring the continuing safety, health and wellbeing of our staff and accepts the recommendations of the Audit Office for further improvement. We will establish systems to address these recommendations, including improved data analysis, the introduction of guidelines to assist staff in following policy and other requirements, the strengthening of our compliance systems and the revision of our incident investigation process.

A key priority will be the completion of the review of the Death & Disability Scheme. In the meantime we will continue to work closely with the Police Association of NSW to ensure that officers are appropriately managed to maximise returns to work. A Fitness to Continue Unit has also been created which, in close conjunction with Injury Management Advisors, will assist in retaining skilled and experienced police officers. We are already seeing some promising results from this program.

I am advised that the Safety Command has already been in contact with your Office in regards to data and analysis relating to time lost per injury and other matters.

(signed)

A P Scipione APM Commissioner of Police

Dated: 1 December 2008.

1.	Managing injured police	.
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1.1 Background

Policing can be a dangerous job and priority is given to minimising the risk of injury or death. Where officers are injured on duty they need to be cared for and returned to work as soon as possible.

In 2006-07, the NSW Police Force had:

- over 15,000 officers
- nearly 2,800 staff that reported workplace injuries resulting in time off work
- 2,631 workers compensation claims lodged
- over 63 days lost per injured employee
- 445 police officers retire on medical grounds.

1.2 Injury management in the NSW Police Force

In May 2005, the Government announced a \$105 million reform package to overhaul the way in which the NSW Police Force (the Force) supports police officers who are killed or injured in the performance of their duties. The aim was to address inequities and better manage return to work.

Police officers employed before April 1988 (pre'88 officers) are covered by the compulsory Police Superannuation Scheme (PSS) which entitles them to benefits, including medical and rehabilitation expenses, and a pension if they retire on medical grounds.

In 1988, the then Government reviewed a number of superannuation schemes and closed the PSS. Police officers who joined the Force after 1 April 1988 (post'88 officers) joined the State Authority Superannuation Scheme or First State Super, which cover other public sector workers in NSW. These officers are also covered by workers compensation.

The result was a situation whereby two officers rostered on the same shift, responding to the same incident, and receiving the same injury could receive different compensation simply because of the date that they joined the Force.

Recognising this, the Government introduced a compulsory Death and Disability scheme to cover post'88 officers as part of the 2005 reform package.

The Death and Disability scheme was designed to provide post'88 officers with additional insurance protection commensurate with the risk they face in the line of duty.

The Death and Disability scheme provides lump sum payments on death or total disability. It also provides lump sum benefits where the officer is partially and permanently disabled.

Under the scheme, if an officer is partially disabled, but cannot be found suitable police work, the officer will be medically retired and will receive a lump sum payment based on salary and age. The officer will receive a lump sum payment even where the officer accepts an offer of an administrative position in the Force.

Appendix 1 provides a comparison of the entitlements under the two schemes.

There were also a number of other measures developed as part of the reform package to foster the health and welfare of police officers, including the establishment of a centralised injury management unit, the safety command, to oversight and improve the injury management process.

The safety command is responsible for:

- case managing injured staff and getting them back to work quickly in conjunction with the insurer and commands
- administering the Death and Disability scheme and workers compensation
- providing specialist advice to commands on the management of injured staff.

1.3 NSW workers compensation legislation

Post'88 officers and all civilian employees are covered by workers compensation similar to other employees in NSW.

Workers compensation provides benefits to injured workers, covering loss of earnings and medical and vocational rehabilitation expenses to assist them return to work.

Pre'88 officers are not covered by workers compensation insurance, but rather by their superannuation scheme, i.e. the PSS. When injured, the Force continues to pay those officers salary while PSS pays all medical and rehabilitation expenses. These officers represent around 20 per cent of all police officers.

1.4 Other recent initiatives

The Government released its Working Together Strategy in 2005. The strategy requires all public sector agencies, including the NSW Police Force, to achieve a:

- 40 per cent reduction in workplace injuries by June 2012, with at least a 20 per cent improvement by June 2007
- 10 per cent reduction in the proportion of injured employees still off work at 8, 12 and 26 weeks from the date of injury by June 2008
- 15 per cent reduction in the cost of claims by June 2008
- 10 per cent improvement in the percentage of injured workers who are placed in suitable duties within one week of the date they are fit by June 2008.

A summary of NSW Police Force's performance against these targets is in Appendix 2.

The focus of this audit

This audit assesses how well the NSW Police Force manages injured police officers to minimise the impact on policing. We examined the Force's injury management policy and visited four commands and three regional offices to see what happened in practice.

Specifically, we examined whether the NSW Police Force has:

- an effective framework for managing injured officers
- successfully reduced the impact of injuries.

Further details about the audit are provided in Appendix 3.

:	2.	Is the framework for managing injured officers effective?

At a glance

The key question we wanted to answer was:

Is the framework for managing injured officers effective?

Our assessment:

Through the establishment of the safety command in June 2006, the Force has built a framework for managing injured officers that should prove to be effective.

Once a police officer has been injured, early intervention and return to work are key factors in the officer's successful rehabilitation.

The Force has not done either of these well in the past.

Through the safety command, the Force has introduced systems and practices to ensure it knows when an officer has been injured and can respond appropriately. These include an online system for reporting injuries, timeframes for assessing and responding to an officer's rehabilitation needs, and early and continuous welfare checks by fellow staff.

Part of early intervention is also the investigation of an incident to reduce the risk of it recurring. At all the commands we visited there was some review of the incident. However, the extent of the investigation differed and was not related to either the severity of the injury or its likelihood to reoccur.

Rehabilitation outcomes are better where the return to work is as early as possible, often before the officer is able to undertake the full responsibilities of the job.

The safety command plays a key role in developing return to work plans in consultation with the injured officer, the local area command and the treating doctor. Overall, we found that safety command had prepared appropriate plans for injured staff.

For an injured police officer, early return to work also relies on their local area command making a suitable job available and if needed, adjusting the officer's working conditions to comply with restrictions in medical certificates. This is not always easy, but we found that in the commands we visited, suitable jobs were available to most injured officers.

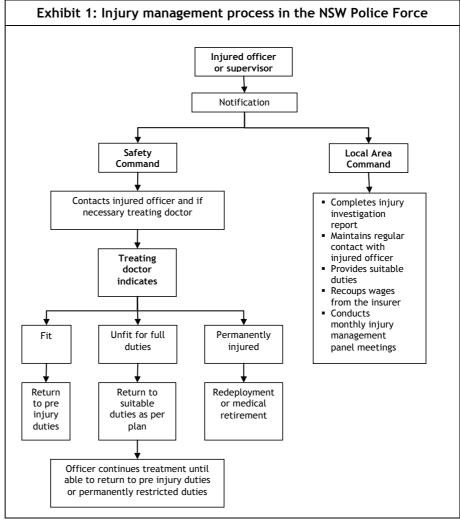
We have had problems with obtaining data on injured officers as distinct from civilians working in the Force. There have also been problems in isolating data on return to work and medical discharges relating to workplace injuries as distinct from off duty injuries. And in some cases, data on the impact of injuries before 2005 is not available.

2.1 Effective injury management

The aim of injury management is the prompt, safe and long-lasting return to work of injured employees. It includes treating the injury, rehabilitating the employee back to work, vocational retraining where necessary, and managing workers compensation claims.

The key principles of effective injury management are:

- having suitably qualified case managers to assess the case and determine rehabilitation needs and return to work goals
- developing a rehabilitation plan that is agreed to by all parties, i.e. the employee, the doctor and the case manager, with a timeline for return to work
- monitoring progress through regular contact with the injured worker, treating doctors and other stakeholders
- having quality assurance processes for reviewing case management and rehabilitation services to identify areas for improvement
- monitoring return to work outcomes and costs to identify hot spots where additional intervention may be indicated.



Source: The Audit Office research.

The safety command was established in 2006 to develop systems, policies and procedures to reduce the number and impact of workplace injuries.

The safety command is responsible for all the above functions and:

- case manages injured staff
- liaises with commands, treating doctors and injured staff to facilitate return to work
- provides advice and support to local area commands.

Data on injury management is inadequate

An important element in effectively managing injured officers is the availability of data on performance and results. Obtaining sufficient data to judge the Force's performance over time in regard to injury management has been problematic throughout this audit.

Much of the data that was requested on police officers was not available. In many cases we had to include civilians in the data set. Also it was very difficult to compare the performance of commands as data could not be disaggregated. It has only been since the establishment of the safety command that some data was available to judge performance in regard to staff covered by workers compensation.

The Force advised that it maintains data that it regards as important to monitor the success of injury management.

Recommendation

We recommend that the NSW Police Force by June 2010 establish systems to collect sufficient data to judge the efficiency and effectiveness of injury management practices in respect to police officers.

2.2 Do policies and procedures for managing injured officers comply with relevant requirements?

Our assessment

The injury management policy meets legislative requirements and is in line with best practice. The policy focuses on early intervention and the provision of specialist support to help injured staff return to work as soon as possible.

In 2006, the Force revised its injury management policy. We found that the current injury management policy:

- complies with workers compensation requirements, including timely notification and assessment of injuries, and overall management of injuried workers
- has been communicated effectively to staff.

Exhibit 2: Workers compensation requirements					
Employer requirements	NSW Police Force				
 Notify the insurer within 48 hours of being notified of an injury 	Complies				
 Forward claims for workers compensation to the insurer within 7 days of receipt 	e Complies				
 Co-operate with the establishment of an Injury Management Plan (IMP) by the insurer 	Complies				
 Establish a Return to Work Plan for the injured worker consistent with the IMP 	Complies				
 Provide suitable replacement duties for injured staff wherever possible 	Complies				
 Stay in touch with the injured worker, and the treating doctor until the worker recovers and returns to pre injury duties 	Complies				
 Forward workers compensation money to the worker as soon as possible. 	Complies				

Source: WorkCover guidelines and Audit Office research.

The injury management policy is also in line with best practice as it:

- focuses on early intervention and return to work, with cases managed by specialists
- includes all injured employees, that is both police officers and civilians
- includes both work and non-work related injuries.

There have been procedures developed to guide staff in local area commands and ensure consistent practice, but we found these were not always adequate.

Recommendations

We recommend that by March 2009 the NSW Police Force:

- develop injury management guidelines to help commands consistently implement policies
- introduce quality assurance practices as part of its routine audits of commands to test compliance with injury management policies and procedures.

2.3 Are early intervention practices appropriate for managing injured officers?

Our assessment

Early intervention is a critical factor in the success of any return to work program.

The Force has introduced systems and practices to ensure it knows when an officer has been injured and can respond appropriately. These include an online system for reporting injuries, timeframes for assessing and responding to an officer's rehabilitation needs, and early and continuous welfare checks by fellow staff.

Practices in the past have not always facilitated early intervention. Although officers were required to report an injury within 24 hours, notifications were on average made after 34 days for staff covered by workers compensation. These delays may have impacted on both the success of rehabilitation strategies and return to work programs.

There has been a significant improvement in the timeliness of notifications since the introduction of the online system in December 2007. Further improvements can be expected if the Force continues to monitor performance in this area and take corrective action where there are delays.

Part of early intervention is also the investigation of an incident to mitigate the risk of recurrence. At all the commands we visited there was some review of the incident. However, the extent of the investigation differed and was not related to either the severity of the injury or its likelihood to reoccur.

Injury notification and assessment are legal obligations on the employer, insurer and employee. Employers must notify their insurer of all injuries within 48 hours of the incident. Also, delays in notification can reduce the chances of a successful return to work as treatment and intervention need to start as soon as possible.

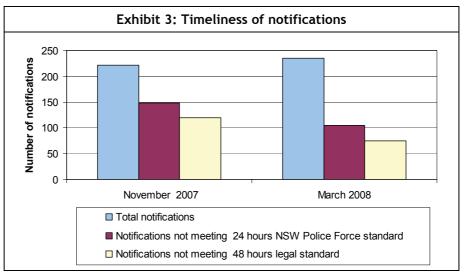
The Force requires that all injuries must be notified within 24 hours to improve the chances of meeting the 48 hours legal standard.

Performance in this area has in the past been poor. In June 2007, the average notification delay was 34 days for staff covered by workers compensation. Since December 2007, the Force requires:

- injured employees or their supervisors to complete an online notification within 24 hours of the incident, which is immediately transmitted to the insurer
- safety command to report to the commissioner's executive team those commands that do not meet the standard.

We found that the timeliness of injury notifications had improved since the introduction of the online notification system in late December 2007.

Number of injuries notified within 24 and 48 hours is improving



Source: NSW Police Force.

Note: Data includes South West Metropolitan, Central Metropolitan and Northern Police regions only.

The Force has still a long way to go to meet its own requirements. Continued monitoring of this result by the executive should lead to further improvement.

Following notification, commanders have responsibility for investigating accidents and incidents to remove any risks around practices. We found that the extent of investigations differed and was not related to the severity of injury or the risk of recurrence.

Recommendation

We recommend that the NSW Police Force develop standards for investigating incidents based on the severity and type of incident by June 2009.

Commands maintain contact with injured staff The Force also maintains contact with injured staff who are off work due to injuries so as to:

- inquire about their health and well being
- enable the injured staff to maintain a link with the Force and work colleagues
- determine the need for any additional assistance.

We found that all the commands we visited made regular contact with injured staff.

Safety command staff are also required to contact the injured staff following notification. However, some staff were only contacting injured officers where the injury resulted in time off work, i.e. time lost. During the course of our audit the Force restated its requirement that all injured staff need to be contacted to assess if any assistance was needed, irrespective of whether or not any time was lost.

Police officers can have approval to work outside the Force in secondary employment. Generally the Force expects that secondary employment would cease where the officer is not fit for policing duties.

The Force advised that its policy on secondary employment makes it clear to employees that injuries and sick leave will result in their approval to undertake secondary employment being reviewed, and possibly rescinded.

The Force also advised that a new accident and incident investigation form will be in place by February 2009 requiring commanders to check that approvals for secondary employment are reviewed if the officer is injured.

2.4 Does the Force have appropriate and accessible return to work options for injured officers?

Our assessment

Injury management aims to ensure that injured workers are able to make an early, safe and long-lasting return to work.

Rehabilitation outcomes are better where the return to work is as early as possible and often before the officer is able to undertake the full duties of the job.

For an injured police officer, early return to work often relies on the local area command making a suitable job available and if needed, adjusting the officer's working conditions to comply with restrictions in medical certificates.

We found that in the commands we visited, suitable jobs were available to injured officers so that they could return to work. These jobs were usually at the station where the officer was located prior to the injury.

Good return to work plans require specialist advice. In this regard, the safety command plays a key role in developing plans in consultation with the injured officer, the local area command and the treating doctor. Overall, we found that safety command had prepared appropriate plans for injured staff.

Rehabilitation programs establish mutual obligations

The objective of a rehabilitation program is to create a mutual obligation between the injured officer and the Force for the officer to return to pre injury duties and, if the injury causes temporary or permanent restrictions, to be placed in a suitable position.

Two important components of the rehabilitation program are the injury management plan, prepared by the insurer, and the return to work plan, prepared by the employer.

The injury management plan outlines the medical treatment and services required to return the injured officer to the workplace. Both the employer and the injured worker should receive a copy of the plan and have an obligation to comply with it.

We found that copies of the approved plans were not always kept on the officer's file, although the Force can access electronic copies of these plans from the insurer. However, no one is required to check that plans are prepared and have been signed by the parties.

Return to work plans were in place

The return to work plan outlines the duties the injured officer can undertake and makes it clear what the officer can and cannot do when they return to work. It also includes a date to review the officer's progress.

Where injured officers are unable to undertake their regular duties they can be assigned to other suitable duties. Some examples of the type of work that injured officers might undertake, include working in the exhibits room, analysing crime data, answering inquiries from the public, helping prepare rosters, training other officers, or undertaking clerical duties.

Before the establishment of the safety command in 2006, the Force engaged external providers to prepare the majority of return to work plans and manage injured officers' rehabilitation. Since 2006, the Force has reduced its reliance on external providers by 75 per cent to around 150 cases, on average.

We found that return to work plans were in place for all officers that were fit for suitable duties. The plans were consistent with medical restrictions and included goals on how the command will assist the injured employee return to work. Injured staff were routinely reviewed by safety command to make sure that the placement was working.

Although plans should be signed by both the injured employee and their commander to indicate agreement, most plans were not signed.

The Force requires officers, once declared fit, to be placed in suitable positions within one week. We found that it had not established a means to monitor performance.

Recommendations

We recommend that the NSW Police Force by March 2009:

- as part of the quality assurance program for injury management, test compliance of injury management plans and return to work plans with policy
- monitor performance against the one week standard for the placement of injured officers in suitable positions.

3	Has the Force reduced the impact of injuries?
<u> </u>	That the Force reduced the impact of injuries:

At a glance

The key question we wanted to answer was:

Has the NSW Police Force reduced the impact of injuries?

Our assessment:

The Force's efforts to reduce the impact of injuries have achieved mixed results. Although the average time lost per employee has reduced, the total time lost for workplace injuries and time lost for each person injured have increased, especially for post'88 officers. This group is now taking longer to return to work.

The type of injury may be a factor. Although the total number of workers compensation claims has reduced, claims for psychological injuries are increasing and were rated as the third most common cause of injury in 2007-08.

On the positive side, more officers are returning to work than in the past. And the Force has had some recent success in reducing the cost of workers compensation insurance premiums, in part as a result of its improved injury management practices.

In fact, after peaking at \$65 million in 2007-08, the Force has been able to reduce the premiums to below \$58 million in 2008-09, a saving to the Force of over \$7 million.

Despite these improvements, the Force will struggle to further reduce the total cost of injury. This is mainly due to the cost of the 2005 Death and Disability scheme which provides insurance cover for injured post'88 officers.

Under this scheme, injured officers who are partially and permanently disabled and cannot be found a suitable police position can receive a lump sum payment on medical discharge. The payment is calculated on a sliding scale depending on the age and salary of the officer.

In addition, the Force tops up the weekly workers compensation benefits of injured post'88 officers so that their rates of pay do not reduce after 26 weeks of injury, as it does for civilians in the Force.

These financial benefits are likely to discourage return to work and may make medical retirement the preferred option for some who wish to leave the Force. In fact, following the introduction of the new scheme, the rate of medical discharge for post'88 officers has tripled.

This increase has meant that the cost of premiums and payments under the Death and disability scheme was about \$33 million; over five per cent of salary cost in its first year (2005-06).

However, the scheme was designed to limit the Government's exposure to a maximum of 3.6 per cent of salaries of post'88 officers or around \$22 million. Any increase beyond 3.6 per cent was supposed to trigger an immediate review of benefits and how much officers contributed to the scheme. As yet, the Force has not completed its review of the scheme.

A review of NSW Police, NSW Fire Brigades and Ambulance Service death and disability schemes is currently being undertaken by the Department of Premier and Cabinet.

3.1 Has the Force reduced the time lost due to workplace injuries?

Our assessment

The simple answer is no. Although the average time lost per employee has reduced mainly due to overall increases in police numbers, the total time lost due to workplace injuries and time lost for each person injured have increased. This is despite the Force introducing a number of strategies to better manage injured employees.

Injured pre'88 officers on average took four days less time off for workplace injuries in 2006-07 than the previous year.

In contrast, injured post'88 officers, and injured civilians on average took off ten days more in 2006-07.

In 2006-07, nearly 2,800 staff reported workplace injuries that resulted in time off work.

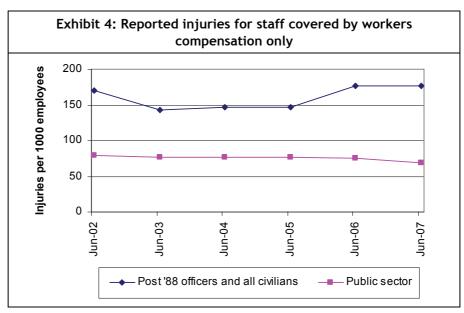
The number of reported injuries is increasing for staff covered by workers compensation

The number of reported injuries for staff covered by workers compensation is increasing, and over 2,600 workers compensation claims were lodged in 2006-07.

Reported injuries do not always lead to time off work, but any increase in incidents will increase the risk of time lost.

The NSW Government's Working Together Strategy required agencies to reduce the rate of workplace injuries by 20 per cent by June 2007. This requirement applied only to staff covered by workers compensation.

The results for NSW Police Force staff covered by workers compensation are not good. The Force did not meet the required target reduction (136 incidents per 1000 employees). Overall, the incident rate does not compare well with the rest of the public sector.



Source: NSW Police Force.

Note: Data includes only staff covered by workers compensation.

The Force reports that the increase in the incident rate may be due to recent changes such as:

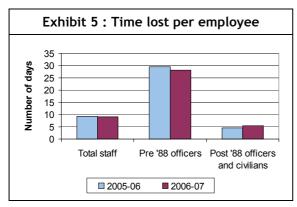
- increased staff awareness of the need to report all incidents
- the requirement to report all workplace injuries, that is incidents that might have been unreported previously are now being reported.

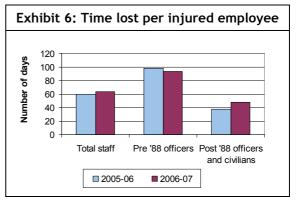
The amount of time lost per employee due to workplace injuries stabilised at around nine days between 2005-06 and 2006-07, but this in part may be due to increases in the number of police.

Time lost per injured employee has increased

Time lost for each person injured in 2005-06 and 2006-07:

- increased overall from 59.5 to 63.4 days
- decreased for pre'88 officers by 4 days from 97.8 to 93.4 days
- increased for post'88 officers and civilians by over 10 days from 37.4 to 47.8 days.





Source: NSW Police Force.

Source: NSW Police Force.

The Force does not have information on whether the increase in time lost for post'88 officers and civilians is due to more leave being taken by officers, or civilians or both.

The Force advised that it now monitors time lost separately for post'88 officers and civilians.

Total time lost for workplace injuries increased by 2,717 days between 2005-06 and 2006-07 (from 174,766 days to 177,483 days).

According to the Force, time lost per workers compensation claim has decreased.

Time lost varied between police regions

We found in regard to staff covered by workers compensation that average time lost per claim:

- varied significantly between police regions
- halved in the Northern region (from 206.6 days to 107.5 days since May 2006), but it was still the highest in the State
- was lowest in the Western region (40.8 days).

Exhibit 7: Average days lost to workplace injuries per claim					
	May 2006	Feb 2008			
Northern region	206.57	107.46			
Southern region	116.76	63.56			
South Western Metropolitan region	64.28	54.10			
North West Metropolitan region	72.29	53.52			
Central Metropolitan region	60.27	47.80			
Western region	93.10	40.82			
NSW Police Force	106.39	66.36			

Source: NSW Police Force.

Note: Pre'88 officers are not included.

The number of psychological injuries are increasing

The reasons for the variation between regions may be due to the age profile of employees in these regions or local management practice, or some other variable such as the type of injury. For example, the number of reported psychological injuries is increasing and was the third most common type of injury in the Force in 2007-08. These injuries often require long periods of time away from work for rehabilitation.

Exhibit 8: Number of injuries per 100 employees covered by workers compensation in NSW Police Force						
Top ten causes of injuries	2005-06	2006-07	2007-08			
Being hit by a moving object	4.28	4.06	3.83			
Body stressing	3.09	4.09	2.99			
Mental stress	2.07	2.26	2.28			
Other and unspecified mechanisms	1.48	1.82	2.21			
Falls, trips and slips of a person	2.36	2.52	1.75			
Biological factors	0.65	1.26	1.03			
Hitting objects with a part of body	0.82	0.77	0.58			
Chemicals and other substances	0.36	0.31	0.32			
Heat, radiation and electricity	0.06	0.09	0.05			
Sound and pressure	0.06	0.05	0.04			

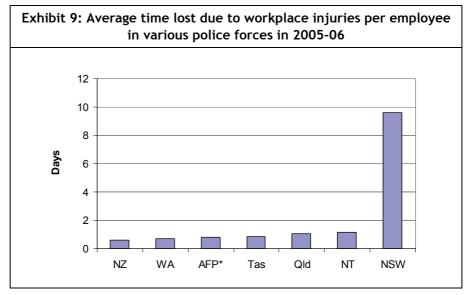
Source: NSW Police Annual Report 2007-08. Note: Pre'88 officers are not included.

Recent research of psychological injury claims lodged by police officers employed in police forces around Australia indicates that the vast majority of these claims are related to workplace interpersonal issues and not exposure to operational trauma.

In fact, the Force's analysis of 96 significant psychological injury claims that occurred in 2006 found:

- 71 per cent indicated the cause to be performance management, disciplinary dismissals, internal investigations, workload or transfers
- 23 per cent indicated the cause to be exposure to traumatic incidents such as death or car accident
- 6 per cent indicated the cause to be a combination of the above.

More time is lost to injury in NSW than in other forces The average time lost as a result of workplace injuries in the Force is nearly 17 times higher than New Zealand Police, and between 8 and 13 times more than several other police forces in Australia.



Source: NSW Police Force.

Note: This period was prior to the establishment of the safety command in the NSW Police Force. Data on time lost was converted from hours to days based on a 7.5 hour/day. There was no data available for the Victorian and South Australian police forces.

In order to reduce time lost, the Force has introduced a number of strategies, particularly targeting employees that have been absent for 45 days or more in the last 60 days. These strategies are:

- discussion of the return to work approach for each case at monthly injury management meetings in the commands
- case management of complex injury cases by more senior staff in the safety command.

The Force advised that it is implementing initiatives aimed at reducing stressors, improving resilience and communication, and increasing awareness of support programs. For example, the Force offers training to leaders to improve the detection of mental distress in the workplace and improve management practices of staff who develop early signs of mental distress.

Recommendation

We recommend that by June 2009 the NSW Police Force investigate and develop strategies to address psychological injuries in order to encourage early return to work.

^{*} Australian Federal Police.

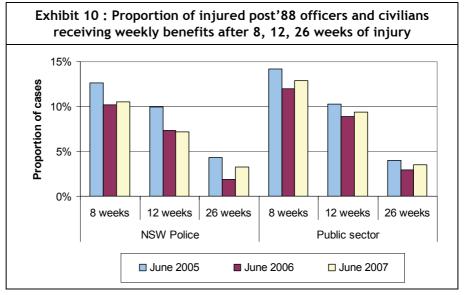
3.2 Is the rate of return to work increasing?

Our assessment

Now more officers return to work than in the past, yet there are a number of factors that may discourage early return to work and limit further improvements.

The Government's Working Together Strategy for staff covered by workers compensation sets a 10 per cent reduction target in the proportion of injured workers still off work at 8, 12, 26 weeks from the date of injury to encourage early return to work.

Between 2005 and 2007, the Force exceeded the targets for the 8, 12 and 26 weeks, achieving reductions of 17 per cent, 28 per cent and 22 per cent respectively. Although the Force results were better than the rest of the public sector, they are now starting to trend upward.



Source: NSW Police Force.

Note: Pre'88 officers are not included.

The Working Together Strategy also has a target of a 10 per cent increase in the percentage of injured workers who are placed in suitable duties within one week of the date that they become fit.

Between June 2005 and June 2007, although the percentage of injured workers who had not been found work after being certified fit increased marginally to 4.6 per cent, it was still better than the rest of the public sector at around six per cent.

Factors that may impact on an injured officer returning to work include:

- medical practitioners may have a poor understanding of what suitable duties are available to police officers, which may delay the officer being declared fit
- finding suitable duties for police officers in rural and remote commands
- different financial benefits to return to work for civilians compared to police officers.

The Force is developing specific guidance to assist medical practitioners to judge when an officer is capable of returning to work and the type of restrictions that might apply. This guidance material was due to be completed by June 2008, but remained incomplete at the date of this report.

The Force advised that although the guidance material had not been finalised, it is currently being utilised in some cases.

Recommendation

We recommend that the NSW Police Force finalise the guidance material to assist medical practitioners make decisions regarding work restrictions on injured officers by June 2009.

Commands may accommodate up to five injured police

The Force's policy indicates that each local area command can accommodate up to five officers on permanent restricted duties. These officers are counted as part of the command's actual strength.

Officers on permanent restricted duties cannot undertake the full range of policing duties, which may limit the number of available officers to go out on patrols or respond to calls for assistance.

We found that the policy does not relate the number of permanently restricted duties positions to the actual number of operational police positions at the command to limit the effect on policing. For example, while the Hunter Valley command did not have any officers on permanent restricted duties, three per cent of the Richmond's command was on permanent restricted duties.

Recommendation

We recommend that the NSW Police Force review the approach to determining the number of permanent restricted duty positions in a command as a proportion of actual strength on a case by case basis.

Different redeployment options are available to injured police depending on when the officer was first employed The Force's ability to get officers to return to work differs depending on when the officer was employed, that is:

- pre'88 officers who cannot exercise all the functions of a general duties police officer (see Appendix 4), can refuse redeployment to a police position and opt for medical discharge
- post'88 officers covered by the Death and Disability scheme who are partially and permanently disabled cannot refuse redeployment to a suitable police position.

If an officer cannot be accommodated in their command they are referred to the police redeployment unit.

As at 30 June 2007, 53 per cent of the officers referred to the unit had been successfully redeployed, and three per cent returned to pre injury duties. Twenty-seven per cent had been medically discharged, and the remaining 17 per cent either returned to duties, were permanently disabled, suspended or resigned.

The Force reports that since 2002-03, out of 693 officers referred to the redeployment unit, only three officers have been redeployed to administrative positions.

Recommendation

We recommend that the NSW Police Force review the conditions in the Death and Disability scheme to improve the rate of redeployment of post'88 officers to suitable positions in the Force or elsewhere in the public sector by June 2009.

Police pay is not reduced at 26 weeks

Top up payments are made to injured post'88 officers. This means that they do not have their pay reduced after 26 weeks of injury, unlike other employees in NSW under the workers compensation legislation. This may act as a disincentive to early return to work.

Pre'88 officers are not covered by workers compensation. They receive the same rate of pay irrespective of the length of time on injury leave.

	•	ing weekly benefits nd post'88 officers	•		
	Injured employed	e is unfit to work			
1 st 26 weeks from	n date of injury				
Weekly Amount the Amount the benefits paid Force recoups to officer from Insurer					
Pre'88 officer	\$1,432.85	N/A	\$1,432.85		
Post'88 officer	\$1,432.85	\$1,432.85	\$0		
Civilian	\$1,433.21	\$1,433.21	\$0		
2 nd 26 weeks fro	m date of injury				
Pre'88 officer	\$1,432.85	N/A	\$1,432.85		
Post'88 officer	\$1,432.85	\$374.90	\$1,057.95		
Civilian	\$374.90	\$374.90	\$0		

Source: NSW Police Force.

Note: Salaries for officers are based on Senior Constable Level 6, \$74,508.00 as at 11 January 2008. Salaries for civilians are based on Clerk 7/8, \$74,527.00 as at 13 July 2007.

Recommendation

We recommend that the NSW Police Force review the impact of the top-up pay to post'88 officers under the Police Award 2005 by June 2009.

3.3 Has the Force reduced medical retirements due to workplace injuries?

Our assessment

The number of police officers that retire from the Force due to medical reasons has increased by 42 per cent since 2003-04.

Today, more police leave the Force for medical reasons than any other reason, and the rate of medical retirements is much higher than in other police forces.

Financial benefits in awards introduced in 2005 may make medical retirement the preferred option for some who wish to leave the Force.

Police officers may seek or accept a medical retirement from the Force as a result of any injury or illness that prevents them from undertaking the duties of a police officer.

The amount the officer is paid on retirement for medical reasons depends on whether the officer was employed before or after 1988.

For pre'88 officers, the benefits range from 70 per cent to 100 per cent of salary and are paid as a pension.

A lump sum is paid on discharge

For post'88 officers, the 2005 Death and Disability scheme provides a lump sum payment to officers who suffer a partial and permanent disability that prevents them from working for the Force, but not from taking up other employment in the future.

The amount an officer receives is calculated on a sliding scale depending on the age and salary of the officer at retirement. For example, an officer who suffers a permanent injury at age 30 will receive seven times their pay as a lump sum compared to an officer at 50 who would receive around three times their salary.

Officers can receive up to seven times their salary on

discharge

Exhibit 12: Case study

In mid 2007, a post'88 officer in his late 30s lodged a workers compensation claim and went on injury leave. The reported injury was a recurring pain in a limb arising from a workplace incident in 2004. The officer also reported a psychological injury from witnessing a fatal accident earlier that year.

The officer was offered a return to work plan on modified duties in June. The officer attempted to return to work but the command was unable to provide restricted duties on a permanent basis, which was what the officer required.

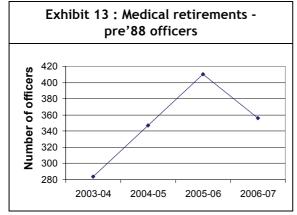
In August that year, the officer was referred for a medical examination. The results of the medical indicated that the officer had a partial and permanent disability and was not fit to complete the full range of police duties.

The officer was discharged in April 2008.

The officer's salary at the time was around \$75,000. On discharge, the officer received a lump sum payment of around \$430,000 under the Death and Disability scheme.

The number of officers that have left the Force for medical reasons has increased. This is mainly due to an increase in the number of post'88 officers leaving the Force, particularly after the commencement of the Death and Disability scheme in 2005.

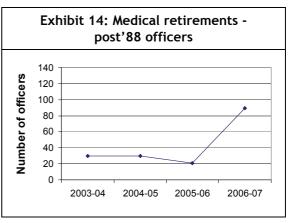
Medical retirements, including medical discharges for this group increased by over 300 per cent in 2006-07.



Source: NSW Police Force.

Note: Data include both work and non-work

related injuries.



Source: NSW Police Force.

Note: Data include both work and non-work

related injuries.

Compared to the Victorian Police Force, the NSW Police Force has a much higher rate of retirements for medical reasons.

Exhibit 15: Medical retirements in NSW and the Victorian Police Forces						
	2005	2005-2006 2006-				
	NSW	Victoria	NSW	Victoria		
Number of police officers medically retired	431	37	445	47		
Total police officers separations	727	295	780	316		
Medical retirements of police officers as % of total police separations	59%	13%	57%	15%		

Source: NSW Police Force and Audit Office research.

Note: Data includes officers that have retired due to medical illness such as cancer.

One of the reasons for this maybe that the Force can do little to prevent pre'88 officers from being medically retired. For this group, rehabilitation is a policy not a law, as they are not covered by workers compensation legislation. Under their scheme, if an officer is hurt on duty and unable to complete all police duties, the officer may retire as medically unfit and receive a pension (see Appendix 4).

However, the Force can influence the outcomes of officers employed after 1988. This group may be rehabilitated back into their job, or if that's not possible another job in the Force or the public sector.

More recently, the Force has put additional assessment points in place to ensure that wherever possible an officer will be rehabilitated and redeployed to a position in the Force rather than be retired on medical grounds. This may help reverse the trend.

As indicated earlier, the Force can do little to change the rehabilitation outcomes for pre'88 officers without the officer's consent and cooperation. In cases where the officer is declared unfit and is awaiting discharge, the Force should do whatever is needed to complete this process efficiently.

Processing medical discharge applications for pre'88 officers can take over a year However, we found that the process of medical discharge can often take over a year to complete. During this time the officer is unable to do anything but wait; no rehabilitation takes place once an officer has been declared unfit for police work, and able officers can not work elsewhere.

Although the superannuation administrator controls much of the process, the Force also has its part to play. Delays in the process also cost the Force, as the officer's salary continues to be paid until a determination is made.

Exhibit 16: Case study

We reviewed 18 files of pre'88 officers that were awaiting medical discharge. We found that 17 officers had been waiting between two and over 12 months for a decision. Only one officer was discharged and that decision took seven months.

In one case, an officer was diagnosed in 2007 with post traumatic stress disorder. This illness had resulted from the officer being called to the scene following a death and having to deal with the traumatised parents.

The officer received treatment and counselling and was due to return to work five months after the incident on restricted hours and duties (four hours per day two days per week).

The officer was unable to complete the first shift. The officer was subsequently declared unfit to undertake police duties.

The NSW Police Association lodged an application on behalf of the officer to the superannuation administrator for medical discharge.

Further information was requested by the superannuation administrator and provided by the Force within seven days. This was back in March 2008.

As at May 2008 when the file was reviewed by the audit team, the officer was still waiting for the superannuation administrator to review the application and make a decision.

The Force is responsible for investigating and determining if injuries sustained by pre'88 officers are work-related, i.e. hurt on duty (HOD). This information is critical for officers' applying for medical retirement to the superannuation administrator and impacts on their pension entitlement.

The Force advised that:

- as at April 2008, there were over 200 hurt on duty claims awaiting determination
- it will introduce a three month timeframe for commands to investigate and determine hurt on duty claims.

Recommendations

We recommend that the NSW Police Force by March 2009:

- develop in consultation with the Police Superannuation Scheme administrator, protocols including time standards for processing medical discharge applications
- monitor the determination of hurt on duty claims by commands against the three month standard.

There are also delays in processing medical discharge applications of post'88 officers

We also found delays in finalising medical discharges for post'88 officers. While we understand that medical discharge should be a last resort after all rehabilitation options have been considered, once a decision is reached, the process should be completed as soon as possible.

The Force advised us that its Medical Discharge Review Panel now meets monthly to prevent applications for medical discharge by post'88 officers from being unnecessarily delayed.

3.4 Has the cost of workplace injuries been reduced?

Our assessment

Recently the Force has started to have some success in reducing the cost of workers compensation insurance premiums. This is in part a result of its improved injury management practices.

Premiums had increased after 2003-04, peaking at \$65 million in 2007-08. In 2008-09, the Force has been able to reduce the premiums to below \$58 million, a saving to the Force of over \$7 million.

The Force has a target to reduce the average cost of claims by 15 per cent. The cost of claims has increased possibly due to the increasing cost of medical treatment and wage increases.

Despite improvements in return to work rates and fewer claims, the Force will struggle to further reduce the cost of injuries.

The major reason for this is the Force's contribution to the Death and Disability scheme which commenced in 2005.

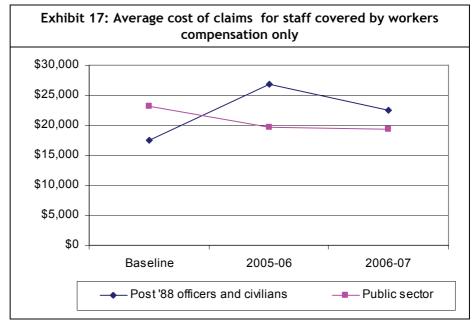
The scheme was designed to limit the Government's exposure to a maximum of 3.6 per cent of police salaries or around \$22 million. But in its first year, 2005-06, actual costs were around \$33 million; over five per cent of salaries, i.e. about one and a half times more than the anticipated limit.

Any increase beyond 3.6 per cent was supposed to trigger an immediate review of benefits and how much officers contributed to the scheme. As yet, the Force has not completed this review.

There are two major components in calculating the direct cost of workplace injuries. One is the cost of workers compensation premiums. The other is the cost of other insurance schemes and compensation payments.

In regard to the cost of claims, the Government's Working Together Strategy released in 2005 required all government agencies to achieve a 15 per cent reduction in the average cost of claims for staff covered by workers compensation by June 2008.

We found that the average cost of claims for the Force increased by 28 per cent between 2004-05 and 2006-07, from \$17,554 to \$22,554 (against a target of \$14,938).



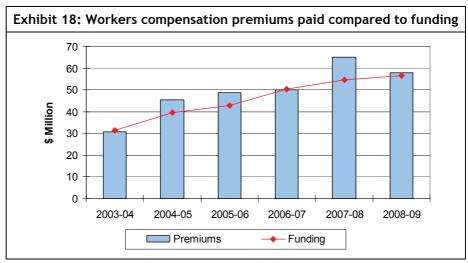
Source: NSW Police Force.

Note: Costs are actual costs plus outstanding estimates. This excludes pre'88 officers. The baseline is based on the average claims cost from 2000-01 to 2004-05.

The Force advised that it is finding it difficult to reduce the average cost of claims in light of the rising cost of wages.

In regard to the workers compensation premiums paid, the Government has encouraged agencies to perform better by limiting funding. Agencies receive funds based on the claims history of the agency and similar agencies, rather than the actual cost of the premiums. Where funding exceeds actual premiums paid, the Force retains the surplus as a reward for good performance, and where funding is less than the actual premiums paid, the Force pays the difference. This encourages good management.

The Force has experienced deficits, peaking at \$10.5 million in 2007-08.



Source: NSW Police Force

In addition to the \$10.5 million deficit, the Force also had to fund \$10.4 million adjustment for prior years' premiums (based on the outcome of claims).

Police staff represent six per cent of the public sector, but 22 per cent of the Government's workers compensation cost.

Improvement in the management of injured police would improve the bottom line for both the Force and the Government as a whole.

Another major contributor to the cost of workplace injuries is the insurance scheme included as part of the 2005 Death and Disability scheme.

A reason for closing the old police superannuation scheme was the long term cost to government. Although officers and the Force fund the costs of the new scheme, it was designed to limit the Government's exposure to 3.6 per cent of salaries of post'88 officers.

The scheme was designed to trigger an immediate review of the benefits and officers' contributions if the cost (of the insurance premiums quoted for the next 12 months and/or the claims experience of the preceding 12 months) exceeds 3.6 per cent of police salaries.

We found that the cost of the premiums and lump sum payments was over five per cent in 2005-06, its first year of operation. This should have triggered an immediate review, but this had not been done at the time of writing this report.

Exhibit 19: Cost of Death and Disability scheme in 2005-06 on-duty cover			
Cost of premiums (TPI)	\$21.9 million		
Lump sum payments	\$11.0 million		
Total cost	\$32.9 million		
Percentage of wages 5.3%			

Source: NSW Police Force.

The cost of premiums and lump sum payments has continued to increase. In 2007-08 lump sum payments on their own were \$52 million and insurance premiums were nearly \$33 million.

Also of concern is the actuarial assessment as at June 2008 of possible future claims. The Force self insures against these claims and its estimated liabilities increased from \$29 million in June 2006 to \$115 million in June 2008.

As yet, the Force has not completed its review of the scheme.

Similar schemes exist under other emergency service awards such as the NSW Fire Brigades and the NSW Ambulance Service. The Department of Premier and Cabinet has advised us that all three Death and Disability schemes are currently being reviewed to ensure consistency in structure and to assess the impact of benefits.

Recommendation

We recommend that the NSW Police Force complete its review of the benefits and officers' contributions under the Death and Disability scheme with a view to either reducing benefits, increasing officers' contributions or ceasing the scheme as a matter of urgency.

The direct cost of injuries to police is over \$110 million

We calculated the total direct cost of injuries to the Force at over \$110 million in 2006-07. This figure includes insurance premiums paid, estimates of the cost of time lost for pre'88 officers who are not covered by workers compensation, and top up of weekly workers compensation benefits to post'88 officers.

Exhibit 20: Estimated direct cost of workplace injuries in NSW Police Force in 2006-07			
	\$ million		
Workers compensation premiums	50.1		
Death and Disability premiums and lump sum payments	32.9		
Estimated cost of time lost for pre'88 officers*	25.7		
Estimated cost of top-up pay to post'88 officers	3.2		
Total	111.9		

Source: NSW Police Force.

The Industry Commission and the National Occupational Health and Safety Commission have estimated that only 25 per cent of the total cost of work related injuries were direct costs. The remaining 75 per cent were indirect costs such as loss of productivity, and loss of income and quality of life. In the NSW Police Force this is estimated at around \$330 million.

^{*} Estimate is based on the salary of a senior constable level 6.

	Appendices

Appendix 1 Comparison of contributions and entitlements

Pre'88 officers

- Officers covered by a pension scheme under the Police Superannuation Scheme
- members contribute directly to PSS
- the rate of pension varies from 72.75 per cent up to 85 per cent of the officer's salary where the officer is not fit to continue as a police officer (does not meet the inherent requirements of a general duties officer in Appendix 4) but can work elsewhere following medical discharge due to an injury
- the rate of pension can increase to 100 per cent of the officer's salary depending on whether the accident was a direct result of police work
- the pension rate at retirement age with no sustained injuries is 72.75 per cent after 30 years of service.

Post'88 officers

- Officers covered by the 2005
 Death and Disability scheme
 which covers death, total and
 permanent incapacity and
 partial and permanent
 incapacity, in addition to
 workers compensation
- members contribute 1.8 per cent of their salary for off-duty cover, and the Force contributes 3.6 per cent of salaries for on-duty cover
- the Force self-insures partial and permanent incapacity (PPI) lump sum payments
- the Force pays insurance premiums for death and total and permanent incapacity (TPI) cover
- lump sum payments for death and TPI range from 8.5 times salary at age 45, to 3.71 times salary at age 60
- lump sum payments for PPI range from 8.33 times salary at age 20, to zero at age 60.

Source: The NSW Police Force and Audit Office research.

Appendix 2 The NSW Police Force performance against the 2005 NSW Government's Working Together Strategy

Indicator 1: 20% reduction in workplace injuries by June 2007			
Target rate Performance as at June 2007			
136 incidents per 1000 employees	177 incidents per 1000 employees		

Indicator 2: 10% reduction in the proportion of injured employees still off work at 8, 12 and 26 weeks from the date of injury by June 2008			
Target proportions	Performance as at June 2007		
8 weeks 11.4%	8 weeks 10.5%		
12 weeks 9.0%	12 weeks 7.2%		
26 weeks 3.9%	26 weeks 3.3%		

Indicator 3: 15% reduction in the cost of claims by June 2008			
Target average cost Performance as at June 2007			
\$14,938	\$22,554		

·	dicator 4: 10% improvement in the percentage of injured workers who are placed in suitable duties within one week of the date they are fit by June 2008		
Target proportion	Performance as at June 2007		
2.5%	4.6%		

Source: NSW Police Force.

Appendix 3 About the audit

Audit Objective

This audit examined how well the NSW Police Force manages police officers injured at work to minimise the impact on policing.

Lines of Inquiry

In reaching our opinion against the audit objective, we sought to answer the following questions:

- 1. does the NSW Police Force have an effective framework for managing injured officers?
- 2. has the NSW Police Force successfully reduced the impact of injuries?

Audit criteria

In answering the lines of inquiry, we used the following audit criteria (the 'what should be') to judge performance. We based these standards on our research of current thinking and guidance on better practice. They have been discussed, and wherever possible, agreed with those we are auditing.

For line of inquiry 1, we assessed the extent to which the NSW Police Force has:

- policies and procedures for managing injured officers that comply with relevant requirements
- appropriate early intervention practices for managing injured officers
- appropriate and accessible return to work options for injured officers.

For line of inquiry 2, we assessed the extent to which the NSW Police Force has:

- reduced time lost and medical discharges due to workplace injuries
- increased the rate of return to work
- reduced the relative cost of injuries.

Audit focus

The audit focused on sworn officers.

This audit did not examine:

- injury prevention
- the adequacy of the NSW Police Force's budget
- injuries sustained off duty
- HealthQuest medical discharge decisions
- deaths due to workplace injuries.

Audit approach

We acquired subject matter expertise by:

- engaging the services of a consultant
- interviewing relevant staff
- reviewing relevant documents, including strategies, plans, policies, procedures, and management reports relating to injury management
- interviewing representatives of the key stakeholders, including Treasury, WorkCover, and the Police Association
- examining government and best practice guidelines relevant to the above
- comparing where appropriate the Force's performance and approach with other jurisdictions
- analysing performance data.

We visited four local area commands. They represented metropolitan and regional commands with moderate to high rates of workplace injuries.

Audit selection

We use a strategic approach to selecting performance audits which balances our performance audit program to reflect issues of interest to Parliament and the community. Details of our approach to selecting topics and our forward program are available on our website.

Audit methodology

Our performance audit methodology is designed to satisfy Australian Audit Standards AUS 806 and 808 on performance auditing, and to reflect current thinking on performance auditing practices. We produce our audits under a quality management system certified to International Standard ISO 9001. Our processes have also been designed to comply with the auditing requirements specified in the *Public Finance and Audit Act 1983*.

Acknowledgements

We gratefully acknowledge the co-operation and assistance provided by the NSW Police Force. In particular we wish to thank our liaison officer Inspector Steve Chalmers, and staff attached to the safety command as well as those officers who participated in interviews, assisted with file review or provided other material relevant to the audit.

Audit team

Our team leader for the performance audit was Henriette Zeitoun, who was assisted by Bettina Ocias. Jane Tebbatt provided direction and quality assurance.

Dr Peter Cotton from Health Services Australia Group provided expert advice throughout the audit.

Audit cost

Including staff costs, printing costs and overheads, the estimated cost of the audit is \$479,000.

Appendix 4 NSW Police Force organisational statement of inherent requirements of a general duties police officer

Administrative & General Requirements

- Undertake operational patrols, respond to situations to enforce laws and/or maintain public order, exercise police powers, investigate incidents or offences, and prepare and present evidence in a judicial or quasi-judicial setting
- Manage a wide range of persons who are placed in care, detained in custody or require assistance pending the arrival of qualified personnel. Utilise appropriate communication, practical and physical skills in order to protect persons from harm or further casualty and to deal with uncooperative/aggressive people
- Provide the public with service and support, utilise problem-solving techniques and adapt communication strategies to meet client needs, stay abreast of current affairs, and foster a positive organisational image in the community
- Perform administrative duties in support of operational responsibilities;
 prepare forms, correspondence, legal briefs of evidence and where required apply professional judgment
- Apply discerning judgement in the application of police powers and use of appointments (e.g. handcuffs, batons, capsicum spray and firearm)
- Stabilise and preserve the scene of accidents, emergencies, disasters or crime scenes
- Assist victims and manage incidents involving significant conflict or emotional distress (such as domestic violence, child abuse and SIDS)
- Undertake a range of traffic duty including safely stopping motor vehicles, point duty and the management of traffic flow at the scenes of emergencies
- Exercise authority and give directions, use coercive force when necessary, and use tolerance and reasonable firmness and discretion
- Collect evidence, identify suspects, write statements, compile briefs of evidence, present evidence in court.

Driving

 Lawfully drive police vehicles safely in varying road, terrain and operational conditions. Including the systematic, safe and efficient control of all vehicle functions; effective management of hazardous situations; urgent duty driving and periphery observation skills whilst driving a motor vehicle.

Communication

- Communicate in noisy environments, such as, use of police radio whilst siren is in operation and speaking with members of public in licensed premises.
- Understand with clarity softly spoken instruction in face-to-face conversation and over the radio or telephone
- Adapt communication style to suit different situations

- Read and comprehend written communication
- Take notes and prepare comprehendible written reports
- Use a computer to access or update information.

Physical

- Wear Harness Belt which weighs on average between 8-10 kg depending on size of torch and baton
- Physically restrain individuals and utilise self-defence techniques where necessary.
- Perform crowd control at community events or demonstrations
- Walk long distances while performing beat duty or stand for lengthy periods on traffic duty
- Handcuff someone resisting arrest
- Engage in self-defence
- Withstand physical assault from another person
- Physically restrain a person
- Wrestle with a person
- Safely handle a baton
- Safely handle a firearm while on duty
- Fire a handgun whilst on duty
- Climb stairs to ascend more than one story of a building.

Observation and Memory Skills

- Accurately discern, record and provide evidence of factors, such as colour, distances and size etc, associated with the identification of suspects, offenders, vehicles etc.
- Provide and detail evidence in court relating to distances, colour and descriptions when giving evidence in defended matters
- Observation skills whilst on patrol observe things at a distance and at close range
- An ability to maintain an awareness of what is occurring around you as you concentrate on other issues
- An ability to take in information, analyse it, and then make and apply decisions from that analysis
- Gather and exchange information from and with the community; and use analytical and keyboard skills, recording equipment and information systems to record, organise and analyse information
- Hear and comprehend information without eye-view of the speaker
- Long range visual acuity, short range visual acuity, colour vision
- Memory for events, people, places etc.
- Memory for legislation and administrative procedures.

Resilience & Adaptability

- Perform shifts of up to 12 hours duration (or longer if overtime) day and night, any day of the year
- Cope with the climatic variables associated with outdoor duties
- Adapt to regular shift change-over and protracted investigations not conducive to regular breaks
- An ability to adapt to unexpected or changing situations
- An ability to operate effectively in stressful and physically demanding situations
- Take precautions against infectious diseases and hazardous items.
- Cope with irregular meal and toilet breaks during a shift
- Cope with working in very hot or cold environments.

Personal

- Make decisions under pressure
- Manage workload
- Conflict resolution skills
- High integrity standards
- Problem solving skills
- Interpersonal traits
- Tolerance
- Cooperativeness
- Assertiveness
- Empathy
- Respect authority
- Conscientiousness
- Emotional stability
- Patience
- Self-control
- Resilience to stress
- Composure in stressful situations.

Appendix 5	Glossary
early intervention	Prompt and appropriate actions designed to safeguard the welfare of an injured worker, limit the potential escalation of physical and/or psychological injury, and achieve an early, safe, and durable return to work
injury management	A process to ensure the prompt, safe and durable return to work of an injured worker
injury management plan	A written plan developed by an insurer in consultation with the injured officer and a treating doctor in order to achieve a timely, safe and durable return to work. It outlines all the services required to return the injured officer to the workplace. It includes the rehabilitation goal and the actions required by the officer, employer, treating doctor, rehabilitation provider and insurance company
medical discharge	Separation from Police due to injury
Medical Discharge Review Panel	Body responsible for making determination on medical discharge applications for officers employed after 1988
permanent restricted duties	Permanent duties agreed between the employer and the injured worker, which meet restrictions set by a treating doctor
superannuation administrator	Police Superannuation Scheme administrator for officers employed before 1 April 1988
premiums	Workers compensation premiums are determined mainly in proportion to payroll with various adjustments for prior injury experience of the employer and the industry in which they are classified
PSS	Police Superannuation Scheme
return to work plan	A formal offer of suitable duties by the employer to the injured officer. The plan must be agreed by all parties - the officer, supervisor, treating doctor
significant injury	Injury that is likely to result in the worker being incapacitated for in excess of seven days
suitable duties	Agreed between the command and the injured officer to assist the injured officer's rehabilitation. Suitable duties must comply with a current medical certificate
top up supplementation	Difference between ordinary pay rate and benefits paid under workers compensation, which is paid to injured post'88 police officers by the Force
welfare check	Contact by an employer of an injured worker who is unable to attend work due to an injury, for an extended period of time, to review their health and wellbeing
workplace injury	Physical and psychological injury arising out of or in the course of employment.

Per	forma	nce A	Audits	by the
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Performance Auditing

What are performance audits?

Performance audits determine whether an agency is carrying out its activities effectively, and doing so economically and efficiently and in compliance with all relevant laws.

Performance audits may review a government program, all or part of a government agency or consider particular issues which affect the whole public sector.

Where appropriate, performance audits make recommendations for improvements.

If you wish to find out what performance audits are currently in progress, visit our website at www.audit.nsw.gov.au.

Why do we conduct performance audits?

Performance audits provide independent assurance to Parliament and the public that government funds are being spent efficiently and effectively, and in accordance with the law.

Performance audits seek to improve the efficiency and effectiveness of government agencies so that the community receives value for money from government services.

Performance audits also assist the accountability process by holding managers to account for agency performance.

What are the phases in performance auditing?

Performance audits have three key phases: planning, fieldwork and report writing.

During the planning phase, the audit team will develop audit criteria and define the audit field work.

At the completion of field work we will meet with agency management to discuss all significant matters arising out of the audit. Following this, we will prepare a draft performance audit report.

We meet with agency management to check that facts presented in the report are accurate and that recommendations are practical and appropriate. Following this, a formal draft report is provided to the CEO for comment. The relevant Minister is also provided with a copy of the final report. The final report, which is tabled in

Parliament, includes any comment made by the CEO on the conclusion and the recommendations of the audit.

Depending on the scope, performance audits can take several months to complete.

Copies of our performance audit reports can be obtained from our website or by contacting our Office.

How do we measure an agency's performance?

During the planning phase, the team develops the audit criteria. These are standards of performance against which the agency or program is assessed. Criteria may be based on best practice, government targets, benchmarks, or published guidelines.

Do we check to see if recommendations have been implemented?

Every few years we conduct a follow-up audit. These follow-up audits look at the extent to which action has been taken to address issues or recommendations agreed to in an earlier performance audit.

The Public Accounts Committee (PAC) may also conduct reviews or hold inquiries into matters raised in performance audit reports. Agencies are also requested to report actions taken against each recommendation in their annual report.

Who audits the auditors?

Our performance audits are subject to internal and external quality reviews against relevant Australian and international standards. This includes ongoing independent certification of our ISO 9001 quality management system.

The PAC is also responsible for overseeing the activities of the Audit Office and conducts a review of our operations every three years.

Who pays for performance audits?

No fee is charged for performance audits. Our performance audit services are funded by the NSW Parliament and from internal sources.

Further information

Further information can be obtained from our website www.audit.nsw.gov.au or by contacting us on 9275 7277.

Performance Audit Reports

No	Agency or Issues Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
184	NSW Police Force	Managing Injured Police	December 2008
183	Department of Education and Training	Improving Literacy and Numeracy in NSW Public Schools	22 October 2008
182	Department of Health	Delivering Health Care out of Hospitals	24 September 2008
181	Department of Environment and Climate Change	Recycling and Reuse of Waste in the NSW Public Sector	11 June 2008
180	Follow-up of 2003 Performance Audit	Protecting Our Rivers	21 May 2008
179	NSW Office of Liquor, Gaming and Racing; NSW Police Force	Working with Hotels and Clubs to reduce alcohol-related crime	23 April 2008
178	Greyhound and Harness Racing Regulatory Authority	Managing the Amalgamation of the Greyhound and Harness Racing Regulatory Authority	3 April 2008
177	Office of the Director of Public Prosecutions	Efficiency of the Office of the Director of Public Prosecutions	26 March 2008
176*	Better Practice Guide	Implementing Successful Amalgamations	5 March 2008
175	Department of Commerce Department of Primary Industries	Managing Departmental Amalgamations	5 March 2008
174	Department of Education and Training	Ageing workforce - Teachers	13 February 2008
173	NSW Police Force	Police Rostering	5 December 2007
172	Department of Primary Industries	Improving Efficiency of Irrigation Water Use on Farms	21 November 2007
171	Department of Premier and Cabinet Department of Commerce	Government Advertising	29 August 2007
170	RailCorp	Signal Failures on the Metropolitan Rail Network	15 August 2007
169	NSW Police Force	Dealing with Household Burglaries	27 June 2007
168	Ministry of Transport	Connecting with Public Transport	6 June 2007
167	Follow-up of 2001 Performance Audit: Ambulance Service of New South Wales	Readiness to Respond	6 June 2007
166	Follow-up of Performance Audit Department of Education and Training	Using Computers in Schools for Teaching and Learning	9 May 2007
165	Homelessness	Responding to Homelessness	2 May 2007
164	Department of Juvenile Justice NSW Police Force	Addressing the Needs of Young Offenders	28 March 2007

No	Agency or Issues Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
163	Legal Aid Commission of NSW	Distributing Legal Aid in New South Wales	13 December 2006
162	NSW Health	Attracting, Retaining and Managing Nurses in Hospitals	12 December 2006
161	Follow-up of 2003 Performance Audit	The Police Assistance Line	6 December 2006
160	NSW Health	Helping Older People Access a Residential Aged Care Facility	5 December 2006
159	NSW Health	Major Infectious Disease Outbreaks: Readiness to Respond	22 November 2006
158	Department of Education and Training	Educating Primary School Students with Disabilities	6 September 2006
157	Roads and Traffic Authority	Condition of State Roads	16 August 2006
156*	Fraud Control	Fraud Control Improvement Kit: Meeting Your Fraud Control Obligations	20 July 2006
155	Follow-up of 2002 Performance Audit	Regulating the Clearing of Native Vegetation	19 July 2006
154	Follow-up of 2002 Performance Audit	Managing Sick Leave in NSW Police and the Department of Corrective Services	June 2006
153	Performance Information	Agency Use of Performance Information to Manage Services	21 June 2006
152	Roads and Traffic Authority	The Cross City Tunnel Project	31 May 2006
151	Department of Corrective Services	Prisoner Rehabilitation	24 May 2006
150	Follow-up of 2000 Performance Audit	Fare Evasion on Public Transport	26 April 2006
149	Agency Collaboration	Agencies Working Together to Improve Services	22 March 2006
148	Department of Education and Training	The New Schools Privately Financed Project	8 March 2006
147	Premier's Department	Relocating Agencies to Regional Areas	14 December 2005
146	Bus Transitways	Liverpool to Parramatta Bus Transitway	5 December 2005
145	Follow-up of 2002 Performance Audit	Purchasing Hospital Supplies	23 November 2005

^{*} Better Practice Guides

Performance audits on our website

A list of performance audits tabled or published since March 1997, as well as those currently in progress, can be found on our website www.audit.nsw.gov.au.

If you have any problems accessing these reports, or are seeking older reports, please contact our Office Services Manager on (02) 9275 7116.