

# AUDITOR-GENERAL'S REPORT

## PERFORMANCE AUDIT

### Injury Management in the NSW Public Sector

Department of Premier and Cabinet  
NSW Treasury  
WorkCover NSW



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 **Injury Management in the NSW Public Sector: Department of Premier and Cabinet; NSW Treasury; WorkCover NSW**.

A handwritten signature in black ink that reads 'Peter Achterstraat'.

Peter Achterstraat  
Auditor-General

Sydney  
March 2010

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# Contents

## Foreword

<b>Audit conclusion and recommendations</b>	<b>1</b>
The focus of our audit	2
Audit conclusion	2
Recommendations	4
Summary of results	5
<b>Key findings</b>	<b>9</b>
1. NSW Government initiatives to reduce injuries	10
2. Have agencies achieved savings?	11
3. Have agencies practices improved?	16
<b>Appendices</b>	<b>23</b>
Appendix 1 About the audit	24
Appendix 2 Agencies and government results	26
Appendix 3 Challenges reported by the sample agencies	30
Appendix 4 Reporting injury management data in 2007-08 Annual Reports	32
<b>Performance Audits by the Audit Office of New South Wales</b>	<b>33</b>



## Foreword

The NSW Government employs almost ten per cent of the total workforce in the State. Public sector workers, like other employees in NSW, are covered under NSW workers' compensation legislation.

A review in 2004 of public sector workers' compensation claims showed an increasing trend in both the number of claims and the amounts paid. At that time, weekly payments for workers' compensation were increasing at a rate of more than \$3.5 million per quarter.

Increases in the number of workers' compensation claims and the cost of claims lead to an increase in insurance premiums paid by government agencies. Any increase in premiums means less money to run government services.

The NSW Government recognised that it needed to reduce the incidence, severity and cost of workplace injury and promote occupational health and safety (OHS) practices in order to make savings.

The *Working Together Strategy 2005-2008*, was developed by the Department of Premier and Cabinet, NSW Treasury and WorkCover NSW as a means of improving OHS and injury management. It was estimated that *Working Together* would result in 16,000 fewer injuries and \$138 million in savings from insurance claims. The Government also expected \$66 million would be saved in workers' compensation premiums.

This report looks at how well selected agencies have performed against these targets and what has happened since *Working Together* finished in 2008.

It is critical to the success of any OHS and injury management strategy that chief executives are committed to providing a safe workplace and protecting the people that work for them. This report identifies where further attention is needed to achieve this outcome.

Peter Achterstraat  
Auditor-General

March 2010



## **Audit conclusion and recommendations**

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## The focus of our audit

There are a number of workplace safety and injury management issues in the NSW public sector. The most common injuries to public sector workers today are the result of trips and falls or strains.

The NSW Government considers that all risks to public sector workers' health and safety should be eliminated or properly controlled. Where a worker is injured, they should receive treatment and be able to make a safe and durable return to work.

Up until 2005, the Government faced an increasing number of workers' compensation claims and increasing costs.

In response, the Government introduced the *Working Together Strategy 2005-2008 (Working Together)*. *Working Together* aimed to improve the occupational health and safety (OHS) practices within agencies and reduce the number and cost of workplace injuries.

*Working Together* applied to all public sector agencies. It set specific targets to improve agency performance in a few key areas. It was estimated that *Working Together* would achieve savings of \$138 million in the cost of claims. The cost of insurance premiums was also expected to fall by \$66 million.

*Working Together* established clear accountabilities for ministers and chief executives with respect to better OHS and injury management, as well as meeting these targets.

In this audit, we assessed if agencies had reduced the impact of workplace injuries by considering whether agencies had:

- achieved savings
- improved injury management practices.

We surveyed eight agencies that made up some of the largest contributors to the Government's cost of workers' compensation premiums. Seven of these agencies pay insurance premiums to the Government's self insurance scheme, the Treasury Managed Fund (TMF) which covers around 90 per cent of public sector workers. The eighth agency, RailCorp, manages its own self insurance scheme.

Where possible, we have provided data for the whole of TMF as an indicator of results for the broader public sector.

## Audit conclusion

We found that during *Working Together*, agencies reduced the impact of workplace injuries. Most of the results have been positive in both our sample agencies and the public sector, and savings have been achieved.

Between 2005 and 2008, while the number of claims in the sample agencies remained at around 15,000, the average cost of claims reduced by around 22 per cent from \$22,349 to \$17,360. The incidence rate of claims for the sample agencies also decreased by nine per cent to 7.3 claims per 100 staff.



Overall, the public sector achieved good results. While the number of claims remained steady at around 21,000 (despite an increase in the number of public sector employees), the average cost of claims reduced by 25 per cent from \$23,632 to \$17,801. The incidence rate of claims also improved by four per cent between 2005 and 2008, mainly due to the increase in employees.

WorkCover NSW estimates that *Working Together* along with other initiatives have led to savings of around \$213 million in the cost of claims. This result exceeds the original savings target of \$138 million by \$75 million.

We also found that the cost of insurance premiums had reduced. Across the public sector, premiums had reduced from \$485 million in 2004-05 to around \$438 million in 2008-09, representing a saving of \$47 million. When the 2005 cost of premiums is CPI adjusted, the savings are \$108 million which is \$42 million more than the original target.

Much of these savings have resulted from improved injury management practices in agencies. We found that more injuries were reported earlier to agencies and that agencies had improved the time taken to return to work.

Despite the overall good result, most agencies had not met the targets established under *Working Together*. It may be that the targets were too ambitious for some agencies. Nevertheless, the targets should have been attainable and results indicate that there is room for further improvement.

In fact, although it was expected that there would be 16,000 less injuries over three years, there were only around 5,000 less. In addition, the incidence rate of claims for public sector workers is almost a third more than for the NSW labour force. This comparison is indicative only as the calculation of the number of employees differs between the public and private sectors.

Also, according to WorkCover NSW the average cost of claims for the public sector is still 19 per cent higher than the average cost of claims for the private sector.

One of the cornerstones of *Working Together* was gaining chief executive commitment to improving injury management practices through including targets in their performance agreements with ministers. However, we found that only half of those surveyed had included these targets in their agreements.

Finally, and of greater concern is that improvements have not been sustained in all agencies. Since *Working Together* ceased in 2008, there has been a rise in claims in three of the sample agencies and across the public sector as a whole. Overall, claims have increased by nearly 15 per cent and there has been an increase of around \$17 million in the cost of premiums.

Having gained some momentum under *Working Together*, some agencies may have since lost direction and focus. The Government needs to set new injury management targets for chief executives and hold them and their ministers to account for performance.

This should be addressed as matter of priority.

## Recommendations

1. It is recommended that the Department of Premier and Cabinet, NSW Treasury and WorkCover NSW release the proposed new *Working Together Strategy 2009-2012* by April 2010 (page 14).
2. It is recommended that individual agencies set specific targets to reduce the:
  - average cost of claims and incidence rate of claims in line with relevant industry benchmarks (pages 14, 18)
  - number of psychological injuries where appropriate (page 14)
  - cost of premiums (page 16).
3. It is recommended that the Department of Premier and Cabinet require *Working Together* targets be included in chief executive performance agreements (page 20).
4. It is recommended that commencing in 2009-10, NSW Treasury require public sector agencies to:
  - refer all alleged frauds to WorkCover NSW (page 21)
  - report performance against the *Working Together* targets in their Annual Reports (page 21).

## Summary of results

Exhibit 1: Results against the <i>Working Together</i> targets 2005-2008				
	Target	Result at June 2007	Result at June 2008	Result at June 2009
Incidence rate of claims	20% reduction in the 2002 incidence rate by June 2007	12% reduction* or 3,638 less injuries since June 2005	6% reduction* or 5,041 less injuries since June 2005	10% increase* or 2,158 more injuries since June 2008
Average cost of claims	15% reduction by June 2008 (\$20,087 per claim or \$3,545 savings per claim)	No target	25% reduction (\$17,801 per claim or \$5,831 savings per claim)	Not available
Return to work rates	10% improvement by June 2008	No target	8% improvement in return to work	Not available

Source: WorkCover NSW and NSW Treasury

Note: \* Change since the baseline of 2001-02.

Exhibit 2: Savings from implementation of <i>Working Together</i> 2005-2008 and other initiatives		
	Expected outcome	Result
Reduced cost of premiums	\$66 million*	\$47 million savings (not adjusted for CPI) \$108 million savings (adjusted for CPI)
Reduced cost of claims	\$138 million by June 2008**	\$213 million (cumulative savings from 2004-05)
Reduced number of injuries	16,000 less injuries**	5,041 less injuries

Source: The Audit Office of NSW research

Note: \*Outcome referred to in the Economic and Financial Statement, NSW Government 2006. The target was savings of \$66 million annually from 2008-09.

\*\*Outcomes referred to in the Progress Report on the implementation of *Working Together*, WorkCover NSW 2006.

## **Response from the Department of Premier and Cabinet**

*The Department of Premier and Cabinet, in conjunction with its partners NSW Treasury and WorkCover NSW, support the proposed move to the next phase of the Government's initiative to reduce the incidence, severity and cost of workplace injury in the public sector.*

*The Government's adopted strategy during the period 2005-2008 has provided evidence that responsible and committed leadership by senior managers results in improved occupational health and safety (OHS) practices. The report underlines that senior management commitment also reduces the human and financial costs through a lower number of workplace injuries and better injury management programs.*

*The Auditor-General's report and its recommendations is an incentive for Directors General, heads of agencies and senior managers to further advance this important initiative and move OHS and improved injury management programs to a permanent place on their agency's agenda.*

### **Recommendation 1**

*The new Working Together Strategy 2009-2012 is subject to Cabinet approval and is still to be determined.*

### **Recommendation 2**

*The Department of Premier and Cabinet supports the view that agencies should set their own specific targets against relevant industry benchmarks for OHS and injury management. DPC advice to agencies will be determined once NSW Treasury have had the opportunity to consult with agencies and issue its own advice in relation to Recommendation 4.*

### **Recommendation 3**

*The Department of Premier and Cabinet supports the inclusion of Working Together targets in performance agreements for Directors General as well as agency heads. DPC will advise Ministers, Directors General and agency heads accordingly.*

### **Recommendation 4**

*The Department of Premier and Cabinet supports the structure of accountability set out in this recommendation and will consult with NSW Treasury on the implementation of its response.*

*(signed)*

*Brendan O'Reilly  
Director-General*

*Dated: 12 March 2010*

## Response from the NSW Treasury

*I refer to your letter dated 3 February 2010 attaching the final Audit Office performance audit report, Injury management in the NSW public sector seeking Treasury's formal response to the recommendations contained in the report. Our response is outlined below.*

### **Recommendation 1**

*NSW Treasury strongly supports the release of the proposed new Working Together Strategy 2009-2012 by April 2010. The new Strategy has been drafted by the WorkCover Authority in consultation with the Department of Premier and Cabinet, NSW Treasury and public sector agencies.*

### **Recommendation 2**

*Targets for agencies to reduce the incidence rate and average costs of workers compensation claims will be set under the new draft Strategy. Specific targets to reduce the number of psychological injuries and the cost of premiums are not in the new Strategy. Treasury does not support the introduction of new targets into the draft Strategy at this late stage.*

*I understand that one of the priority action areas for agencies under the new Strategy is to identify the top two occupational health and safety and injury management risks faced by the agency. This enables agencies the flexibility to focus on specific risks (including psychological injuries) as appropriate.*

*Hindsight premium refunds or penalties are calculated for TMF member agencies annually by SICorp's actuaries thereby providing an incentive to agencies to develop programs to prevent or reduce the impact of injuries and facilitate early return to work for injured workers. Agencies are encouraged to utilise the various tools developed and provided by SICorp, actuaries and risk management services to set specific and realistic targets to reduce the cost of individual agency premiums.*

### **Recommendation 3**

*NSW Treasury does not support the recommendation to include Working Together targets in Chief Executive performance agreements. Agencies and their Chief Executives are subject to, and are assessed against, various requirements and guidelines. Chief Executives are responsible for ensuring agencies perform across a broad range of activities. Focusing attention on specific areas needs to be considered carefully as it can distort behaviours to the detriment of areas not specified in performance agreements.*

### **Recommendation 4**

*NSW Treasury supports, in principle, the recommendation to refer all alleged workers compensation frauds to WorkCover NSW. The SICorp contracts with individual claims managers include a requirement that all alleged frauds be reported to the relevant authority. However, before implementing such a recommendation on NSW Government agencies, the Government should review the legal consequences of public sector employees disclosing alleged fraud to WorkCover including for personal liability and 'whistleblower' protection, and if necessary enact appropriate legal protection for such officers.*

*NSW Treasury does not support the recommendation for agencies to report performance against Working Together targets in their Annual Reports. This recommendation would be contrary to Cabinet's 2009 decision to reduce the number of disclosures required by the annual report regulations. This Cabinet decision was made in response to the Red Tape Review.*

*(signed)*

*Michael Schur  
Secretary*

*Dated: 5 March 2010*

## Response from WorkCover NSW

WorkCover welcomes the findings of the Audit Office, confirming the New South Wales public sector has made significant improvements in workplace safety and injury management over the course of the Working Together strategy.

WorkCover has observed significant changes in the government sector since the strategy was launched in 2005. There has been a dedicated investment in people, training and systems to address the challenges around keeping workers safe. Successful formal and informal networks, partnerships and communities of practice have been established across the sector.

Improvements in leadership, commitment and practice are reflected in the reduced number of injuries at work, more injured workers returning to work sooner and savings to Government through reduced workers compensation premiums. The Government's final evaluation of the Working Together strategy will provide further detail.

The report supports WorkCover's view that improvements have slowed, and the momentum generated by the Working Together strategy needs to be revitalised.

A key priority is a new strategy for the sector. This will set new targets and ensure the efforts of the Department of Premier and Cabinet, NSW Treasury and all departments are aligned, informed by the best available evidence and directed at the most significant risks.

WorkCover welcomes the opportunity to provide input into the Auditor-General's report and is supportive of the Audit Office recommendations. We provide the following response to the recommendations.

*Recommendation 1: It is recommended that the Department of Premier and Cabinet, NSW Treasury and WorkCover NSW release the proposed new working Together Strategy 2009-2012 by April 2010.*

WorkCover supports this recommendation and is discussing the release of the new strategy.

*Recommendation 2: It is recommended that the Department of Premier and Cabinet require individual agencies to set for themselves specific targets to reduce the:*

- average cost of claims and incidence rates in line with the NSW average,
- the number of psychological injuries where appropriate, and
- the cost of premiums.

WorkCover supports this recommendation and the recommendation is consistent with the proposed strategy for 2010-2012.

In addition to the Working Together targets, WorkCover suggests that agencies develop their own measures and performance indicators based on their most significant risks. This may include those recommended by the Auditor-General.

*Recommendation 3: It is recommended that the Department of Premier and Cabinet require Working Together targets be included in chief executive performance agreements.*

WorkCover supports this recommendation and the recommendation is consistent with actions under the proposed strategy. Under Working Together, agencies are asked to ensure workplace health and safety and injury management responsibilities and performance measures are included in all Senior Executive Service performance contracts.

*Recommendation 4: It is recommended that NSW Treasury require public sector agencies commencing in 2009-10 to:*

- refer all alleged frauds to WorkCover NSW
- report performance against the Working Together targets in their annual reports.

WorkCover supports this recommendation.

(signed)

Lisa Hunt  
Chief Executive Officer

Dated: 10 March 2010

## Key findings

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## 1. NSW Government initiatives to reduce injuries

*Working Together: Public Sector OHS and Injury Management Strategy 2005-2008 (Working Together)* is a three-year NSW Government strategy developed by the Department of Premier and Cabinet, NSW Treasury and WorkCover NSW to secure improvements in public sector workplace safety, injury management and return to work performance.

This is the third phase of the Government's occupational health and safety initiative to reduce the incidence, severity, and cost of workplace injury.

The first phase was in 1998 when the Government released its workplace safety and injury management policy, *Taking Safety Seriously*. The second phase involved auditing the practices of 12 agencies to see what improvements had been made.

One of the key aims of *Working Together* was to establish key performance indicators for agencies and to hold ministers and chief executives to account for performance.

*Working Together* set a number of specific targets, including :

- 20 per cent reduction in the incidence rate of claims by June 2007
- 15 per cent reduction in the average cost of claims by June 2008, i.e. \$3,545 less per claim for the whole of government
- 10 per cent improvement in the time taken to return to work by June 2008.

*Working Together* was also expected to deliver:

- 16,000 less injuries to public sector workers
- \$138 million in savings from the cost of claims
- \$66 million annual savings in the cost of premiums from 2008-09.

### Agencies were given an incentive to improve performance

Most public sector agencies pay premiums to the NSW Government's self insurance scheme, the Treasury Managed Fund (TMF) which covers around 90 per cent of public sector workers. Agencies receive funds from NSW Treasury towards the cost of workers' compensation premiums based on claims history and the performance of similar organisations in other states. Any gap between funds provided and the actual cost of premiums must be met by the agency.

In 2004-05, the gap between the cost of workers' compensation for these agencies and funding was nearly \$50 million (\$485 million versus \$435 million).

The Government offered as an incentive to agencies the prospect of being able to keep any savings where the cost of the premium is reduced to below funding.

### This audit

In order to assess what has been achieved by the end of *Working Together*, we surveyed eight agencies that made up some of the largest contributors to the Government's cost of workers' compensation premiums. See Appendix 1 for a list of the agencies surveyed.



Where possible, we have provided data for the whole of TMF as an indicator of results for the broader public sector.

## 2. Have agencies achieved savings?

We found that during *Working Together*, agencies reduced the impact of workplace injuries. Most of the results have been positive in both our sample agencies and the public sector, and savings have been achieved.

Between 2005 and 2008, while the number of claims in the sample agencies remained at around 15,000, the average cost of claims reduced by around 22 per cent from \$22,349 to \$17,360.

Overall, the public sector achieved good results. While the number of claims remained steady at around 21,000 (despite an increase in the number of public sector employees), the average cost of claims reduced by 25 per cent from \$23,632 to \$17,801.

WorkCover NSW estimates that *Working Together* along with other initiatives have led to savings of around \$213 million in the cost of claims. This result exceeds the original savings target of \$138 million by \$75 million.

We also found that the cost of insurance premiums had reduced. Across the public sector, premiums had reduced from \$485 million in 2004-05 to around \$438 million in 2008-09, representing a saving of \$47 million. When the 2005 cost of premiums is CPI adjusted, the savings are \$108 million which is \$42 million more than the original target of \$66 million.

However, these improvements have not been sustained in all agencies. Since *Working Together* ceased in 2008, there has been a rise in claims in three of the sample agencies and across the public sector as a whole. Overall, claims have increased by nearly 15 per cent and there has been an increase of around \$17 million in the cost of premiums. Also, according to WorkCover NSW the average cost of claims for the public sector is still 19 per cent higher than the average cost of claims for the private sector.

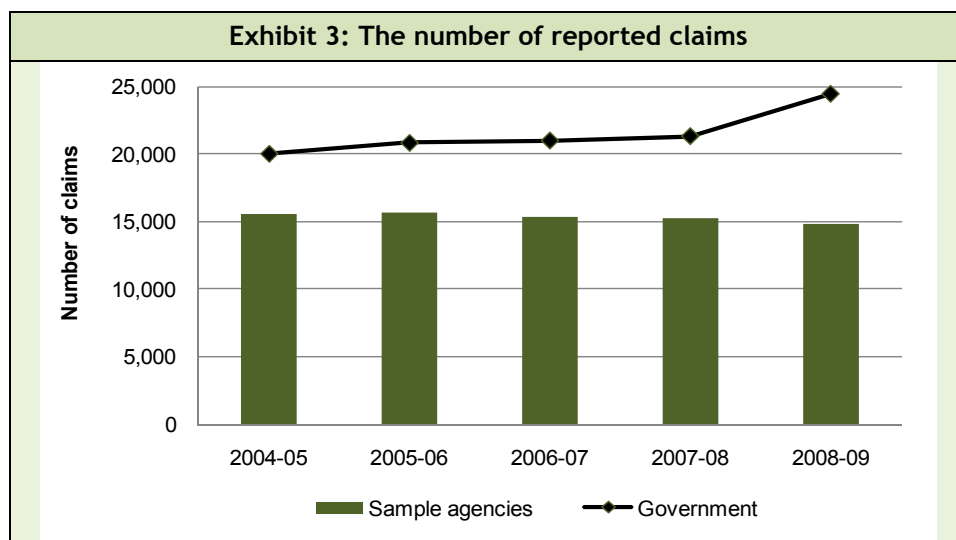
Has the number of claims decreased?

*Working Together* did not set a specific target for the reduction in the number of claims.

Up until 2008, the number of claims remained relatively stable:

- for the sample (from 15,518 in 2004-05 to 15,255 claims in 2007-08)
- across government agencies (from 20,018 in 2004-05 to 21,332 claims in 2007-08) despite an increase in the number of public sector employees.

Since *Working Together* concluded in 2008, there has been a rise in claims in three of the sample agencies and across the public sector as a whole. Overall, claims have increased by nearly 15 per cent for the whole of government (from 21,332 to 24,463 claims).



Source: NSW Treasury

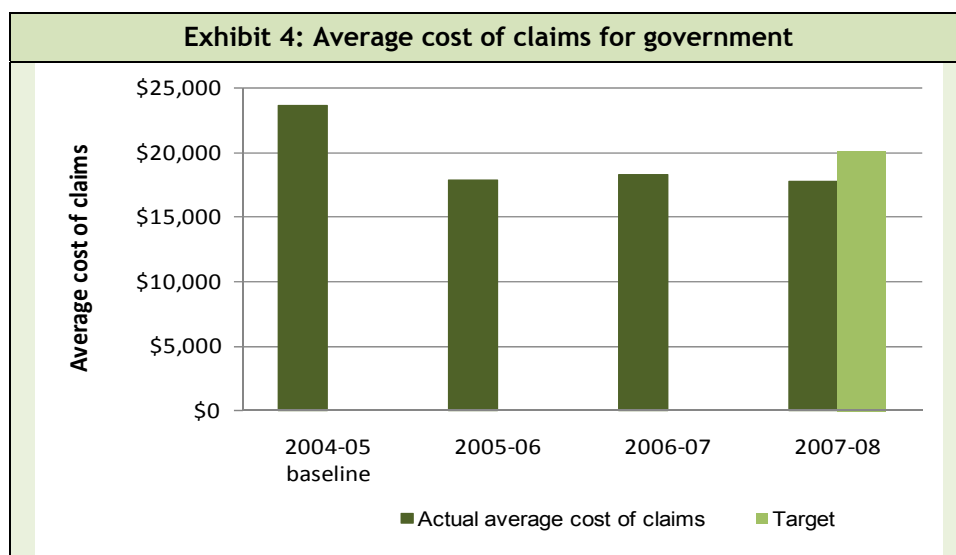
Note: Government excludes RailCorp in this exhibit.

**Has the cost of claims reduced?**

While *Working Together* did not set a specific target to reduce the number of claims, it did set a target of a 15 per cent reduction in the average cost of claims by June 2008.

The average cost of claims has reduced significantly, exceeding the target set. WorkCover NSW considers that the savings from the reduced cost of claims is due to *Working Together* along with other initiatives. The cumulative savings are estimated to be around \$213 million which is \$75 million more than the Government’s \$138 million target. See Table 1 Appendix 2.

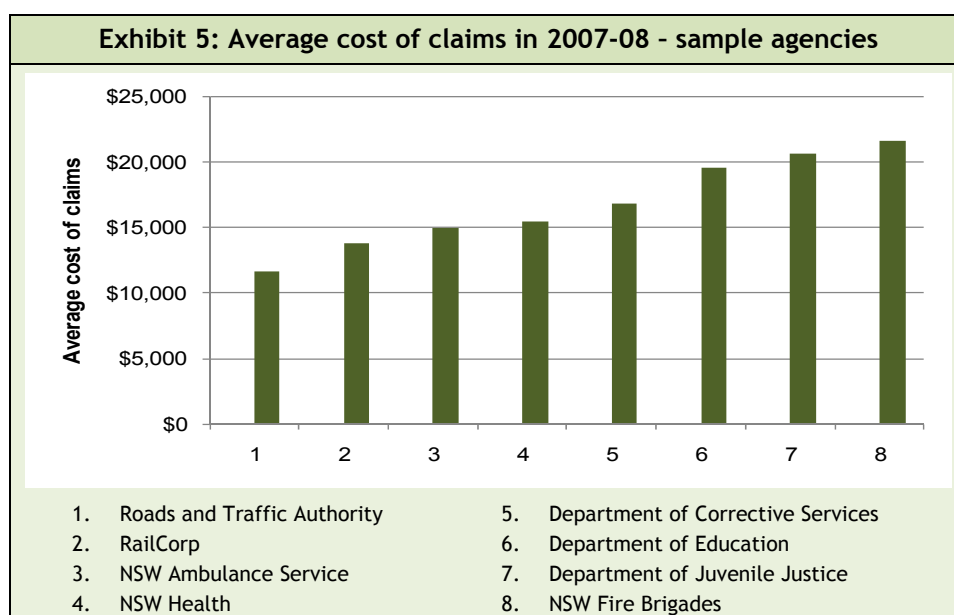
Over the life of the strategy, the average cost of claims reduced by 25 per cent across government (from \$23,632 to \$17,801, or \$5,831 per claim).



Source: WorkCover NSW

Note: The average cost of claims for 2008-09 is not available.

For the sample agencies, the average cost of claims reduced by between six and 42 per cent. Overall, the average cost of claims reduced by 22 per cent from \$22,349 to \$17,360. Three of the sample agencies achieved savings of over \$8,000 in their average cost of claims (the Department of Corrective Services, Roads and Traffic Authority, and NSW Health).



Source: WorkCover NSW

Table 2 in Appendix 2 shows the agencies results against target.

NSW Fire Brigades and NSW Self Insurance Corporation (SICorp) each commissioned an actuarial review of workers' compensation claims. These reviews found that a significant proportion of the increase in claims numbers and costs in NSW Fire Brigades can be attributed to the Death and Disability Award which was introduced in 2003.

Despite improvements, WorkCover NSW data shows that as at February 2009 the average cost of claims for the public sector at \$15,988 is 19 per cent higher than the average cost of claims for the private sector, which is \$13,457.

The proposed new *Working Together Strategy 2009-2012* will require agencies to achieve a further five per cent reduction in the average cost of claims by 2012.

A major contributor to the cost of claims is the type of injury.

Agencies reported that their most costly injuries were psychological, but the most commonly occurring injuries were physical injuries such as strains and falls.

**Psychological injuries are less prevalent but cost more**

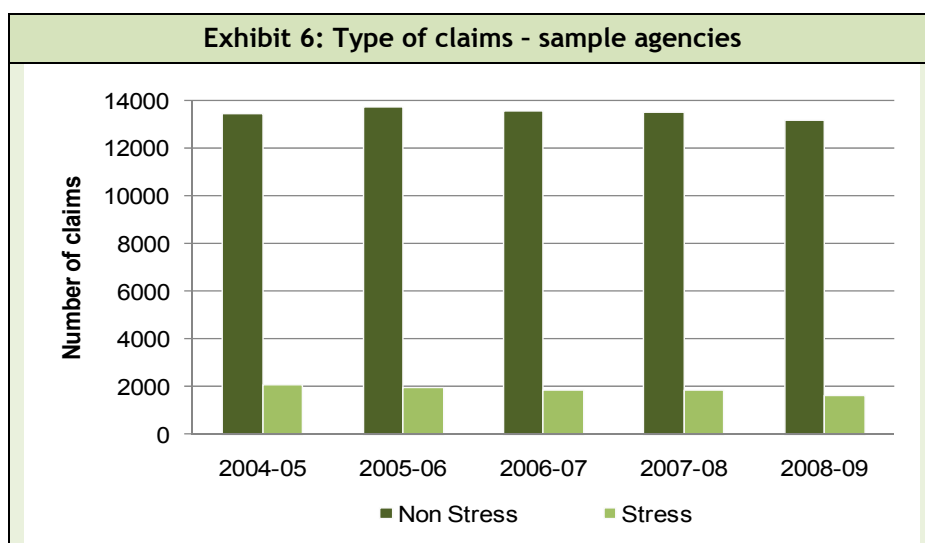
Psychological (stress related) injuries often require long periods of time away from work for rehabilitation.

In October 2007, the NSW Government released *Leading Well* to help public sector agencies reduce the incidence of psychological injury through improved leadership. *Leading Well* built on the Government's previous strategy *Occupational Stress - Hazard Identification and Risk Management* that recognised stress as a significant challenge requiring a strategic organisational intervention.

On average, psychological injury claims are twice as expensive as non-stress claims. For example, the average cost of psychological claims in NSW Health was almost \$16,000 in 2008-09 compared to \$8,000 for physical injuries, and for the whole of government it was \$29,065 compared to \$14,141.

Agencies needed to reduce psychological injuries as a means of reducing the average cost of claims.

The results for the sample were pleasing in that the number of psychological injuries continued to fall (from 2,074 in 2004-05 to 1,630 in 2008-09).



Source: NSW Treasury

However, the number of psychological injuries for the public sector increased from 2,469 in 2004-05 to 2,639 in 2008-09.

Table 3 in Appendix 2 shows the number of claims by type for each agency and government.

**Recommendations** It is recommended that the Department of Premier and Cabinet, NSW Treasury and WorkCover NSW release the proposed new *Working Together Strategy 2009-2012* by April 2010.

It is further recommended that individual agencies set specific targets to reduce the:

- average cost of claims in line with relevant industry benchmarks
- number of psychological injuries where appropriate.

**Has time lost reduced?**

There was no target in *Working Together* for time lost. However, time lost should be monitored by agencies, and should reduce in order to achieve savings.

All but two of the eight agencies provided data on time lost. NSW Health reported that this data is collected by the Department of Health and by the Area Health Services, but the results are not consolidated for the whole of Health. The Department of Corrective Services also could not provide data on time lost, but advised that this data is available from their insurer.

The results from the other six agencies indicate that over the last five years, time lost due to workplace injuries reduced by 70 per cent. In RailCorp it increased by 115 per cent (or 79,677 hours).

Table 4 in Appendix 2 shows how much time has been lost due to workplace injuries.

The most impressive result was achieved by the Department of Education where time lost reduced by nearly 80 per cent or 1.4 million hours.

#### Exhibit 7: Injury management initiatives in the Department of Education

In 2005, the Department of Education identified the need to review its safety program, following increases in workers' compensation premiums for the previous four years.

To address this deteriorating trend in safety performance, the Department developed a three year corporate safety strategy titled *Safe Working and Learning*. The strategy provides the framework for a range of programs and initiatives to minimise the human and financial costs of workplace incidents. Some of the initiatives implemented by the Department to reduce the frequency and impact of workplace injuries were:

- clarifying accountability for safety through building OHS accountabilities into executive performance agreements and formally acknowledging Principals as workplace managers
- establishing an Executive OHS Committee
- coordinating independent studies into the causes and factors contributing to both psychological and slip, trip and fall incidents to inform injury prevention programs
- developing a web based safety management system, including risk management support tools to assist workplaces to better manage risk in educational settings
- establishing an 1800 telephone hotline for incident reporting to enable early intervention of injury management services and provide greater support in the management of workplace incidents
- developing a student behaviour risk management process, including behaviour management plans to reduce the risk of injury to teachers from unacceptable behaviour
- undertaking a number of reviews of both psychological and physical injury claims to identify causes and better ways of managing return to work.

Source: Department of Education

The proposed new *Working Together Strategy 2009-2012* will require agencies to reduce time lost due to occupational disease and workplace injury claims by five per cent by June 2012.

**Has the cost of premiums reduced?**

The Government reported in 2006 that *Working Together* would deliver annual savings of \$66 million in the cost of workers' compensation premiums from 2008-09.

We found that the cost of insurance premiums had reduced. Across the public sector, premiums had reduced from \$485 million in 2004-05 to around \$438 million in 2008-09, representing a saving of \$47 million. When the 2005 cost of premiums is CPI adjusted, the savings are \$108 million which is \$42 million more than the original target.

According to NSW Treasury, the premiums have reduced despite Sydney Water joining the TMF scheme in 2006-07.

We found that four of the TMF sample agencies achieved reductions in the cost of insurance premiums. The best result was achieved by NSW Health which reduced its premiums by nearly 25 per cent.

However, the cost of premiums for the public sector has since increased by nearly \$17 million. See Appendix 2 Table 5.

**Recommendation** It is recommended that individual agencies set specific targets to reduce the cost of premiums.

### 3. Have agencies practices improved?

We found that much of the savings achieved during *Working Together* have resulted from improved injury management practices in agencies. We also found that more injuries were reported earlier to agencies and that agencies had improved the time taken to return to work.

There has also been a nine per cent improvement in the incidence rate of claims for the sample agencies during *Working Together*, which fell to 7.3 claims per 100 staff. The incidence rate of claims for the public sector also improved by four per cent, falling to 7.4 claims per 100 employees.

Despite the overall good result, most agencies had not met the targets established under *Working Together*. It may be that the targets were too ambitious for some agencies. Nevertheless, the targets should have been attainable and results indicate that there is room for further improvement.

In fact, although it was expected that there would be 16,000 less injuries over three years, there were only around 5,000 less. In addition, the incidence rate of claims for public sector workers is almost a third more than for the NSW labour force. This comparison is indicative only as the calculation of the number of employees differs between the public and private sectors.

One of the cornerstones of *Working Together* was gaining chief executive commitment to improving injury management practices through including targets in their performance agreements with ministers. However, we found that only half of those surveyed had included these targets in their agreements.

Good workplace safety includes reducing incidents as well as managing injured staff. A particular focus of *Working Together* was ensuring that workers who are injured are able to make an early, safe and enduring return to work.

We looked at agency performance in regard to:

- incidence rates of claims, that is the number of claims that occur per 100 employees
- how quickly the agency is notified of an incident
- how quickly injured staff return to work.

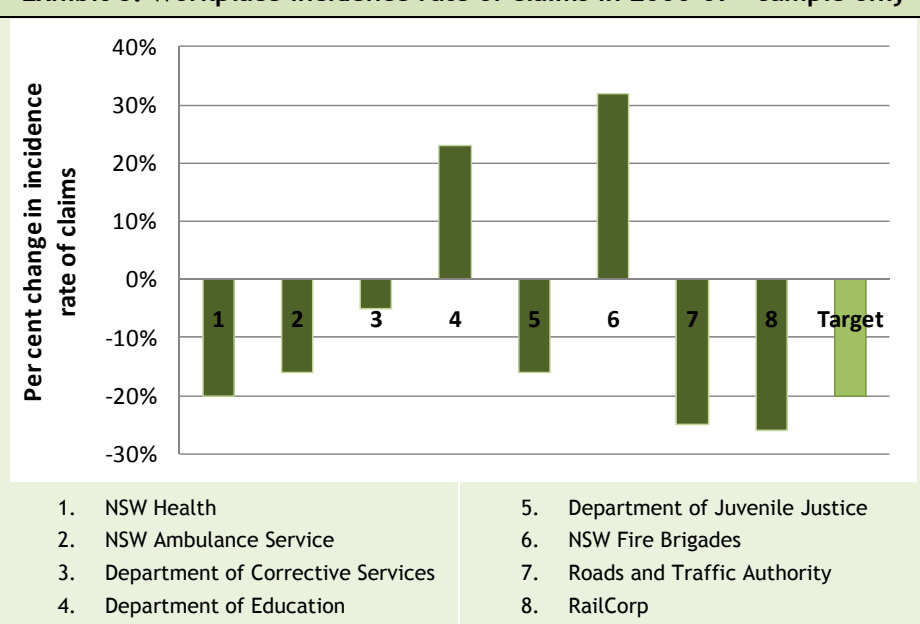
**Has the incidence rate of claims improved?** *Working Together* required agencies to reduce the incidence rate of claims by 20 per cent by June 2007.

The incidence rate of claims reduced in six of the sample agencies (all but the Department of Education and NSW Fire Brigades).

For the sample:

- six agencies reduced their incidence rate of claims by June 2007 with three meeting or exceeding the target (NSW Health 20 per cent, RTA 25 per cent, and RailCorp 26 per cent)
- two agencies recorded increases in the incidence rate of claims (the Department of Education 23 per cent, and NSW Fire Brigades 32 per cent). See Appendix 2 Table 6.

**Exhibit 8: Workplace incidence rate of claims in 2006-07 - sample only**



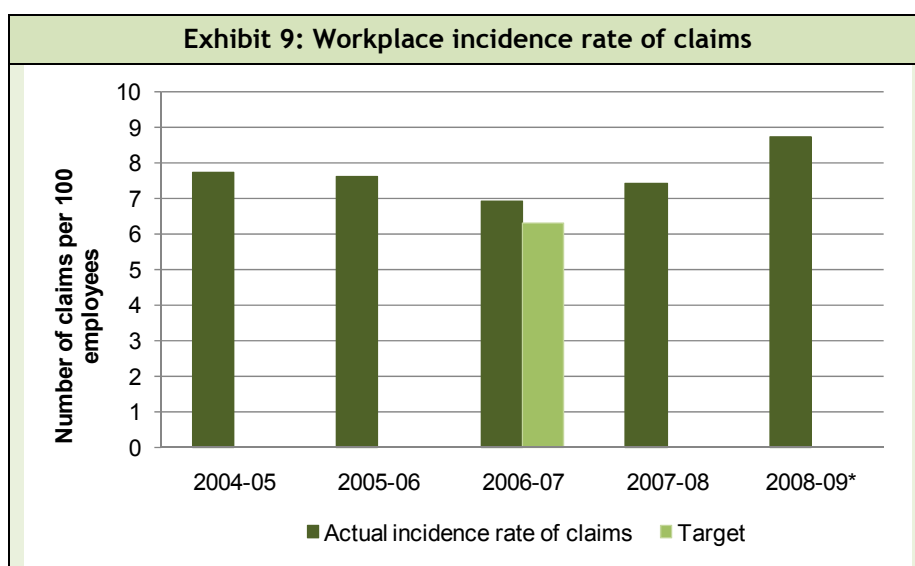
Source: WorkCover NSW

As previously mentioned, NSW Fire Brigades and NSW SICorp each commissioned an actuarial review of workers compensation claims. These reviews found that a significant proportion of the increase in claims numbers and costs in NSW Fire Brigades can be attributed to the Death and Disability Award which was introduced in 2003.

The incidence rate of claims for the sample agencies improved by nine per cent over the life of *Working Together*.

The result for all government agencies compared to the baseline of 2001-02 was a reduction of 12 per cent to 6.9 claims per 100 employees. See Appendix 2 Table 7. Between 2005-06 and 2006-07, there were 3,638 less injuries.

Following the June 2007 target date due for reducing the incidence rate of claims, the rate has increased to 7.4. This however, still represented an improvement of four per cent compared to 2004-05, resulting in a further 1,403 less injuries. This brings the total reduction in injuries to 5,041 over the life of *Working Together*.



Source: WorkCover NSW

Note: \* Estimated incidence rate of claims for 2008-09 based on data from NSW Treasury.

The incidence rate of claims for government agencies at 7.4 is at least a third higher than that of the NSW labour force at 4.7 claims per 100 employees. This comparison is indicative only as the calculation of the number of employees differs between the public and private sectors. Also, we estimated the incidence rate of claims in 2008-09 at 8.7 claims per 100 staff, which represents 2,158 more injuries from the previous year and a 10 per cent increase from the baseline 2001-02.

Similar to the number of claims increasing, this result suggests increasing risk of injury following the end of *Working Together*.

The new *Working Together Strategy 2009-2012* proposes further reductions in incidence rates of claims by June 2012, including:

- 15 per cent reduction in permanent disabilities
- 40 per cent reduction in major workplace injuries.

**Recommendation** It is recommended that individual agencies set specific targets to reduce the incidence rate of claims in line with relevant industry benchmarks.

**Are injuries reported immediately?** Agencies should be notified as soon as possible that an injury has occurred so that treatment can start and if needed, the hazard removed to prevent further staff from being injured.

There is also a legal obligation on agencies to advise their insurer of a potential claim within 48 hours.

We found that in the sample only five agencies monitor this. Overall, there was an improvement from 68 per cent in 2004-05 to over 80 per cent in 2008-09. See Appendix 2 Table 8.

Three agencies could not provide data. Area Health Services collect data, but NSW Health could not aggregate this data to provide whole of Health results. The other two agencies do not collect data. There is no data available on the rest of the public sector.



**Have return to work rates improved?**

A timely return to work is critical, both in terms of outcomes for injured workers and insurance costs. According to WorkCover NSW, injured employees who do not return to work within six months have only a 50 per cent chance of ever returning to the job they held at the time of the injury.

*Working Together* required agencies to reduce the time taken to return to work by 10 per cent by June 2008. This is measured at three points in time: eight, 12 and 26 weeks following an injury.

We found that injured staff were returning to work faster, but some agencies reported difficulties in finding suitable duties for staff, especially where the employee worked in a small or regional office or in specialised workplaces such as fire fighters, ambulance officers, and nurses who were unable to take up their original jobs.

While across government the return to work rates improved for the 8, 12 and 26 weeks by 15 per cent, 14 per cent and 26 per cent respectively in the first year, the rates have since declined to 8 per cent, 7 per cent and 9 per cent in June 2008.

In our sample, the best result was in the Department of Education. The Department's return to work rates improved on average by 34 per cent. The remaining agencies did not meet the target and their performance varied.

Refer to Appendix 3 for a summary of reported challenges faced by agencies in managing injuries.

Exhibit 10: RTA's InjuryNet Program
<p>In 2006, the RTA introduced the InjuryNet Program to provide injured employees with access to a network of medical practitioners and health professionals to assist in managing workplace injuries and illnesses.</p> <p>Injured workers who report injuries to the OHS Incident HelpDesk (a 24 hour 1300 number) are advised of the availability of the InjuryNet Program. About 241 injured employees have been referred to this program since its introduction. The service is available in all locations in NSW and its use is voluntary.</p> <p>A key feature of the program is that it requires the supervisor/manager to participate in the return to work and injury management component of the consultation with the medical practitioner. This brings together from the outset the injured worker, employer, and medical practitioner to discuss the available suitable duties the injured worker would be capable of performing. A 'Job Task Analysis of Typical Positions' which details the physical demands of such positions can be used to assess suitable duties.</p> <p>The program establishes from the outset an expectation of return to work and suitable duties, and enables prompt treatment and early injury management to prevent unnecessary lost time.</p>

Source: Roads and Traffic Authority

**Have medical retirements due to workplace injuries reduced?**

Retirements due to workplace injuries can be an indicator that treatment has failed, or the agency is unable to offer a suitable position to the injured employee.

We asked the eight agencies to provide data on medical retirements due to workplace injuries. Only three agencies (RailCorp, RTA and NSW Ambulance Service) were able to provide this. Two could provide data on medical retirements only, but not the cause (Department of Juvenile Justice and NSW Fire Brigades).

NSW Health reported that this data is collected by the Department of Health and by Area Health Services, but the results are not consolidated for the whole of Health.

All five agencies had less medical retirements in 2008-09 than the previous year. However, the result for NSW Fire Brigades still raises some concerns. Although the number of medical retirements decreased from 433 in 2007-08 to 399 in 2008-09, one in three officers retiring from NSW Fire Brigades retired on medical grounds.

In contrast, one in ten employees of the NSW Ambulance Service retired on medical grounds in 2008-09.

**How well do agencies monitor performance?**

We also gathered data in the survey on what indicators the eight agencies were using to monitor performance and who was being held to account.

Agencies were supposed to include injury management strategies and targets in business plans and monitor performance against these, as well as the targets established under *Working Together*.

To improve accountability for results, chief executives were also to include specific injury management measures in their performance agreements with their Ministers and in the performance agreements of senior executives.

We found that in the agencies we surveyed:

- most included injury management performance measures and targets in corporate and business plans
- the most common indicators were the number of claims, the number of injuries, the cost of claims, and the cost of insurance premiums
- four agencies reported that they had injury management accountabilities in CEOs and senior executive performance agreements.

**Recommendation**

It is recommended that the Department of Premier and Cabinet require *Working Together* targets be included in chief executive performance agreements.

**Public reporting is poor**

Annual Reports give both Parliament and the public an annual overview of agencies performance.

*Working Together* indicated that NSW Treasury, WorkCover NSW and the then Premier's Department would review Annual Report requirements in respect of OHS and workers' compensation.

At the time, all agencies were required to report on their OHS achievements, including details of work related injuries and illnesses and any prosecutions under the *Occupational Health and Safety Act 2000*.

We found that there has been no change made to the injury management reporting requirements since 2005.

A review of the 2007-08 Annual Reports of our eight agencies found that:

- all agencies reported on their premiums
- five agencies reported results against *Working Together* targets.

We also found that historical data to track trends in performance was not always published, and information was not comparable.

Refer to Appendix 4 for a summary of the review of the 2007-08 Annual Reports.

NSW Treasury advised that as part of the proposed new *Working Together Strategy 2009-12*, it will provide agencies with monthly performance reports. These will enable agencies to monitor performance against targets and analyse results on a claim by claim basis.

**Recommendation** It is recommended that commencing in 2009-10, NSW Treasury require public sector agencies to report performance against the *Working Together* targets in their Annual Reports.

**Fraudulent claims** There is a risk of fraud within workers' compensation systems. Every year WorkCover NSW investigates and reports on suspected fraudulent activities by employees, employers, service providers, or injured workers.

In 2007-08, WorkCover NSW reported that it investigated 309 alleged frauds. Of these, only four originated from government agencies.

This figure appears low considering that around 20 per cent of the insurance claims received in NSW in 2007-08 were from government employees.

Part of the problem may be that there is no requirement for agencies to report alleged fraud or the results of internal investigations to WorkCover NSW. All such claims should be referred to WorkCover NSW as it has the expertise to deal with these matters, and this would give a better understanding of workers' compensation fraud in NSW government agencies.

**Recommendation** It is recommended that commencing in 2009-10, NSW Treasury require public sector agencies to refer all alleged frauds to WorkCover NSW.



## Appendices

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## Appendix 1      About the audit

**Audit Objective**      This audit examined if agencies have reduced the impact of workplace injuries.

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

1. Have agencies achieved savings?
2. Have agencies improved their injury management practices?

**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 whether:

- time lost due to workplace injuries reduced
- the number and cost of claims reduced
- the cost of injuries reduced.

For line of inquiry 2, we assessed whether:

- reporting of injuries within legal timeframes improved
- incidence rates improved
- return to work rates improved
- retirements due to workplace injuries reduced
- monitoring and reporting on results improved.

**Audit focus**      The audit focused on workplace injuries.

This audit did not:

- examine injury prevention
- examine non-work related injuries
- validate data provided by agencies.

**Audit approach**      We acquired subject matter expertise by:

- using an online survey that covered a sample of eight agencies
- obtaining agencies and Treasury Managed Fund (TMF) results against the Government *Working Together* targets directly from NSW Treasury/WorkCover NSW and providing them to our consultant, ORIMA Research P/L (ORIMA), for inclusion in the survey and analysis
- reviewing agencies' Annual Reports (2007-08 only) and other published information, and the NSW Self Insurance Corporation (SICorp), WorkCover NSW and the Department of Premier and Cabinet reports
- interviewing representatives in SICorp and WorkCover NSW
- examining State and National workplace safety surveys, statistical and other reports for the purpose of identifying relevant benchmarks
- examining relevant legislative/government requirements and best practice guidelines
- analysing survey results.

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	<p>The following agencies participated in the audit survey:</p> <ul style="list-style-type: none"><li>▪ NSW Health</li><li>▪ NSW Ambulance Service</li><li>▪ Department of Education (excluding TAFE Colleges)</li><li>▪ NSW Fire Brigades</li><li>▪ Department of Corrective Services</li><li>▪ Department of Juvenile Justice</li><li>▪ Roads and Traffic Authority</li><li>▪ RailCorp.</li></ul>
<b>Audit selection</b>	<p>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.</p>
<b>Audit methodology</b>	<p>Our performance audit methodology is designed to satisfy Australian Audit Standards on Assurance Engagements ASAE 3500 <i>Performance Engagements</i>, and to reflect current thinking on performance auditing practices.</p> <p>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 <i>Public Finance and Audit Act 1983</i>.</p>
<b>Acknowledgement</b>	<p>We gratefully acknowledge the co-operation and assistance provided by WorkCover NSW and NSW Treasury (SICorp). In particular we wish to thank our liaison officers Vicky Telfer and Steve Hunt.</p>
<b>Audit team</b>	<p>Our team leader for the performance audit was Henriette Zeitoun, who was assisted by Bettina Ocias. Jane Tebbatt provided direction and quality control.</p> <p>ORIMA Research P/L developed and administered the online survey, and analysed the survey results.</p>
<b>Audit cost</b>	<p>Including staff costs, printing costs and overheads, the estimated cost of the audit is \$184,000.</p>

## Appendix 2 Agencies and government results

Table 1: Total cost of claims (millions)					
	2004-05*	2005-06	2006-07	2007-08	2008-09
Cost of claims	\$443.4	\$358.5	\$378.3	\$380.8	Not available
Savings		\$84.9	\$65.1	\$62.6	

Source: WorkCover NSW

Note: \*Baseline year.

Table 2: Average cost of claims			
	Baseline*	Target	2007-08
NSW Health	\$23,945	\$20,354	\$15,477
NSW Ambulance Service	\$15,926	\$13,537	\$14,946
Department of Corrective Services	\$26,360	\$22,406	\$16,866
Department of Education	\$23,965	\$20,371	\$19,526
Department of Juvenile Justice	\$25,033	\$21,278	\$20,656
NSW Fire Brigades	\$24,849	\$21,121	\$21,656
Roads and Traffic Authority	\$19,885	\$16,903	\$11,608
RailCorp**	\$13,550	\$11,518	\$13,736
Government (TMF)	\$23,632	\$20,087	\$17,801

Source: WorkCover NSW

Note: \*The baseline is 2004-05.

\*\*Calculation of the estimated cost of claims for RailCorp differs from that used for the other sample agencies.



Table 3: Number of reported claims						
Agency		2004-05	2005-06	2006-07	2007-08	2008-09
NSW Health	Non Stress	5,292	5,257	4,840	4,750	4,680
	Stress	484	429	360	398	377
	<b>Total</b>	<b>5,776</b>	<b>5,686</b>	<b>5,200</b>	<b>5,148</b>	<b>5,057</b>
Ambulance Service	Non Stress	567	587	540	534	622
	Stress	41	38	38	27	62
	<b>Total</b>	<b>608</b>	<b>625</b>	<b>578</b>	<b>561</b>	<b>684</b>
Department of Corrective Services	Non Stress	717	716	727	680	647
	Stress	145	123	114	77	74
	<b>Total</b>	<b>862</b>	<b>839</b>	<b>841</b>	<b>757</b>	<b>721</b>
Department of Education	Non Stress	4,189	4,424	4,699	4,786	4,562
	Stress	913	849	910	863	743
	<b>Total</b>	<b>5,102</b>	<b>5,273</b>	<b>5,609</b>	<b>5,649</b>	<b>5,305</b>
Department of Juvenile Justice	Non Stress	237	171	185	152	175
	Stress	26	27	24	27	12
	<b>Total</b>	<b>263</b>	<b>198</b>	<b>209</b>	<b>179</b>	<b>187</b>
NSW Fire Brigades	Non Stress	719	702	765	774	873
	Stress	26	37	39	47	47
	<b>Total</b>	<b>745</b>	<b>739</b>	<b>804</b>	<b>821</b>	<b>920</b>
Roads and Traffic Authority	Non Stress	485	492	435	434	367
	Stress	38	24	30	44	25
	<b>Total</b>	<b>523</b>	<b>516</b>	<b>465</b>	<b>478</b>	<b>392</b>
RailCorp	Non Stress	1,238	1,360	1,315	1,340	1,241
	Stress	401	394	317	322	290
	<b>Total</b>	<b>1,639</b>	<b>1,754</b>	<b>1,632</b>	<b>1,662</b>	<b>1,531</b>
Total sample agencies	Non Stress	13,444	13,709	13,506	13,450	13,167
	Stress	2,074	1,921	1,832	1,805	1,630
	<b>Total</b>	<b>15,518</b>	<b>15,630</b>	<b>15,338</b>	<b>15,255</b>	<b>14,797</b>
Government (TMF)	Non Stress	17,549	18,571	18,711	18,952	21,824
	Stress	2,469	2,258	2,295	2,380	2,639
	<b>Total</b>	<b>20,018</b>	<b>20,829</b>	<b>21,006</b>	<b>21,332</b>	<b>24,463</b>

Source: NSW Treasury

Table 4: Time lost (hours) - sample agencies					
	2004-05	2005-06	2006-07	2007-08	2008-09
NSW Health*	-	-	-	-	-
Ambulance Service of NSW	158,944	142,702	139,240	116,296	85,906
Department of Corrective Services**	-	-	-	-	-
Department of Education	1,780,938	1,263,729	1,147,979	827,257	373,840
Department of Juvenile Justice	118,460	58,308	33,349	50,192	29,245
NSW Fire Brigades	330,676	328,763	284,990	217,562	78,055
Roads and Traffic Authority	68,798	59,689	83,152	46,266	30,619
RailCorp	69,437	103,299	123,037	145,688	149,114
Total sample agencies	2,527,253	1,956,490	1,688,710	1,403,261	746,779

Source: The Audit Office survey

Note: \*Data collected but not aggregated at the agency level.

\*\*Data not collected, but the Department advises that data is available from the insurer.

Table 5: Cost of premiums (millions)						
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
NSW Health	\$151.1	\$148.5	\$123.0	\$123.8	\$113.3	\$114.0
NSW Ambulance Service	\$10.9	\$12.1	\$10.4	\$10.1	\$12.2	\$14.7
Department of Corrective Services	\$18.6	\$21.5	\$18.8	\$18.3	\$19.6	\$21.8
Department of Education	\$129.7	\$151.1	\$126.1	\$128.7	\$123.9	\$116.2
Department of Juvenile Justice	\$6.4	\$6.8	\$5.0	\$4.5	\$3.7	\$4.9
NSW Fire Brigades	\$12.5	\$13.0	\$12.5	\$17.5	\$20.3	\$22.5
Roads and Traffic Authority	\$11.7	\$11.8	\$7.4	\$7.4	\$6.7	\$6.4
Total sample agencies	\$357.3 (\$402.1)*	\$382.8	\$321.5	\$327.1	\$315.9	\$315.6
Government (TMF)	\$485.0 (\$545.9)*	\$507.0	\$442.0	\$451.8	\$437.8	\$454.7

Source: NSW Treasury

Note: \* CPI adjusted data to 2008-09.

Table 6: Incidence rates of claims per 100 employees - Sample						
	June 02*	June 05	June 06	June 07	June 08	Target
NSW Health	6.9	6.5	6.2	5.5	5.5	5.6
NSW Ambulance Service	18.7	18.5	17.7	15.7	15.3	14.9
Department of Corrective Services	14.5	14.6	14.1	13.8	12.2	11.6
Department of Education	6.2	7.1	7.2	7.6	7.4	5.0
Department of Juvenile Justice	16.5	17.5	13.0	13.9	11.5	13.2
NSW Fire Brigades	14.6	18.6	17.9	19.2	19.5	11.7
Roads and Traffic Authority	9.3	7.6	7.6	7.0	7.0	7.5
RailCorp	14.1	14.5	12.3	10.5	9.8	11.3
Total sample agencies	7.9	8.0	7.7	7.4	7.3	6.3

Source: WorkCover NSW

Note: \* Baseline year.

Table 7: Incidence rate of claims and number of employees - Government (TMF)						
	June 02*	June 05	June 06	June 07	June 08	Target
Incidence rate of claims	7.9	7.7	7.6	6.9	7.4	6.3
Number of employees	227,664	258,595	265,170	292,954	280,660	

Source: WorkCover NSW

Note: \* Baseline year.

Table 8: Percentage of injuries reported within 48 hours					
	2004-05	2005-06	2006-07	2007-08	2008-09
NSW Health*	-	-	-	-	-
NSW Ambulance Service	78%	77%	74%	72%	79%
Department of Corrective Services**	-	-	-	-	-
Department of Education	63%	59%	48%	66%	82%
Department of Juvenile Justice**	-	-	-	-	-
NSW Fire Brigades	33%	22%	27%	20%	49%
Roads and Traffic Authority	80%	55%	73%	70%	66%
RailCorp	85%	88%	89%	88%	88%
Total sample agencies	68%	64%	56%	68%	81%

Source: The Audit Office survey

Note: \*Data collected but not aggregated at the agency level.

\*\*Data not collected, but the Department advises that data is available from the insurer.

## **Appendix 3      Challenges reported by the sample agencies**

The sample agencies reported a number of challenges in managing injured staff. Some key challenges were:

### **1. Premiums**

- Preventing injuries to employees in an external environment (such as journey claims) which is not within the control of the employer. This impacts on the cost of premiums.
- Maintaining a reduction in premiums considering the escalating costs of services and claims.

### **2. Data**

- Lack of online management systems to drive performance, with activities done manually on hard copy file, makes it impossible to stay on top of cases and issues.
- Significant delays and inconsistencies in data available from the claims manager and SICorp following changes in 2005. Early access to comprehensive claims data allows for better claim management, identification of issues, and design of improvement strategies.

### **3. Agency size**

- Difficulty and cost of providing training in large agencies with rural and regional presence and a large workforce - the challenge of managing both the volume and locations.
- The huge geographical distances to cover in some agencies mitigate against the effectiveness of the service. Workers are often significantly impacted by lack of access to treatment providers, e.g. physiotherapy.
- More than 47 different locations across a large geographical area making it difficult to deliver training and support at each site.

### **4. Finding suitable duties for injured staff**

- Difficulties in finding suitable duties to accommodate injured workers due to a lack of resources and duties in small or rural towns.
- Continuing to find suitable duties, especially for injured workers with significant restrictions as indicated by the nominated treating doctor.
- Limitations on suitable duties due to restrictions on staffing numbers with all staff needed at full capacity.

### **5. Recruitment of qualified injury management staff**

- Overall staffing reductions impacting on ability to implement OHS and injury management training and strategies. Limited funds for specialist resources with one injury management advisor for more than 5,000 employees.

### **6. Return to work of injured staff**

- Compiling a job task analysis for all 'at risk' or 'front line' staff with a view to using these documents to negotiate (with nominated treating doctors) a more timely return to work for injured staff.

**7. Award entitlements**

- Some award entitlements may provide incentives to build up an on duty injury history (for example the Death and Disability Award in NSW Fire Brigades). The Award provides for an additional benefit to the existing statutory workers' compensation and superannuation benefits. Offering a more generous benefit for on duty injury may act as an incentive to build up a work-related injury record.
- Award entitlements that provide "make-up" pay where workers statutory workers' compensation payments are "topped up" beyond the six months statutory period act as a disincentive and barrier to return to work. WorkCover NSW introduced a statutory rate which activates after six months to act as an incentive to return to work. This is compromised by the provision of on-going make-up pay.

**8. Accountability of CEOs**

- Improving line management accountability for injury prevention and return to work performance.
- Difficulties in devolving responsibilities and accountabilities without being able to provide commensurate resources to assist and train line management to manage these new responsibilities.

**9. Reporting of injuries**

- Ability to ensure an injured worker will report an injury/claim to the employer within timeframes (e.g. within shift).

## Appendix 4 Reporting injury management data in 2007-08 Annual Reports

	NSW Health	NSW Ambulance Service	Dept of Corrective Services	Dept of Education	Dept of Juvenile Justice	NSW Fire Brigades	RTA	RailCorp
Number of workplace injuries/incidents							✓	
Workers' compensation premiums	✓	✓	✓	✓	✓	✓	✓	✓
Claims	Number	✓	✓	✓	✓	✓	✓	✓
	Number per employee	✓		✓		✓	✓	
	Number by location					✓		
	by most common cause of injury	✓	✓			✓	✓	
	Cost	✓		✓		✓	✓	✓
	Average cost	✓			✓	✓	✓	
	Cost per employee	✓		✓			✓	
Time lost				✓			✓	✓
Performance against <i>Working Together</i> targets	✓		✓	✓	✓		✓	
Prosecutions	✓		✓	✓	✓		✓	
Achievements	✓	✓	✓	✓	✓	✓	✓	✓
Death & Disability scheme	NA	✓	NA	NA	NA	✓	NA	NA

NA: not applicable.

## **Performance Audits by the Audit Office of New South Wales**

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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](http://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?

Agencies are requested to report actions taken against each recommendation in their annual report so that we can monitor progress.

The Public Accounts Committee (PAC) may conduct reviews or hold inquiries into matters raised in performance audit reports. These inquiries are usually held 12 months after the report is tabled.

### 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](http://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
199	Department of Premier and Cabinet NSW Treasury WorkCover NSW	<i>Injury Management in the NSW Public Sector</i>	March 2010
198	NSW Transport and Infrastructure	<i>Improving the Performance of Metropolitan Bus Services</i>	10 March 2010
197	Roads and Traffic Authority of NSW	<i>Improving Road Safety: School Zones</i>	25 February 2010
196	NSW Commission for Children and Young People	<i>Working with Children Check</i>	24 February 2010
195	NSW Police Force NSW Department of Health	<i>Managing Forensic Analysis - Fingerprints and DNA</i>	10 February 2010
194	Department of Premier and Cabinet Department of Services, Technology and Administration NSW Treasury	<i>Government Advertising</i>	10 December 2009
193	Roads and Traffic Authority of NSW	<i>Handback of the M4 Tollway</i>	27 October 2009
192	Department of Services, Technology and Administration	<i>Government Licensing Project</i>	7 October 2009
191	Land and Property Management Authority Maritime Authority of NSW	<i>Administering Domestic Waterfront Tenancies</i>	23 September 2009
190	Department of Environment, Climate Change and Water NSW Environmental Trust	<i>Environmental Grants Administration</i>	26 August 2009
189	NSW Attorney General's Department NSW Department of Health NSW Police Force	<i>Helping Aboriginal Defendants through MERIT</i>	5 August 2009
188	NSW Department of Health	<i>Tackling Cancer with Radiotherapy</i>	23 June 2009
187	Roads and Traffic Authority of NSW	<i>Improving Road Safety - Heavy Vehicles</i>	13 May 2009
186	Grants	<i>Grants Administration</i>	6 May 2009
185	Forests NSW	<i>Sustaining Native Forest Operations</i>	29 April 2009
184	NSW Police Force	<i>Managing Injured Police</i>	10 December 2008
183	Department of Education and Training	<i>Improving Literacy and Numeracy in NSW Public Schools</i>	22 October 2008
182	Department of Health	<i>Delivering Health Care out of Hospitals</i>	24 September 2008
181	Department of Environment and Climate Change	<i>Recycling and Reuse of Waste in the NSW Public Sector</i>	11 June 2008
180	Follow-up of 2003 Performance Audit	<i>Protecting Our Rivers</i>	21 May 2008
179	NSW Office of Liquor, Gaming and Racing; NSW Police Force	<i>Working with Hotels and Clubs to reduce alcohol-related crime</i>	23 April 2008

No	Agency or Issues Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
178	Greyhound and Harness Racing Regulatory Authority	<i>Managing the Amalgamation of the Greyhound and Harness Racing Regulatory Authority</i>	3 April 2008
177	Office of the Director of Public Prosecutions	<i>Efficiency of the Office of the Director of Public Prosecutions</i>	26 March 2008
176*	Better Practice Guide	<i>Implementing Successful Amalgamations</i>	5 March 2008
175	Department of Commerce Department of Primary Industries	<i>Managing Departmental Amalgamations</i>	5 March 2008
174	Department of Education and Training	<i>Ageing workforce - Teachers</i>	13 February 2008
173	NSW Police Force	<i>Police Rostering</i>	5 December 2007
172	Department of Primary Industries	<i>Improving Efficiency of Irrigation Water Use on Farms</i>	21 November 2007
171	Department of Premier and Cabinet Department of Commerce	<i>Government Advertising</i>	29 August 2007
170	RailCorp	<i>Signal Failures on the Metropolitan Rail Network</i>	15 August 2007
169	NSW Police Force	<i>Dealing with Household Burglaries</i>	27 June 2007
168	Ministry of Transport	<i>Connecting with Public Transport</i>	6 June 2007
167	Follow-up of 2001 Performance Audit: Ambulance Service of New South Wales	<i>Readiness to Respond</i>	6 June 2007
166	Follow-up of Performance Audit Department of Education and Training	<i>Using Computers in Schools for Teaching and Learning</i>	9 May 2007
165	Homelessness	<i>Responding to Homelessness</i>	2 May 2007
164	Department of Juvenile Justice NSW Police Force	<i>Addressing the Needs of Young Offenders</i>	28 March 2007
163	Legal Aid Commission of NSW	<i>Distributing Legal Aid in New South Wales</i>	13 December 2006
162	NSW Health	<i>Attracting, Retaining and Managing Nurses in Hospitals</i>	12 December 2006
161	Follow-up of 2003 Performance Audit	<i>The Police Assistance Line</i>	6 December 2006

\* 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](http://www.audit.nsw.gov.au).

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