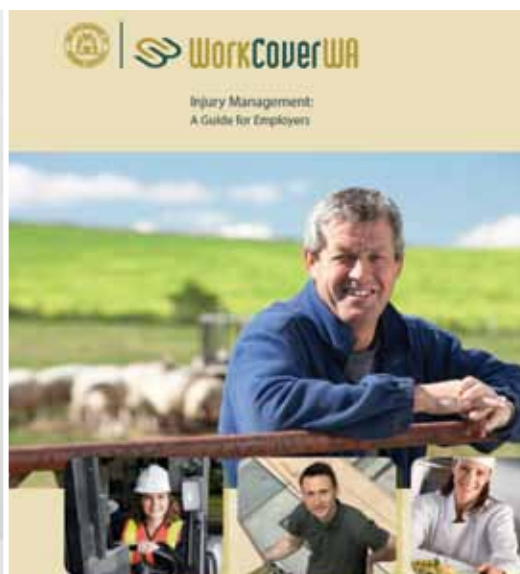




Western Australian Auditor General's Report

Management of Injured Workers in the Public Sector

Report 3 – May 2013





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WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

**Management of Injured Workers
in the Public Sector**

Report 3
May 2013



**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

MANAGEMENT OF INJURED WORKERS IN THE PUBLIC SECTOR

This report has been prepared for submission to Parliament under the provisions of section 25 of the *Auditor General Act 2006*.

Performance audits are an integral part of the overall audit program. They seek to provide Parliament with assessments of the effectiveness and efficiency of public sector programs and activities, and identify opportunities for improved performance.

The information provided through this approach will, I am sure, assist Parliament in better evaluating agency performance and enhance parliamentary decision-making to the benefit of all Western Australians.

A handwritten signature in black ink, appearing to read 'C. Murphy'.

COLIN MURPHY
AUDITOR GENERAL
8 May 2013

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Auditor General's Overview



Each year thousands of public sector workers are injured at work. In many cases, they will need time off work, or adjustments to their duties while they recover. For their own benefit, and also for their workplace, it is essential that workers can return to work as soon as their injuries allow. Injured workers should expect that the agencies they work for will take an active role in helping them to get back to work. In fact, this has been enshrined in state legislation.

Many factors can affect the severity and rates of injury. Not all of these are within an agency's control. But the increasing incidence and costs across the public sector indicate more action is needed in the areas that agencies can control.

This report looks at how well eight diverse public sector agencies provide injury management services to workers who needed time off from their normal duties after they were injured at work.

While I was pleased to see that all the agencies had injury management systems in place, I note that two of the larger agencies had realised that this was not enough, and had re-examined the fundamental way they provided injury management services. Both these agencies still have significant work ahead to realise the benefits of the changes they are introducing, and will need to monitor their progress in achieving the improvements they have identified.

This report should come as a timely reminder for all public sector agencies to consider whether they are really doing the best they can for one of their most important resources, their workers. While I am heartened that the agencies in our sample have recognised the importance of effective injury management systems there is still more that can be done.

Agencies need to be committed to injury management, have effective systems in place for when someone is injured, and regularly review their performance.

There are significant benefits for agencies that excel in injury management. A timely return to work is not only important for the wellbeing of the injured worker, but can also boost morale and productivity, while helping to address the rising costs of workers' compensation insurance across the public sector.

WorkCover WA and RiskCover also assist agencies in injury management. While these agencies were not within the scope of our audit, I am pleased that they have chosen to comment within this report, strongly emphasising the importance and benefits of good injury management.

Executive Summary

Overview

There is a well-accepted expectation in Australia that no worker should come to harm in carrying out their duties. This is reflected in the Western Australian *Occupational Safety and Health Act 1984* which requires that all employers, including public sector agencies, take reasonable steps to protect their workers from harm at work.

Many public sector workers face inherent risks associated with their day to day activities; from dealing with violence on public transport, working in remote and isolated locations to fire and emergency response and rescue operations. But other, less predictable risks can also lead to workers being injured.

Specific legislation, a Code of Practice and government policy come into force when public sector employees are injured at work. These requirements include injury management focused on rehabilitation and return to work strategies.

Effective injury management has multiple and well-established benefits:

- A timely recovery and safe return to work for the injured person. Generally, the longer someone is off work, the less likely they are to return to work¹. A timely return to work improves an injured worker's long-term health and financial prospects.
- Avoidance of preventable costs to the agency arising from loss of productivity, extra administrative and recruitment costs and significantly, workers' compensation insurance contributions.

The cost of public sector workplace injuries is rising. Between 2009-10 and 2011-12, the amount public sector agencies paid for workers' compensation insurance increased by more than 30 per cent to \$166 million. The amount paid in actual workers' compensation claims also rose, from \$111 million in 2009-10 to \$125 million in 2011-12. Multiple factors affect contribution and claim costs. Injury management is one area that agencies can strongly influence.

¹ *Realising the Health Benefits of Work*, Australasian Faculty of Occupational and Environmental Medicine (AFOEM) of The Royal Australasian College of Physicians (RACP), available at <http://www.racp.edu.au/page/afoem-health-benefits-of-work>.

We audited how well eight public sector agencies met the key requirements of workers' compensation and injury management legislation and government policy. Specifically we looked at aspects of legislation and policy that aim to help injured workers return to work as soon as their injuries allow. The agencies sampled in our audit were:

- Central Institute of Technology (CIT)
- Department of Corrective Services (DCS)
- Disability Services Commission (DSC)
- Department of Education (DoE)
- Department of Fisheries (DoF)
- Metropolitan Cemeteries Board (MCB)
- Public Transport Authority (PTA)
- Sir Charles Gairdner Hospital (SCGH).

Conclusion

Agencies actively managed injured workers by providing assistance to individuals to help them get back to work in a safe and timely manner. However, four agencies could not always demonstrate how they had planned and provided assistance to workers who could not go straight back to their usual position after they were injured. Because the needs of injured workers vary, clear and personalised planning for each person's return to work is important. Clear planning and consultation assists agencies to assure themselves the assistance they provide will actually meet the needs of each injured worker.

Agencies otherwise had satisfactory policies and procedures for managing injured workers.

Four agencies had undertaken significant work to evaluate their injury management systems so that they could provide a better service to injured workers while also addressing their own rising costs. Three of the other four agencies generally had fewer workers' compensation cases and lower costs, and their evaluation and continuous improvement practices were more limited.

Key Findings

- RiskCover data shows that there has been a three per cent increase in recent years in the incidence of lost-time injuries and diseases across the public sector. Although there is no directly comparable data available for other public sector jurisdictions in Australia, the rise in WA does contrast with a general trend downwards across all Australian sectors, both public and private². Effective injury management systems are critical to minimising the consequence of this growth.
- All agencies provided assistance to injured workers to help them return to work in a safe and timely way. The assistance varied case-by-case but included giving the injured worker alternative duties, shorter working hours, and special equipment. In almost 80 per cent of cases where the worker could not immediately return to their usual duties, the agencies had organised assistance in consultation with workers and their doctors and had set out the agreed plans in a clear return to work program.
- However, four agencies did not prepare a return to work program for every injured worker required to have one under the *Workers' Compensation Code of Practice (Injury Management) 2005*. DCS and DoE established programs for less than half of the injured workers who should have had one. The lack of return to work programs made it difficult to see how well these agencies had planned for the worker's return or whether the assistance provided suited the worker's medical needs. Even when return to work programs were established, seven agencies did not always confirm whether injured workers agreed to the strategies or they did not provide the worker and their doctor with copies of the program.
- DoE, DCS, DSC and PTA had undertaken comprehensive evaluations of their approach to injury management. Their evaluations sought to identify ways they could provide better services to their injured workers while also lowering their own costs. Three of the other four agencies had fewer workplace injuries and lower costs, so their evaluation activities were more limited.
- Agencies' written policies and procedures were sound. They included information on what the agency would do for workers if an injury occurred and how they would use return to work programs.
- Three of the eight agencies (CIT, DoF and MCB) misunderstood the requirements for calculating their return to work indicator when reporting their injury management performance in their last annual report. DCS did not report at all. This indicator shows the percentage of workers with lost time injuries who were able to return to work within three and six months. DoF and MCB were likely to have overstated their performance while CIT had understated its performance. The reporting requirements aim to encourage continuous improvement in agencies by increasing transparency and accountability, and focus on return to work activities.

² *Comparative Performance Monitoring Report*, 14th Edition, Safe Work Australia.

What Should Be Done?

All public sector agencies should:

- Ensure their injury management systems and practices comply with the *Workers' Compensation and Injury Management Act 1981*, the Workers' Compensation Code of Practice (Injury Management), guidance from WorkCover WA and government policy.
- Ensure they monitor, evaluate and accurately report their injury management performance to identify opportunities to improve.

Agency Responses

Joint statement from WorkCover WA and RiskCover

Work is a fundamental aspect of peoples' lives, providing so much more than a source of income.

Research has demonstrated that long-term absence from work can have profound consequences for a person's health, to levels that rival coronary heart and other severe diseases. These impacts can be minimised by proactive management of the injury process.

Regardless of how severe the injury, an employee's prospects of returning to the greatest possible capacity for employment will be influenced appreciably by the employer's preparedness to support the injured worker and involve them in workplace activity, while engaging with the treating doctors.

The findings of this audit recognise that public sector agencies are, to a great extent, complying with the legislative obligations placed upon them by the provisions of the *Workers' Compensation and Injury Management Act 1981*.

While this is an encouraging indicator, public sector agencies should strive for best practice in injury management. The cost of workplace injury in the WA public sector has increased considerably in recent years. Good injury management systems will result in lower lost time injuries and fewer long duration claims.

Department of Corrective Services

The Department of Corrective Services has a number of strategies both planned and underway to improve its injury management performance. As well, the Department is introducing strategies to reduce the incidence of workplace injuries such as slips and falls, body stressing and mental stress.

Initiatives introduced since July 2012 include strengthening collegial working relationships with RiskCover, regular review of workers' compensation claims with the worksites, compulsory training for all managers, and the introduction of a Medical Boarding process for Youth Custodial Officers in accordance with legislation (similar to the process already in place for prison officers).

Future plans include the introduction of an in-house injury management model including additional specialist staff (pending allocation of resources), linking insurance contribution costs to business area budgets, and worksite performance measures and incentives.

The Department is already seeing reductions in its lost time workers' compensation claim numbers and a \$4.67 million saving in insurance cost estimates. It aims to achieve a \$10 million reduction on its premium estimate by June 2013.

Department of Education

To improve injury management outcomes and better meet legislative and policy obligations, the Department of Education has, over the past 18 months, made significant investment in increasing resources to the areas of injury management, occupational safety and health, and worker's compensation. This also involved a comprehensive review of and consequent changes to process and practices.

Department of Fisheries

Following the receipt of the Office of the Auditor General's Summary of Findings, the Department of Fisheries has developed and commenced implementation of an Action Plan to address the issues identified and recommendations provided. The Department is confident that the organisational commitment to injury management and its injury management processes will be improved through participation in this performance audit.

Public Transport Authority

As an employer who values its employees and seeks to ensure best practice in their health and welfare, the Public Transport Authority welcomes the Office of the Auditor General's report into the management of injured workers in the public sector and its findings and is progressing the recommendations from that report as a matter of priority.

Department of Health

SCGH is committed to providing best practice in injury management for its employees. The audit has identified the need to build on this through commitment from the highest level within the organisation. This will be achieved through the development of injury management performance indicators, a program regular reporting to senior management on the injury management performance and associated workers' compensation claims costs for their respective business units, with regular evaluation of their systems and processes to enable continuous improvement in injury management.

The Department of Health endeavours to be a leader in delivering quality and effective injury management within the public sector. A proactive strategic approach to injury management with comprehensive evaluation of our injury management systems and processes will assist us to achieve this through improved outcomes and reduced workers' compensation costs for the organisation.

Background

Each year Western Australian public sector employees lodge an average of around 3 000 workers' compensation claims for work-related injuries and diseases involving time off work. Work is often an important aspect of people's lives and identities. Dealing with and recovering from a workplace injury can be difficult. Workers should expect the full and active support of their agency to stay involved with and feel valued by the workplace as they recover. Such an approach has benefits for both the worker and the agency.

For someone to be eligible for workers' compensation their doctor must issue a medical certificate stating that their injury is work-related and that they are unfit for work, or that they are fit to work but with restrictions on their tasks and/or hours.

If a public sector worker is injured on duty, agencies have an obligation to assist them to return to work. This is codified in the *Workers' Compensation and Injury Management Act 1981* (the Act) and the *Workers' Compensation Code of Practice (Injury Management) 2005* (the Code of Practice). Employers must implement injury management systems and, where required by the Act, develop return to work programs for injured workers.

In Western Australia a Steering Committee for Safety, Health and Injury Management for the Western Australian Public Sector was established in 2006. The Steering Committee consists of representatives from the Department of Commerce, RiskCover, WorkCover WA, the Public Sector Commission and UnionsWA and works to "develop a culture within the Western Australian public sector that advocates and supports a workplace free of work-related injuries and diseases".

As part of its role, the Steering Committee developed Public Sector Commissioner's Circular 2012-05 which requires public sector agencies to abide by the Code of Practice: Occupational Safety and Health in the Western Australian Public Sector. Although focused primarily on occupational safety and health (OSH), the Commissioner's Circular also requires agencies to report injury management performance measures in their annual reports. Agencies' insurance contribution and claim costs have been rising.

In 2009-10 public sector agencies paid \$127 million in workers' compensation deposit contribution costs to RiskCover, the state government insurance provider. In 2011-12 this rose to more than \$166 million. These costs may later be adjusted depending on the actual costs of the claims once finalised.

RiskCover considers the main reasons for rising workers' compensation contribution costs are increases in:

- claim duration
- the number of new workers' compensation claims lodged
- a combination of increasing employee numbers and wages increments
- economic factors, such as the rate of investment return.

Insurance contributions are determined by a range of factors, not all of which are under the direct control of agencies. However, injury management is an area that agencies can clearly influence (Figure 1).

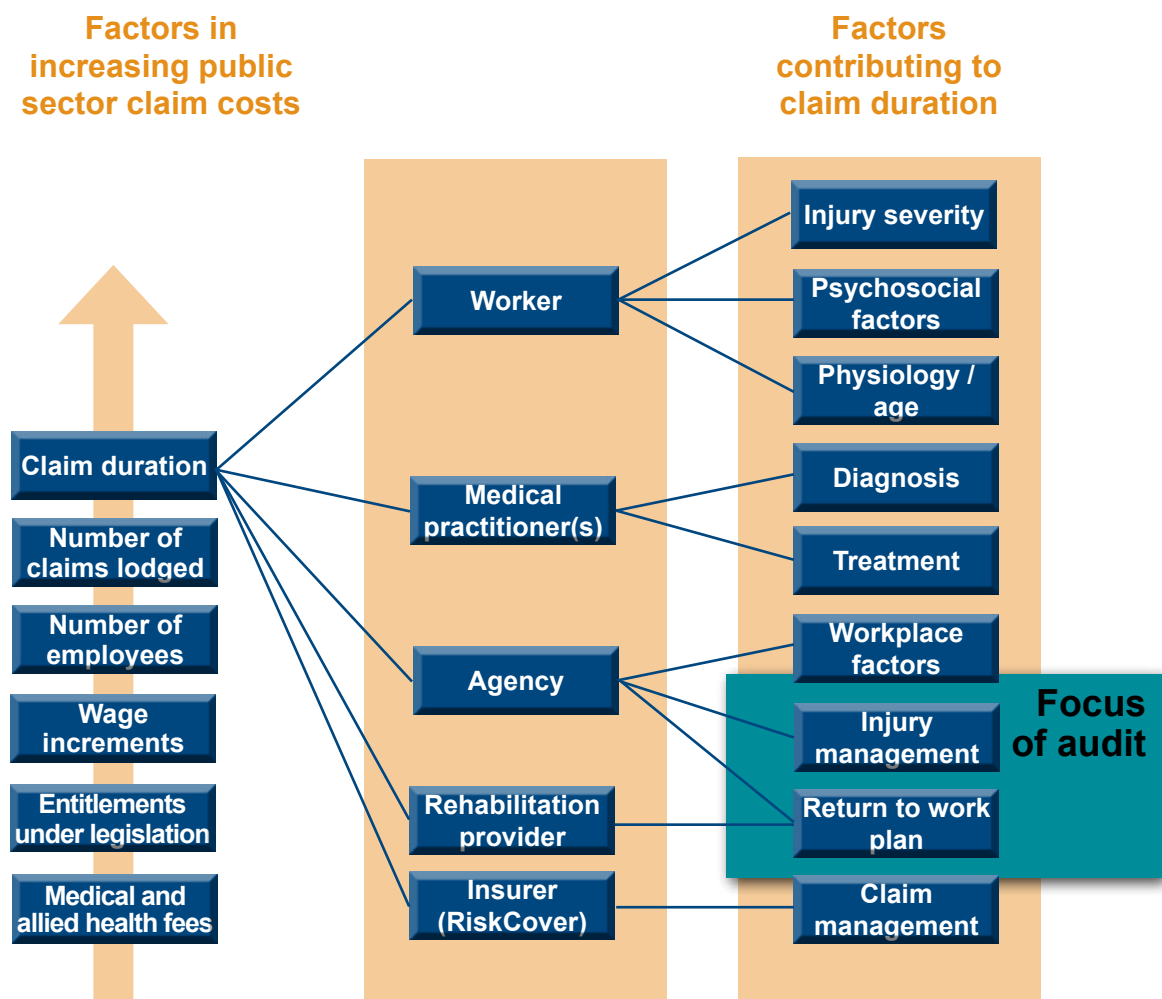
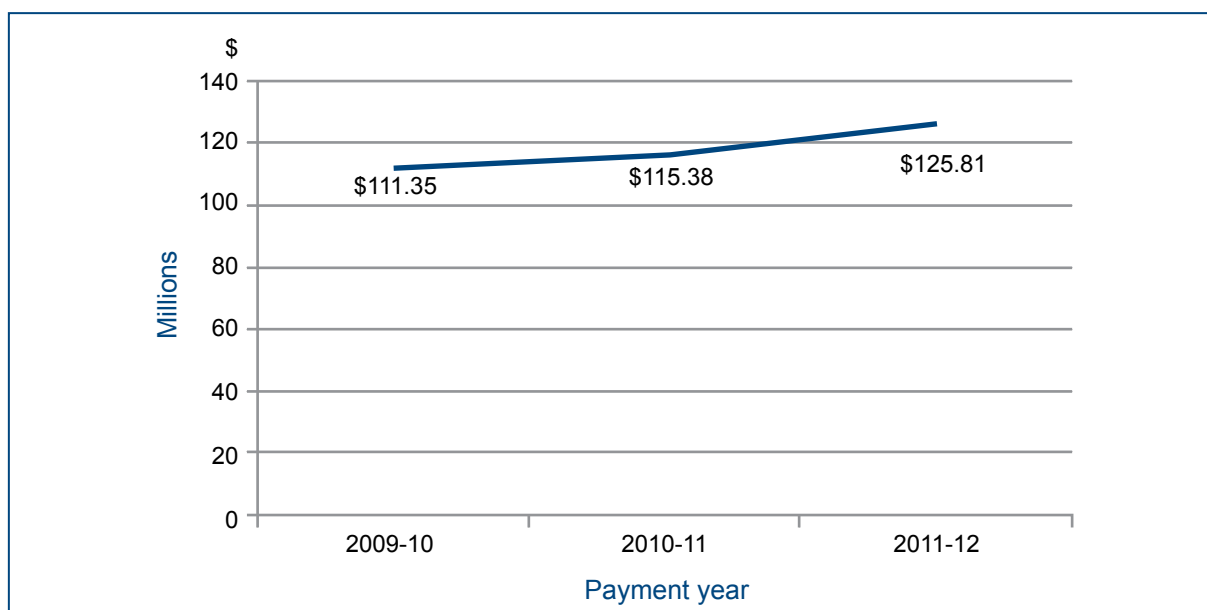


Figure 1: Cost factors in workers' compensation claims and the role of injury management

Total payments for workers' compensation claims rose 13 per cent between 2009-10 and 2011-12, from \$111 million to nearly \$126 million, after allowing for inflation (Figure 2).



Source: RiskCover and OAG

Figure 2: Total payments for workers' compensation claims (adjusted for inflation)

A small proportion of workers' compensation claims result in settlements between the parties and a lump sum payment to the injured worker. Conditions of settlements may be negotiated between the parties or determined in court. The number of settlements of public sector claims (including common law damages) and associated payments has varied over the three years from 2009-10 to 2011-12 (Figure 3). The 2011-12 year saw the highest recorded number of settlements (661) and associated payments (\$31.3 million).

Financial Year	Number of Settlements	Total Settlement Amount
2009-10	553	\$30.8m
2010-11	515	\$23.5m
2011-12	661	\$31.3m

Figure 3: Public sector workers' compensation settlement payments 2009-10 to 2011-12

Agencies need to adopt good injury management practices to help ensure positive outcomes for the injured worker and constrain the impact on agency budgets from workers' compensation contributions, payments and settlement costs.

What Did We Do?

We examined the management of injured workers by eight public sector agencies. These included agencies responsible for high risk front-line activities, as well as those with lower injury risk profiles. Our objective was to determine whether agencies actively manage injured workers to achieve a safe and timely return to work.

Specifically we asked:

- Have agencies documented and implemented a systematic approach to injury management that complies with legal requirements and good practice?
- Do agencies assist injured workers to return to work as their injuries allow?
- Do agencies monitor injury management performance and implement improvement strategies?

At each agency we reviewed a maximum sample of 30 workers' compensation claim files for work related lost time injuries and disease claims lodged between 1 July 2009 and 30 June 2012. For agencies that had not incurred 30 lost time claims during this time, all files involving lost time injuries and disease claims lodged during this time were examined.

The primary responsibility for deciding whether to accept workers' compensation claims lies with RiskCover, who makes this decision in consultation with the employing agency. Our examination was limited to injured workers whose claims had been accepted as valid and for whom the agency had an obligation to provide injury management services.

The audit was conducted in accordance with Australian Auditing and Assurance Standards.

What Did We Find?

Four of the agencies in our sample faced significant increases in the amount they had to pay in workers' compensation insurance deposit contributions between 2009-10 and 2012-13. Compensation payments to injured workers also rose significantly for two agencies (Figure 4).

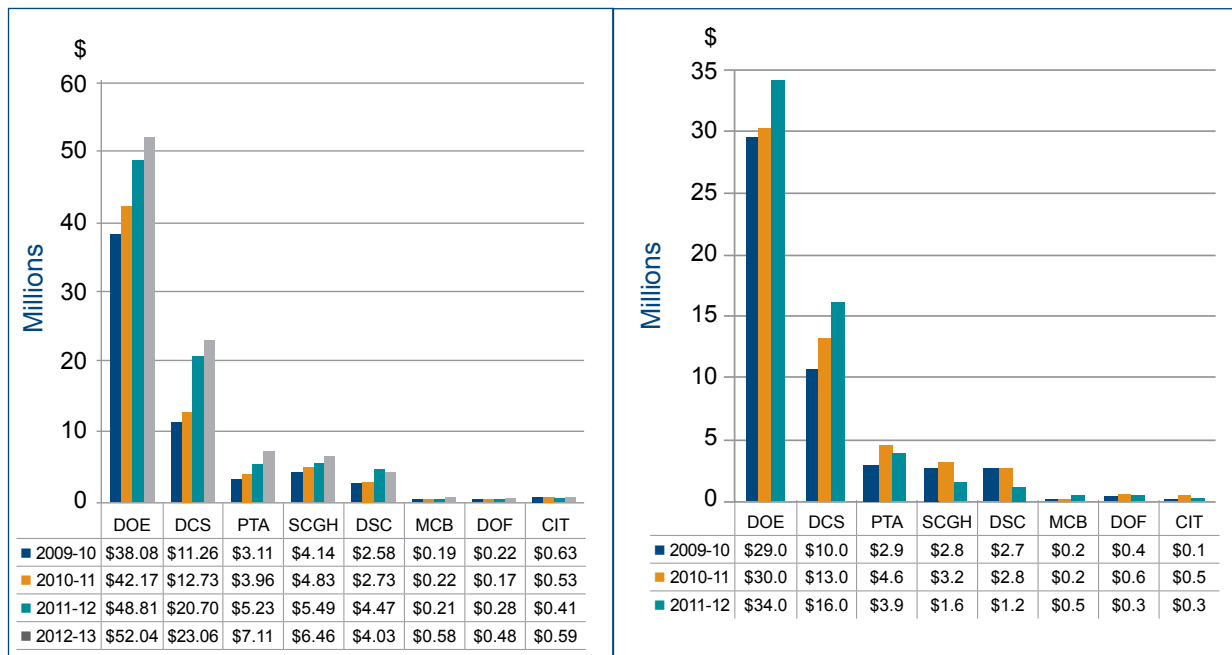


Figure 4:
Workers' compensation insurance deposit contributions

Workers' compensation payments for lost injury time

Note: The annual deposit contribution may be adjusted after three years when the costs of actual claims from that year are finalised.

Source: RiskCover and OAG.

All agencies actively managed injured workers to help them return to work but four agencies could not always demonstrate the assistance planned and provided

A key principle of successful injury management is a strong focus on return to work. Agencies that assist injured workers to make an early and safe return to work will see benefits for both the injured worker and the employer. Injured workers should only return to work when their doctor has certified that it is safe to do so.

All agencies provided assistance to injured workers to help them return to work in a safe and timely way. In most cases the agencies had planned the assistance in consultation with workers and their doctors and had set out the agreed plans in a clear return to work program.

What Did We Find?

However, four agencies did not prepare a program for every injured worker who was entitled to one. Even when return to work programs were established, seven agencies did not always follow good practice in developing them.

In almost half the cases we reviewed, the worker returned to work without a request for a return to work program from their treating doctor and without medical restrictions affecting their capacity to do their job. In these cases, the agencies were not required to offer a return to work program and there was little need for agencies to provide assistance after the worker's time off work. The median timeframe for injured workers in this category was eight days, ranging from one day lost to 125 days lost.

The most common type of injury in the public sector between 2009-10 and 2011-12 was musculoskeletal disorders followed by wounds and lacerations. Public sector workers can experience a wide range of injuries, including back strain, broken bones, post-traumatic stress disorder, and wounds from assaults. Figure 5 shows the numbers of lost time injuries and diseases by type.

Injury type	Public sector	Sample files reviewed	
	All injuries (%)	Number of lost time injuries and diseases	Percentage of all files reviewed
Musculoskeletal injuries/disorders	67%	165	77%
Mental diseases/disorders	10%	17	8%
Other	5%	17	8%
Wounds and lacerations	18%	15	7%
Total	100%	214	100%

Source: RiskCover and OAG.

Figure 5: Lost time injuries and diseases by nature of injury or disease (2009-10 to 2011-12)

Agencies helped injured workers to return to work

All the agencies we examined provided assistance to their injured workers to help them return to work in line with the instructions from their doctor. In most cases agencies clearly planned how they would help injured workers in consultation with the injured worker and their doctor. Specific details of strategies to help the worker return to work were clearly set out in a return to work program. However, four agencies did not always prepare a return to work program for every injured worker who was entitled to one, which made it difficult to see if the assistance they provided was the best way to help those injured workers return to work (Figure 6).

What Did We Find?

Research shows that it is in the best interests of injured workers to return to work as soon as they safely can³. In WA this is recognised by the *Workers' Compensation Code of Practice (Injury Management) 2005*, which requires employers to establish return to work programs when:

- the injured worker's doctor signs a medical certificate that indicates the worker is unable to perform their pre-injury duties due to total or partial incapacity
- the injured worker's doctor advises a return to work program should be established.

Return to work programs document the way forward to help injured workers return to work. They are personalised programs that should be based on input from the injured worker and their doctor. They clearly set out who will do what, and when, in the injury management process. For example, return to work programs may include details of alternative duties, vocational rehabilitation services, different working hours, closer supervision, special equipment, or assistance with transport and parking arrangements. A return to work program helps all the key parties in the injury management process have a good understanding of what needs to happen to help an injured worker return to work safely and as quickly as possible.

Agency	Case files reviewed	Number of injured workers who should have had a return to work program	Number of workers who did not have a return to work program
CIT	20	5	–
DCS	30	18	10
DSC	30	18	–
DoE	30	15	10
DoF	15	8	2
MCB	29	14	2
PTA	30	15	–
SCGH	30	22	–
Total	214	115	24

Figure 6: Return to work programs established by agencies

In 46 per cent of cases reviewed, the worker returned to work without medical restrictions affecting their capacity to do their job, so agencies were not required to offer a return to work program.

In the majority of cases examined (54 per cent) we expected agencies to establish return to work programs because the workers had restricted capacity to work. The median timeframe for injured workers with a restricted capacity to return to work was 24 days lost, ranging from one day lost to more than two years away from work.

³ *Realising the Health Benefits of Work*, Australasian Faculty of Occupational and Environmental Medicine (AFOEM) of The Royal Australasian College of Physicians (RACP), available at <http://www.racp.edu.au/page/afoem-health-benefits-of-work>.

In 20 per cent of these cases we found no evidence that a return to work program had been established for the injured worker in accordance with the Code of Practice. Agencies advised they were less likely to develop a return to work program if the injured worker was expected to return to work quickly and easily. This is reflected in the shorter timeframe (median 17.5 days, ranging from two days to 189 days) for workers on restricted duties but for whom a return to work program was not established. Discussions with agencies and analysis indicated that reasons for not establishing return to work programs could include:

- 'light duties' were applied without a written and agreed return to work program
- workers recovered from their injuries more quickly than their doctor anticipated and returned to full duties without a final medical certificate declaring their complete fitness for work.

Where there are factors that make return to work strategies difficult, agencies must have strategies in place to address them, so that injured workers do not miss out on their entitlements to return to work programs. Some agencies advised it could be difficult for them to find suitable alternative duties when medical restrictions prevented an injured worker from returning to their usual role. For example, DCS can find it difficult to identify non-prison roles for injured prison officers, though it is still important that they do so.

Agencies did not always follow good practice in developing plans to help workers

We also found that when there were return to work programs in place, agencies sometimes missed key steps in the development of the program, which could then undermine its effectiveness. In our review of return to work programs and agency files, we could not always find evidence that:

- the injured worker had input into their return to work program while it was being developed
- that agencies took steps to obtain the injured worker's agreement to the program
- that the injured worker and their doctor were given a copy of the program (Figure 7).

Agency	Return to work programs established	Programs without documentation of injured worker's input	Programs without documentation of steps taken to obtain injured worker's agreement	Programs not provided to worker or doctor
CIT	5	-	3	-
DCS	8	1	3	1
DSC	18	-	3	-
DoE	5	-	1	2
DoF	6	-	-	-
MCB	12	1	-	6
PTA	15	3	5	7
SCGH	22	-	1	-

Figure 7: Key features of return to work programs established by agencies

Finally, although it is not specifically required in legislation or guidelines, we checked whether case files contained evidence that the agency was communicating with the injured worker throughout the process. Good communication between the parties involved in injury management is important to avoid confusion that may lead to unnecessary delays or other problems. Most agencies kept records of reasonable communication with injured workers during the injury management process. However, in 30 per cent of the files we reviewed at DoE we found only limited evidence of communication.

Agencies demonstrated varying levels of organisational commitment to injury management

We looked to see if agencies could demonstrate their commitment to effective injury management in practical ways, such as providing business units with feedback on performance, training key staff and internally monitoring, evaluating and reporting injury management performance.

DoE, DSC and PTA demonstrated the greatest commitment to injury management based on these criteria. DCS, SCGH and DoF demonstrated commitment in some areas, but MCB and CIT had not developed their formal systems much beyond individual case management of injured workers. We noted that, the agencies who generally demonstrated the most commitment to injury management had a strong incentive to do so, with higher claim numbers and costs.

Not surprisingly, most resources allocated to worker safety and wellbeing across the sector are directed at occupational safety and health practices to prevent injuries. However, work related injuries and diseases still occur, and it is critical that injured workers are offered the assistance and support they need to achieve a smooth recovery and early return to work. An organisation committed to injury management is more likely to achieve this outcome.

Four agencies had comprehensively evaluated their injury management systems to improve outcomes

We found that four agencies (DoE, DSC, PTA and DCS) had undertaken comprehensive reviews of their injury management systems and performance in the past three years. All four reviews were carried out by external consultants and generally formed part of a larger review of agencies' workers' compensation functions. The instigating factor for the reviews undertaken by DoE, DSC and DCS was a sharp rise in insurance deposit contributions in 2011-12 (Figure 4).

Only three agencies (DCS, DSC and DoE) had formalised plans to implement improvements arising from evaluations. At the time of our audit PTA had almost completed implementation of its review findings.

In 2011 DoE commissioned an external consultancy to review and evaluate its workers' compensation and injury management capacity and performance. This review led DoE to develop a business case for additional resources for its workers' compensation and injury management function.

What Did We Find?

The business case noted that over the preceding five years, DoE had experienced a dramatic increase in claims (17 per cent increase), payments for claims (100 per cent increase) and insurance deposit contribution costs (84 per cent). The business case also noted that DoE's injury management staff had unmanageable case loads.

Key proposals of the business case were to decentralise occupational safety and health to the regions while focusing on injury prevention and increasing staff numbers to bring metropolitan and south west injury management in-house. The cost of these initiatives is projected to be recovered within five years, through lower insurance contributions and reduced contracting of injury management functions.

The business case was approved by DoE's Executive and changes are now being implemented. DoE have developed a clear reporting framework to monitor progress as well the impact of these initiatives over time.

DCS faced an even bigger increase in costs in 2011-12 due to an increase in claims the previous year. In 2010-11, lost time claims rose by 16 per cent to 308 claims compared to 264 in 2009-10. The severity rate in 2010-11 also increased from 30 per cent to 39 per cent. In 2011-12, DCS's workers' compensation insurance deposit contribution costs were more than \$20 million, compared to less than \$13 million in 2010-11. The 2011-12 contribution costs were also considerable when viewed as a proportion of DCS's payroll (5.7 per cent). Costs continued to rise for 2012-13 with the Department's deposit contribution set at \$23 million.

In response to these increases, DCS commissioned two significant reviews. One review is being undertaken by a consultant, and is aiming to finalise DCS's biggest current claims. The other was a recently completed RiskCover review of DCS's workers' compensation and injury management system. A significant finding of this review was that DCS's injury management model did not meet the needs of the agency or its injured workers. RiskCover recommended that DCS move towards in-house case management, similar to that recently implemented in DoE. DCS has accepted RiskCover's recommendations.

PTA and DSC also commissioned reviews of their workers' compensation and injury management functions, completed in October 2011 and February 2012 respectively. These reviews suggested improvements to procedures and communication which both agencies have substantially implemented.

Performance evaluation should be a regular activity for all business functions. By considering how well their injury management systems work overall, agencies can identify improvement opportunities that are not evident while carrying out day-to-day activities.

All agencies carried out some monitoring and reporting of injury management performance, but most could improve

Only three agencies (DSC, DoE and PTA) formally monitor their injury performance through the year, with both agency-specific performance measures and regular reporting on performance to Executive (Figure 8). Six agencies review individual cases, which enables them to assess whether a case is progressing well or if some action is required.

Performance monitoring and reporting enables agencies to identify problem areas and implement improvement. All agencies should monitor their performance at least once a year to comply with Public Sector Commissioner's Circular 2012-05⁴, which requires agencies to report on injury management performance. We checked whether agencies demonstrated organisational commitment by building formal monitoring and reporting into their own business cycles.

Agency	Reviews of individual case files	Agency specific measures developed	Performance reported regularly to Executive
CIT	Yes	No	No
DCS	No	No	Yes
DSC	Yes	Yes	Yes
DoE	Yes	Yes	Yes
DoF	Yes	No	No
MCB	Yes	No	Yes
PTA	No	Yes	Yes
SCGH	Yes	No	Yes

Figure 8: Monitoring of injury management performance

DSC and DoE had a complete suite of monitoring and reporting arrangements in place.

Agency specific performance measures and reporting to Executive

Three agencies (PTA, DSC and DoE) reported agency specific measures to their Executive on a regular basis. Of the agencies we audited, PTA had implemented the strongest example of agency and industry performance measures and reporting to Executive. These measures are used to assist its Executive to understand and monitor injury management performance. Development of agency specific performance measures demonstrates commitment to injury management because it shows that agencies seek to properly understand and address the nature and causes of any performance issues.

⁴ First required by Public Sector Commissioner's Circular, N° 2009-11.

What Did We Find?

PTA has an Executive Health, Safety and Environment Management Committee. The Committee is chaired by the Managing Director and features extensive Executive membership. The Committee receives quarterly reports containing detailed performance information on OSH, workers' compensation and injury management. The quarterly reports include a range of information and analysis including trends over time, lost time instance and duration, costs, types of injuries and injuries by occupation, work area and major projects. The report also compares PTA performance to industry standards and benchmarks where possible. Issues arising are also analysed, with both improvement actions and associated timeframes noted.

People who work for the public sector conduct diverse work in diverse environments and different agencies and workers face different injury risks and injury management challenges. For example, small or remote workplaces may find it more difficult to identify alternative duties for an injured worker who cannot safely return to their previous job straight away. It is important agencies monitor their performance in the context of their specific risks and challenges.



Agencies have a variety of different workplaces specific to their business, which they need to consider as part of their injury management systems.

Reviewing individual cases

No agency had a systematic approach to considering feedback from injured workers themselves about how well the injury management process worked for them and whether the agency could improve it in any way. Agencies generally dealt with feedback in an ad hoc way, which increases the risk that they could miss out on opportunities to improve their injury management services, and outcomes for injured workers.

Six of the eight agencies review current or recent case files. At DSC, the Injury Management Coordinator conducts random audits of case files to ensure they are progressing well and documentation is up to date. These reviews are documented on file, and note any further actions that are required as well as expected resolution date. DoE takes a similar approach. The Injury Management team at SCGH reviews the progress of claims monthly, including issues arising from case file reviews, and MCB has regular meetings with line managers. CIT and DoF advised that they informally review the progress of each claim and review files as cases progress.

Two of the eight agencies do not review current or recent case files. Case file reviews can help agencies assure themselves that injury management is progressing well and key records are up to date. Review of files can also assist agencies to understand how well cases were managed in the context of the progress and outcomes achieved. Agencies should formalise review cycles even if they have a small number of claims, to ensure they take place.

Sharing feedback with relevant stakeholders

Only half of the sampled agencies provided feedback to business units on how well they were dealing with injury management. Provision of feedback helps business unit managers to understand and address specific problems in their areas. A manager may be more motivated to focus on improving injury management if informed of specific problems, or by being aware of their business unit's performance in comparison to others.

DoE, DSC and PTA provide regular reports to business units on workers' compensation and injury management in their areas, and SCGH has well established plans to introduce this. Feedback usually consisted of a breakdown of claims and their associated costs, as well as discussion of the progress of individual cases, and actions that needed to be taken.

We note that the agencies that did provide business units with feedback had significantly greater costs and numbers of claims than the agencies that did not.

All agencies provided training to key staff but the extent varied.

All agencies provide injury management training to managers, although two agencies have only recently focused on this area (CIT and DCS). However, only three reported meeting the Public Sector Commissioner's target of 80 per cent of managers trained (Figure 9). DCS has not reported the extent that its managers have been trained. DCS advised that, although it conducted some training during the period, it had recently reviewed and improved its training program on the advice of their insurer. All other agencies also advised that they are aiming to boost training attendance to achieve the target.

The purpose of training is to ensure that managers know what to do and expect if someone they supervise is injured at work. Public Sector Commissioner's Circular No. 2009-11 required agencies to reveal in the Annual Report the percentage of their managers trained in occupational safety and health and injury management against a target of 80 per cent⁵. The type and reach of agency training varies but typically consists of an overview of the injury management process and key roles and responsibilities of those involved.

5 This requirement continues in the Public Sector Commissioner's latest circular, N° 2012-05.

Agency	Percentage of managers trained 30 June 2012	Primary training method/s
CIT	64*	Presentation
DCS	Not reported	Presentation
DSC	80	Presentation
DoE	90	Information Session
DoF	44	Online
MCB	92	Training day and handouts
PTA	28	Handbook and Assessment
SCGH	N/A*	Online and face to face

Figure 9: Reach and type of injury management training provided to agencies managers

*CIT's figure relates to 31 December 2011, as it reports on a calendar year basis. SCGH figures were not reviewed as they are included in the Department of Health's indicators.

Agencies policies and procedures were sound but four agencies did not meet mandatory reporting requirements

Agencies' policies and procedures were sound

Injury management policies and procedures for all eight agencies met key provisions in the *Workers' Compensation and Injury Management Act 1981* (the Act) and the *Workers' Compensation Code of Practice (Injury Management) 2005* (the Code). All agencies have a written injury management system that includes:

- a description of the steps the employer will take when a workplace injury occurs
- contact details of the person who has day to day responsibility for the system
- a statement that injured workers should be provided with appropriate medical assistance
- procedural guidelines that outline the steps and responsibilities in lodging a workers' compensation claim
- information on return to work programs.

All agencies advised that information about injury management systems is made available to workers on request. In addition, agencies either published injury management information on their intranet or placed hard copy information in key workplace locations for staff with limited computer access.

Four agencies did not meet mandatory public sector injury management reporting requirements

As previously noted, Public Sector Commissioner's Circular 2009-11 requires agencies to report a range of information and indicators relating to occupational safety and health and injury management. We checked if agencies had reported key injury management information as required by the Circular, as well as whether their return to work indicators (RTW) were calculated in accordance with the Circular. Public reporting of performance improves accountability and agencies have a responsibility to ensure that readers have an accurate understanding of their performance.

Three agencies met all these requirements (Figure 10).

Agency	Statement of commitment	Statement of compliance	% RTW within 13 & 26 weeks	% RTW Calculated correctly
CIT	Yes	Yes	Yes	No
DCS	No	Yes	No	Not reported
DSC	Yes	Yes	Yes	Yes
DoE	Yes	Yes	Yes	Yes
DoF	Yes	Yes	Yes	No
MCB	Yes	Yes	Yes	No
PTA	Yes	Yes	Yes	Yes

Figure 10: Agency compliance with annual reporting requirements

Note: CIT reports on a calendar year basis. We reviewed its 2011 Annual Report, when it was required to report Return to Work within 28 weeks only. SCGH figures were not reviewed as they are included in the Department of Health's indicators.

Only DSC, DoE and PTA correctly reported the return to work indicators. The 'definitions' section of the circular notes that the calculation should be from the date lost time commenced in the reporting period (rather than date of accident or claim). It also notes that the calculation should only include injured workers who have returned to full duties and hours of a real job.

DoF and MCB calculated the figure based on the date of accident, and/or the date the worker initially returned to work even though injured workers often initially return to work with restricted hours and duties. Although it was not feasible for us to re-perform the calculations for these agencies in the timeframe of this audit, we note that using accident date instead of lost time commencement date would tend to overstate return to work timeframes, while using the date of any return to work rather than a full return to work would tend to understate timeframes. CIT used a still different method of calculation which understated its performance. DCS did not report return to work indicators, which reduced transparency in the context of their increasing workers' compensation payment costs.

Current public sector context and performance

We also reviewed whole of public sector performance measures related to injury prevention and management. These suggest there has been no improvement across the sector in recent years.

Figure 11 shows that the numbers of public sector lost time injuries and diseases (LTIDs) per 100 full time equivalent (FTE) employees (incidence rate) increased by just over three per cent between 2009-10 and 2011-12. The 24 per cent increase in severity rate (proportion of LTIDs resulting in 60 or more days off work) is more significant. The severity rate can be influenced by a range of factors including the types of injuries sustained, an ageing workforce and the treatment options used.

The average claim size is slightly less in 2010-11 than in 2009-10. However, more recent years have a higher proportion of unfinalised claims, and average claim size will be revised as more claims are finalised. 2011-12 has the highest proportion of unfinalised claims, therefore the average claim size is excluded for this year.

Indicator	Lodgement year			Percentage change 2009-10 to 2011-12
	2009-10	2010-11	2011-12	
Number of LTIDs	2 873	3 028	3 110	8.2%
Full time equivalent employees	112 049	114 463	117 635	5.0%
LTID incidence	2.56	2.65	2.64	3.1%
LTID severity %	25%	29%	31%	24.0%
Average cost	\$34 764	\$34 656	n/a	n/a

Source: RiskCover and OAG

Figure 11: Public sector lost time injury trends 2009-10 to 2011-12

Auditor General's Reports

REPORT NUMBER	2013 REPORTS	DATE TABLED
2	Follow-on Performance Audit to 'Room to Move: Improving the Cost Efficiency of Government Office Space'	17 April 2013
1	Management of the Rail Freight Network Lease: Twelve Years Down the Track	3 January 2013
	2012 REPORTS	
15	Managing the Road Trauma Trust Account	14 November 2012
14	Audit Results Report – Annual 2011-12 Assurance Audits	7 November 2012
13	Implementation of the National Partnership Agreement on Homelessness in Western Australia	24 October 2012
12	Major Capital Projects	17 October 2012
11	Second Public Sector Performance Report 2012 <ul style="list-style-type: none"> – Business Continuity Management by Port Authorities – Western Australian Natural Disaster Relief and Recovery Funding – Housing's Implementation of the Head Contractor Maintenance Model 	26 September 2012
10	Information Systems Audit Report	28 June 2012
9	Public Sector Performance Report 2012 <ul style="list-style-type: none"> – Regional Procurement – Department of Commerce Support to the Plumbers Licensing Board – Ministerial decision not to provide information to Parliament on the amount of funding tourism WA provided for the Perth International Arts Festival 	28 June 2012
8	New Recruits in the Western Australia Police	20 June 2012
7	Pharmaceuticals: Purchase and Management of Pharmaceuticals in Public Hospitals	13 June 2012
6	Victim Support Service: Providing assistance to victims of crime	16 May 2012
5	Audit Results Report – Annual Assurance Audits completed since 31 October 2011 including universities and state training providers and Across Government Benchmarking Audits: Accuracy of Leave Records; Act of Grace and Like Payments; and Supplier Master Files	16 May 2012
4	Supporting Aboriginal Students in Training	2 May 2012
3	Beyond Compliance: Reporting and managing KPIs in the public sector	19 April 2012
2	Opinion on Ministerial decisions not to provide information to Parliament on the amount of funding Tourism WA provided for some events	22 February 2012
1	Working Together: Management of Partnerships with Volunteers	22 February 2012

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