

Comcare Annual Report 2001 - 2002

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Comcare
AUSTRALIA'S *Safe* WORKPLACES

Letter of Transmittal

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The Hon Tony Abbott MP
Minister for Employment and Workplace Relations
Parliament House
CANBERRA ACT 2600

Dear Minister

I am pleased to submit to you the Comcare Annual Report for 2001-2002. This volume also includes the annual report for QWL Corporation Pty Limited, which is a subsidiary of Comcare. I note that the Chairman of the Safety, Rehabilitation and Compensation Commission has submitted a separate report to you on the operation of the Commission.

Comcare's report is provided as required by section 9 of the *Commonwealth Authorities and Companies Act 1997*. The report has been prepared in accordance with the requirements referred to in the Commonwealth Authorities and Companies Orders 1998.

The Comcare Annual Report is also provided in accordance with section 90 of the *Safety, Rehabilitation and Compensation Act 1988*, and section 75A of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*.

Yours sincerely

Barry Leahy

23 September 2002

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The Director's Report

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The Director



Mr Barry Leahy
Chief Executive Officer (CEO)

Comcare CEO Mr Barry Leahy, is the only 'Director' of Comcare for the purposes of the *Commonwealth Authorities and Companies Act 1997*. His credentials and experience are outlined below.

Barry Leahy Mr Leahy was appointed as CEO of Comcare on 2 April 2001. His experience is mainly in workplace relations. His former position was Group Manager, Workplace Relations Policy and Legal Group, Department of Employment and Workplace Relations. In this role he had overall responsibility for advising the government on occupational health and safety and workers' compensation policy.

As the CEO is the only Director, there is no Comcare 'Board'.

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Auditors

Australian National Audit Office
Australian Capital Territory

The Director's Report

The year in review

The fourth *Comparative Performance Monitoring* report of the Workplace Relations Ministers' Council released in September 2002 shows that the Commonwealth occupational health and safety and workers' compensation scheme continues to be one of the best (and in some areas *the* best) performing schemes in Australia. Based on performance information as at 2000—2001 (which has been standardised to reflect the industry mix across Australian workers' compensation jurisdictions), this report shows that the Commonwealth has the second

lowest incidence of compensated workplace injury and that the frequency of injuries in the Commonwealth resulting in five or more days off work is the lowest in Australia. In absolute terms, the average premium paid in this jurisdiction is the lowest in Australia and when standardised, the second lowest. On the other hand, the benefits available to injured and ill employees are amongst the highest in Australia.

That said, Comcare's performance data shows that workers' compensation costs in our premium paying agencies are increasing, in particular the average cost of claims is increasing. These increases derive from the fact that employees with compensable injuries are spending more time off work.

In 2001—2002 Comcare refocused its organisation and products to meet these challenges.

Comcare also adopted a new vision of 'Australia's Safest Workplaces'. To achieve this vision Comcare developed a strategic plan which focuses on three key result areas. These are

- improve the safety and rehabilitation of employees in the Commonwealth jurisdiction and the compensation services provided
- engage stakeholders and customers in the process of achieving improvement
- support Comcare's people to enable them to best contribute to improving our business.

Improving safety and rehabilitation

In 2001—2002 Comcare has been involved in a number of initiatives designed to improve safety and rehabilitation of Commonwealth employees.

The legislative framework

2001—2002 saw reform of the *Safety, Rehabilitation and Compensation Act 1988* which provides the legislative framework for workers' compensation arrangements in the Commonwealth. The changes provide an improved compensation framework for incapacity for work and permanent impairment, streamline licensing arrangements to self-insure under the legislation and transfer decision making for setting premiums and regulatory contributions to Comcare from the Safety, Rehabilitation and Compensation Commission.

Achieving a strategic focus

Comcare established a Research and Strategy Group to identify strategic directions for the Commonwealth workers' compensation and occupational health and safety scheme. The group will focus on designing and evaluating solutions to jurisdictional performance issues and identifying future threats to workplace safety and health.



Leadership and accountability strategy

The Workplace Relations Ministers' Council endorsed the National Occupational Health and Safety (OHS) Strategy in May 2002. The strategy identified a leadership role for the government as an employer in achieving better OHS outcomes. During 2001—2002 Comcare began formulating a leadership and accountability strategy aligned with the National OHS Strategy. This leadership strategy seeks to deliver

- greater senior management understanding of and accountability for injury prevention and management
- implementation of a tailored management information and training program
- increased focus on agency performance monitoring
- development of new strategies to deal with emerging OHS issues.

Central to increasing management leadership and accountability is the reporting of Commonwealth agency performance. A report on the premium rates of all Commonwealth agencies with more than 100 employees is contained in the Report of Operations under Output 1.1 — SRC Act, Regulation. The premium for each agency provides a measure of the agency's effectiveness in preventing injuries and in returning injured employees to work as soon as possible.

Duration strategy

Critical to improving the Commonwealth's injury management performance is a reduction in the number of long duration claims. In late 2001—2002 Comcare restructured its claims management services to improve the way we manage potentially long term claims. Claim duration will be minimised through the use of multi-disciplinary teams, best practice claims management protocols, use of early intervention strategies and active management of claims that are identified as being at risk of accumulating long periods of incapacity.



In addition Comcare is strengthening the provision to agencies of performance management products such as data analysis, self-audit tools, training and promotional material.

Management of pre-premium claims

In 2001—2002 Comcare reviewed its management of pre-premium claims. These are claims with a date of injury which pre-dates the commencement of the premium scheme in 1989. The review involved an analysis of claims data and consultation with pre-premium claimants. This analysis and feedback has been used to improve Comcare's performance through the development of a communication strategy and the implementation of a best practice claims team.

Ongoing activities

In addition to the highlights mentioned, Comcare has continued to deliver quality claims management services, to regulate the Commonwealth occupational health and safety scheme and to provide quality support to the Safety, Rehabilitation and Compensation Commission and its Chairman, Mr Peter Wilson. In particular Comcare played a significant role in assisting the Commission to introduce revised prudential arrangements for scheme licensees. Further details on these activities can be found in the Report of Operations.

Engaging our customers and stakeholders

In September 2001 Comcare initiated a series of prevention and injury management consultancies with specific agencies. Known as 'whole of agency' projects, the consultancies involve joint analysis of agency-specific data and injury management processes and the development of strategic responses to agency needs. Centrelink, the Department of Health and Ageing, the Aboriginal and Torres Strait Islander Commission and the Australian Protective Service were the first agencies to join this project. More agencies are now participating in this partnership activity.

2001—2002 saw the establishment in Comcare of a network of customer liaison officers. This network consists of all of Comcare's senior staff who have been assigned responsibility for making the link between individual agencies and the full range of Comcare's services.

Late 2001—2002 also saw the publication of the first edition of *Comcare News*. This publication is specifically tailored to provide up to date information on entitlements and processes for making claims to employees injured before 1 December 1988. *Comcare News* was implemented in response to feedback provided by claimants and will be issued twice a year.

Extensive consultation was undertaken on the proposed revision of the guide to assessing the degree of permanent impairment resulting from a work-related injury.

Comcare also conducted a successful series of information sharing forums around Australia.

Supporting our people

Comcare's staff are a dedicated and professional group of people. To support them in their often difficult roles, Comcare has developed a People Management Strategy. As well as supporting our staff, Comcare recognises that managing our people better will lead to a better service for our stakeholders and customers. The Strategy ensures that

- Comcare adopts a considered, open and coordinated approach to people management issues
- key people management priorities are identified and appropriate strategies are put in place
- all people management activities are managed
 - in a way that contributes to our vision and purpose
 - in accordance with our values and
 - in a way which recognises and promotes a healthy workplace.

The priority areas under the strategy pursued in 2001—2002 were the implementation of a performance development framework, the introduction of a leadership development program for all Senior Executive and Executive Level 2 staff and the completion of a staff survey.

2002—2003 will see further work in the areas of middle management development and the implementation of a premium reduction strategy aimed at reducing the number of workers' compensation claims from Comcare staff.

The future

Towards the end of 2001—2002 Comcare took the decision to increase the average premium rate in the Commonwealth by 13%. This decision was necessary to fund the rising costs of workers' compensation claims in the Commonwealth, in particular the increasing average cost of claims as a result of increasing time off work.

In 2002—2003 Comcare will work in partnership with Commonwealth employers to arrest this trend. Many of the initiatives introduced in 2001—2002 will continue and Comcare will continue to work to identify improvements in claims and injury management approaches.

Comcare will also be developing and implementing further strategies in response to the National OHS Strategy which seeks to reduce the number of workplace injuries by at least 40% and work related fatalities by at least 20% by 2012. Comcare will play an important role in supporting the Department of Employment and Workplace Relations (DEWR) in assisting the Parliament's consideration of proposed legislation intended to amend the *Occupational Health and Safety (Commonwealth Employment) Act 1991*.

Barry Leahy
Chief Executive Officer



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Role

Comcare is the Commonwealth's workers' compensation and occupational health and safety authority. Comcare's role is to

- perform regulatory functions under the *Occupational Health and Safety (Commonwealth Employment) Act 1991* (OHS(CE) Act) and the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act)
- make determinations accurately and quickly in relation to claims and requests made to Comcare under the SRC Act
- minimise the duration and severity of injuries to employees by arranging quickly for the rehabilitation of those employees
- co-operate with other bodies or persons with the aim of reducing the incidence of injury to employees
- conduct and promote research into the rehabilitation of employees and the incidence and prevention of injury to employees
- promote the adoption in Australia and elsewhere of effective strategies and procedures for the rehabilitation of injured workers
- publish material relating to any of its functions
- determine the premiums and, where appropriate, the special premiums and regulatory contributions payable by entities and Commonwealth authorities
- advise the Minister about anything relating to Comcare's functions and powers.



Legislation

Comcare is a Commonwealth statutory authority covered by the *Commonwealth Authorities and Companies Act 1997* and established under the SRC Act. Comcare administers the Commonwealth's workers' compensation scheme under the SRC Act and also administers the OHS(CE) Act.

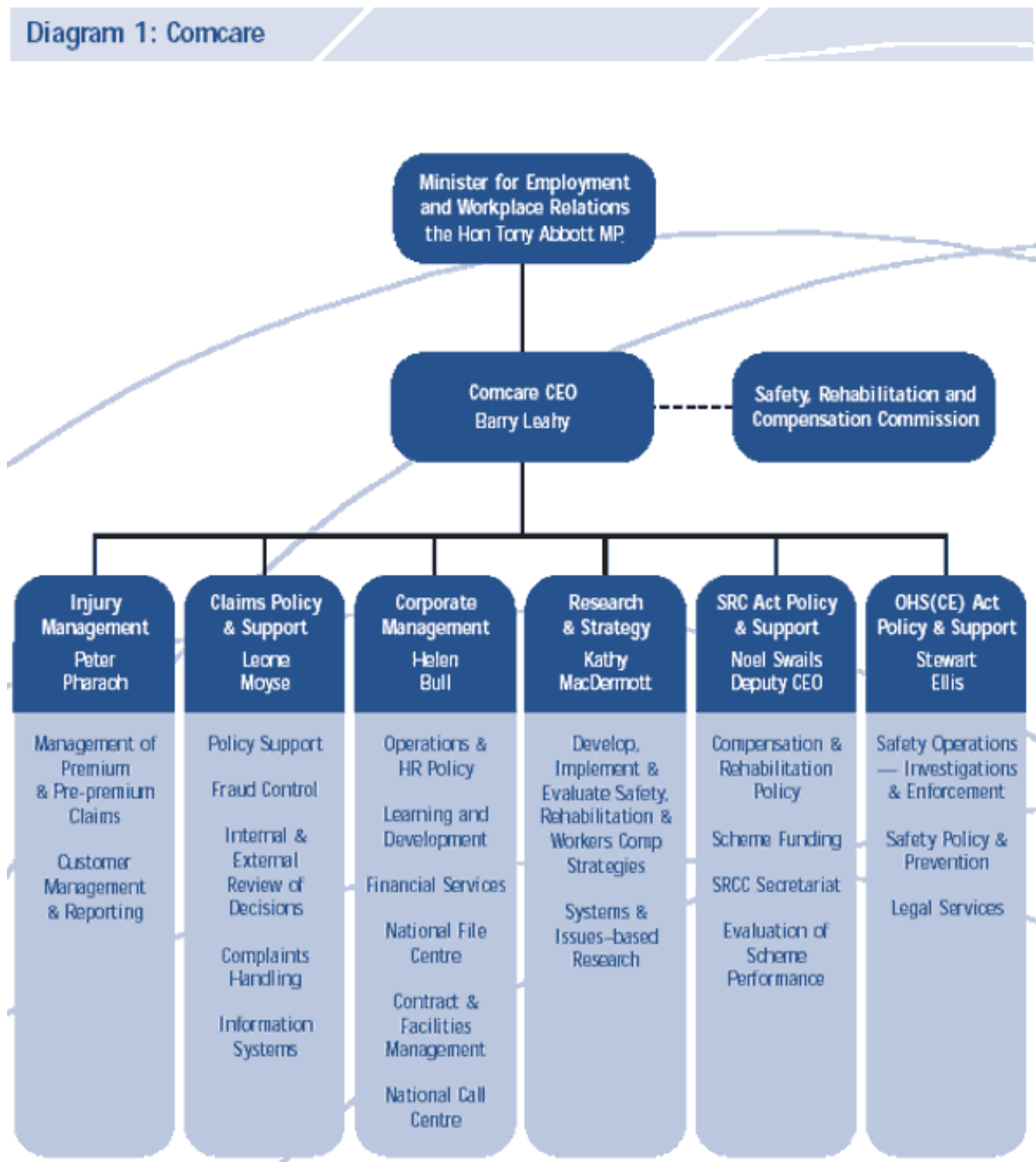
Comcare reports to the Minister for Employment and Workplace Relations, the Hon Tony Abbott MP, and undertakes a range of activities under the auspices of the Safety, Rehabilitation and Compensation Commission.

Organisation

Comcare has been structured in such a way as to recognise the different activities involved in occupational health and safety and workers' compensation. Comcare's senior management structure consists of the Chief Executive Officer, Deputy Chief Executive Officer and five General Managers. The following diagram

shows the structure at 30 June 2002.

Diagram 1: Comcare



Corporate governance

Comcare's role is defined in the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act) and the *Occupational Health and Safety (Commonwealth Employment) Act 1991* (OHS(CE) Act). Comcare is a statutory authority with body corporate status, managed under the provisions of the *Commonwealth Authorities and Companies Act 1997*. Comcare's corporate governance framework ensures all legal requirements are addressed and that possible conflicts of interest within its business (whether real or perceived), are managed.

The Safety, Rehabilitation and Compensation Commission

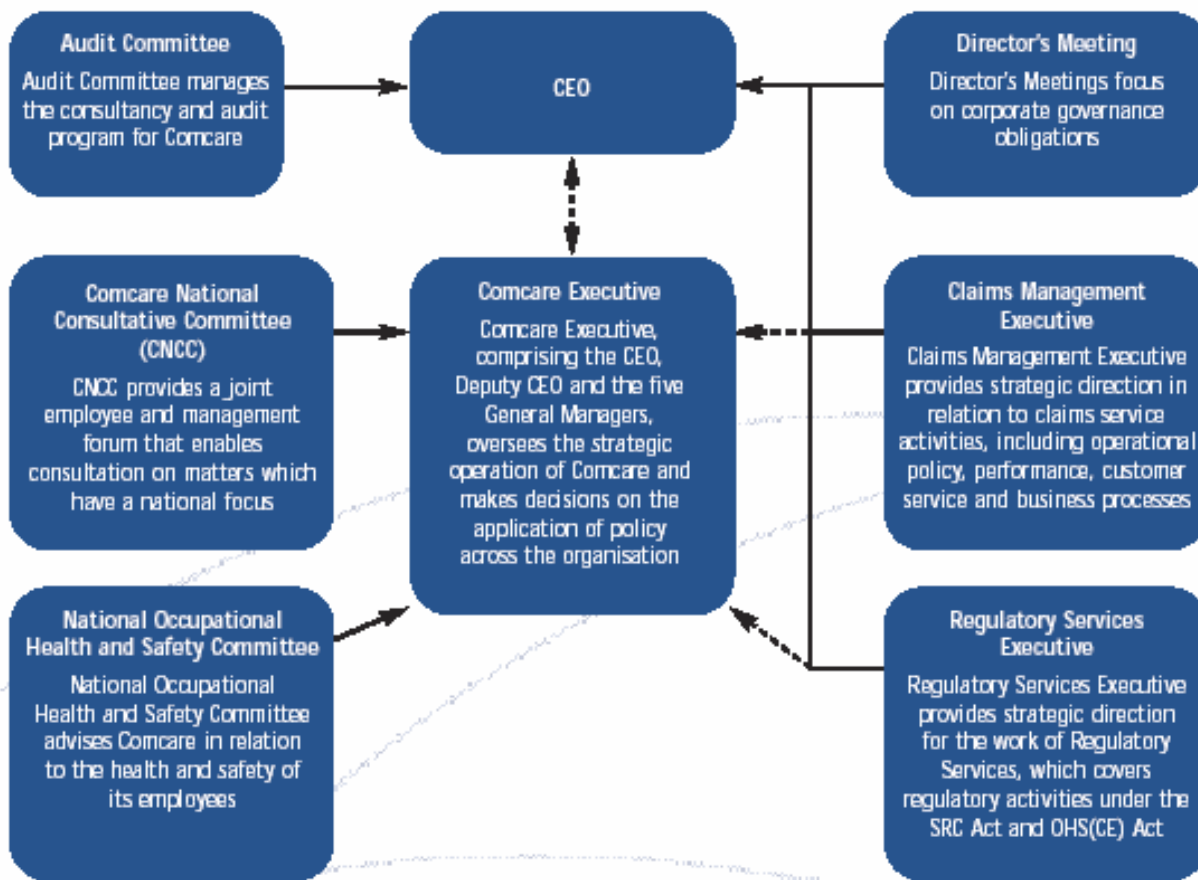
The SRC Act provides for the operation of the Safety, Rehabilitation and Compensation Commission. The Safety, Rehabilitation and Compensation Commission is a statutory commission. Its main functions are to



- provide advice to the Minister in relation to the SRC Act and the OHS(CE) Act
- develop and implement policy to allow Commonwealth authorities and eligible corporations to self-insure or manage their own claims under licence
- provide strategic direction for occupational health and safety in the Commonwealth jurisdiction and ensure compliance with the OHS(CE) Act
- develop general policy direction for scheme administrators on the operation of the SRC Act
- ensure, as far as practicable, consistency in the administrative practices and procedures used by scheme administrators
- act as a review body for premiums and regulatory contributions.

Diagram 2: Corporate Governance Framework

Diagram 2: Corporate Governance Framework



The Safety, Rehabilitation and Compensation Commission has eleven members. The Commission comprises a Chairman, the CEO of Comcare, the CEO of the National Occupational Health and Safety Commission (NOHSC) and other members representing Commonwealth employers, Commonwealth employees, the Australian Defence Force (ADF), the ACT Government and two other members appointed because of their relevant qualifications or experience. In accordance with the SRC Act Comcare provides funding and administrative support to the Safety, Rehabilitation and Compensation Commission.

The Safety, Rehabilitation and Compensation Commission produces a separate Annual Report. See Report of Operations -- Regulatory Services section for details.

Comcare Executive and Director's meeting

For the purposes of the *Commonwealth Authorities and Companies Act 1997* the Chief Executive Officer is the only 'director' of Comcare. He is assisted in his corporate governance functions by Comcare's Executive team. The team consists of the CEO, Deputy CEO and General Managers and meets fortnightly. In particular the team oversees the corporate and strategic direction of Comcare.

Every three months there is a Comcare Director's meeting. This meeting includes members of Comcare's Executive team, Comcare's legal adviser, financial adviser and internal audit provider. These meetings focus attention on the three areas of Comcare's governance obligations

- Accountability (Stewardship)
- Performance (Leadership)
- Conformance (Control).

These meetings establish and maintain frameworks for management in these areas and allow monitoring and review by management.

There are two committees which provide strategic operational direction for Comcare's claims management and regulatory services operations. The committees are comprised of Executive Level 2 staff and above in these areas.

A People Management Committee with cross divisional representation oversees people management activities under the People Management Strategy.

Audit Committee

The Audit Committee consists of the CEO, Deputy CEO and General Managers. The managing partner of Comcare's internal auditor, which in 2001—2002 was Acumen Alliance, is the internal audit adviser to the committee. The Australian National Audit Office (ANAO) officer responsible for the audit of Comcare's financial statements has observer status on the committee. The functions of the committee are to ensure that Comcare fulfils its corporate governance obligations and in particular allows Comcare to

- plan and oversight its audit program
- determine the adequacy of its operational, financial, personnel and administrative policies, procedures and controls.

A list of Audit Committee members and meetings appears at Appendix 1 -- Public Accountability.

Risk management strategy



Comcare's Executives: (front row) Peter Pharaoh, Barry Leahy (CEO), Stewart Ellis, (back row) Helen Bull, Leone Moyse, Kathy MacDermott, (absent) Noel Swails (DCEO)

During the year Comcare further developed its approach to risk management with the formalisation of a risk management policy. The policy forms part of Comcare's strategic planning package and has been developed to ensure that a risk management culture is supported and encouraged throughout Comcare.

Key elements of the policy are

- develop and sustain an effective risk management culture throughout the whole organisation
- achieve efficiency, effectiveness, economy, continuity and compliance to protect the interests of our stakeholders
- maintain the highest possible integrity for services provided by Comcare
- safeguard our assets -- people, financial and property
- create an environment where all Comcare employees will assume responsibility for managing risk
- improve Comcare's ability to deliver Government policy and Comcare outcomes and outputs in a timely, efficient and effective manner
- identify resource and operational capabilities for responsible and efficient deployment
- provide a decision making framework that demonstrates accountability
- demonstrate transparent and responsible risk management processes aligned with accepted best practice standards and methods, and ensure Comcare can appropriately deal with risk.

Comcare has purchased a software product to support management and reporting on risks. It is expected that this product will enable risk management to become fully and effectively integrated with the business planning process.

Public Accountability

Internal and external audit

Comcare's internal audit committee met four times in 2001—2002. The committee oversaw nine audits which were of a compliance and performance nature. These audits are detailed at Appendix 1 -- Public Accountability.

Comcare participated in the Australian National Audit Office's audit of record keeping in the Commonwealth. The recommendations from this audit are being considered as part of Comcare's records management project.

External review

There were no external reviews into the functions of Comcare during 2001—2002.

Ministerial Directions

Ministerial Directions effective from 1 April 2002 were issued to the Safety, Rehabilitation and Compensation Commission to support amendments to the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act). They relate to the criteria and procedures for granting licences to self insure under the SRC Act, the scope and condition of licences, criteria and procedures for the suspension and revocation of licences, notices to be given by the Safety, Rehabilitation and Compensation Commission, and record keeping and reporting requirements of the Safety, Rehabilitation and Compensation Commission. As Comcare provides the support services to the Commission, they are relevant to Comcare's activities. For further information about these directions, refer to the Safety, Rehabilitation and Compensation Commission annual report for 2001—2002.



Comcare and the Commonwealth Ombudsman

Comcare continued to maintain a good working relationship with the Commonwealth Ombudsman during 2001—2002. Comcare aims to respond to all enquiries from the Ombudsman's office within 24 hours. In 2001—2002, the majority of enquiries received were responded to without the need for a formal request.

The Commonwealth Ombudsman's Office received 119 enquiries relating to Comcare, a decrease of 13% from the previous year.

In 2001—2002 the Ombudsman's Office closed 118 enquiries covering 148 separate issues relating to Comcare. Of the issues closed, 100 were closed without investigation and 48 were investigated. The Ombudsman's investigators determined that Comcare had erred in 16 cases and prompt appropriate remedial action was taken.

During 2000—2001 the Ombudsman investigated a complaint made in relation to an investigation conducted in 1999—2000 by Comcare under the *Occupational Health and Safety (Commonwealth Employment) Act 1991*. As a result of his investigation, the Ombudsman advised Comcare in 2001—2002 that he was satisfied that it had adequately responded to the recommendations and that he did not intend to take any further action on the complaint.

Other representations

Comcare also responded to Ministerial, Safety, Rehabilitation and Compensation Commission and CEO representations. There were 157 representations (48 Ministerial, 17 Safety, Rehabilitation and Compensation Commission and 92 CEO). This represents an increase of 8% from the previous year. Representations mostly concerned the application of particular provisions of the SRC Act, claims administration and communication issues.

Privacy

There were two formal matters dealt with as complaints against Comcare to the Office of the Federal Privacy Commissioner. One matter is still being investigated and concerns records obtained by Comcare as part of an appeal process.

The other matter was a complaint made in 2000—2001, and finalised in 2001—2002. A Comcare claimant alleged that personal information had been illegally released to another Commonwealth agency. The investigating officer found that no breach had occurred. However, recommendations were made in relation to some Comcare forms and publications. As a result, Comcare has since updated a standard information sheet which was out of date and misleading. Staff have also been reminded to ensure 'Authority to Release' forms are obtained with full consent and that the wording is appropriate to their purpose. Comcare has also introduced new information sheets for claimants regarding their rights, including privacy, and has placed these on the website. They are also included in correspondence with claimants.

Some determining authorities in the Commonwealth workers' compensation jurisdiction are now covered by the

private sector National Privacy Principles which came into force on 21 December 2001. Comcare issued a Jurisdictional Policy Advice providing guidance on collection statements for forms and suggested wording for authority to release forms. This was done to ensure consistency between all authorities administering claims under the *Safety, Rehabilitation and Compensation Act 1988*. This advice and other Comcare publications dealing with privacy are available on the website.

Claims Management staff undertook training in privacy in April 2002.

Freedom of Information

The *Freedom of Information Act 1982* (FOI Act) requires each Commonwealth agency to publish a statement setting out its role, structure and functions, the documents available for inspection, and access to such documents. Section 8 of the FOI Act requires each agency to publish information on the way it is organised, its powers, decisions made and arrangements for public involvement in its work.

The Freedom of Information Act statement at Appendix 1 -- Public Accountability, in conjunction with the additional information contained in this annual report, is intended to meet the requirements of Section 8 of the FOI Act and is correct to 30 June 2002. Further information can be found by accessing Comcare's website.

Advertising and market research

Total payments by or on behalf of Comcare to advertising and market research organisations were \$164,964 and comprised

- market research organisations \$140,373
- media advertising organisations \$24,591.

Market research was conducted by

- Colmar Brunton Social Research for the quantitative stage of the *Claims Management Customer Satisfaction and Loyalty Research* at a cost of \$7,740
- Campbell Research & Consulting for the completion of *Claims Management Claimant Service Evaluation* at a cost of \$44,433
- Abraxa Management Consulting for the report *Develop Service Delivery Model -- Review of the Corporate Management Division* at a cost of \$88,200.

All of the above market research commenced in the previous year.

All of the media advertising expenditure was paid to Starcom for press advertising of employment opportunities within Comcare.

Consultants and competitive tendering and contracting

As an agency under the *Commonwealth Authorities and Companies Act 1997*, Comcare develops its own Chief Executive Officer's Guidelines on Purchasing and Contracts. These are based on Commonwealth procurement principles and policies and are mandatory for staff to follow when procuring goods or services.

Comcare purchases goods and services under contract where there is

- a need for specialised skills or a high degree of technical skill not available in the agency
- a need for independent advice or facilitation and/or
- market testing shows that it is cost-effective to purchase the services.

A summary of Comcare's procurement policy and contracted services are provided at Appendix 1--Public Accountability.

Indemnities and insurance premiums for officers

Comcare purchased Director's and Officers' liability insurance and professional indemnity insurance for 2001—2002 from Comcover. The insurance provided coverage for the Chief Executive Officer, senior executive staff and Safety, Rehabilitation and Compensation Commission members. Director's and Officers' liability insurance covers the consequences of a wrongful act of these officers. The total premium paid for Director's and Officers' insurance for 2001—2002 was \$56,700.

Professional indemnity insurance indemnifies the above officers for damages or judgements and legal costs awarded against the officers arising from the execution of or breach of their duty. Comcare is required to pay the first \$20,000 of any claim made for professional indemnity. Comcare is also required to notify Comcover within 30 days of becoming aware of a claim for loss in respect of this insurance. The total premium paid for professional indemnity insurance for 2001—2002 was \$20,889.

There were no claims against these policies in 2001—2002.

Commonwealth Disability Strategy

Under the Commonwealth Disability Strategy, Commonwealth agencies must identify and remove barriers which prevent people with disabilities from accessing policies, programs and services. Agencies must identify their core business roles and develop strategies to improve their service to people with disabilities.

During 2001—2002 Comcare ensured staff were aware that people with disabilities often need information in differing formats. Comcare's intranet site gives examples of types of assistance which can be requested. The intranet site has a link to the Commonwealth Disability Strategy website which lists contact details for information providers who make information available in other formats. By ensuring information is available in accessible formats for people with disabilities, Comcare met performance indicators for the policy advisor and regulator, the provider and the employer.



As a policy advisor and regulator, Comcare's performance indicators are to

- assess impact on the lives of people with disabilities prior to making decisions
- consult on new or revised policies or programs.

Comcare has met these performance indicators by increasing consultation with peak disability bodies. Comcare asked for specific feedback when drafting a new guide to assessment of the degree of permanent impairment. Comcare also wrote to peak disability bodies asking for general feedback on Comcare's performance.

Under the Disability Strategy, as a provider, Comcare is also required to establish mechanisms for quality improvement and assurance, establish a service charter and a complaints mechanism. Comcare

- continued its annual Injured Worker Communication Review
- * maintained its Service Charter
- conducted an annual Claimant Evaluation Survey to assess performance against the scope of the Service Charter
- maintained its dedicated Complaints Handling Service and has an online feedback form available on the website.

As an employer Comcare

- monitored employment policies, procedures and practices to ensure compliance with the requirements of the *Disability Discrimination Act 1992*
- made recruitment information available in different formats
- included disabled facilities as part of new office accommodation
- provided specialised equipment and/or facilities as needed for employees with a disability to enable them to perform to the best of their ability.

Comcare responds positively to requests to provide information in alternative formats and in the last year received three such requests. Comcare provided publications for non-English speakers, letters written in larger type, and copies of publications as an alternative to the electronic medium.

In the coming year Comcare will review its guidelines for selection committees to highlight the importance of reasonable adjustment. The review will ensure committees consider whether the employee needs services or facilities because of a disability to assist them to carry out the inherent requirements of their position. Comcare will consider an appropriate tracking mechanism to capture all requests for, and Comcare's response to, information in differing formats.

Social justice and equity

Comcare continued its commitment to meeting the government's objective of enhancing social justice and equity as outlined in the Charter of Public Service in a Culturally Diverse Society.

Comcare conducts annual claims management audits and claimant evaluation surveys, the results of which are analysed to improve service provision. To enable better access to information, Comcare developed the Claimant Service Charter in consultation with injured employees, employers, staff associations, professional groups and Comcare staff. The Charter is sent out with all new claim acknowledgment letters and includes a teletypewriter number, specifies the roles of the provider and consumer, and sets out service standards. It is also available on the Comcare website or on request.

In 2001—2002 Comcare conducted research into service delivery and communication with long-term claimants. A number of new products came from the findings, including improved standard letters, a biannual newsletter and a new guide to entitlements for long-term claimants.

The Comcare website includes a dedicated e-mail address for enquiries or feedback and an online feedback form. There is also a toll-free general enquiry line through which the Complaints Handling and Information Service can be contacted for claims related issues and the Occupational Health and Safety Hotline for health and safety issues.

Ecologically sustainable development and environmental performance

Comcare has no environmental impact under section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*, but recognises that effective management of workplace environment issues can contribute to minimising the risks of injury and disease.

Corporate Management

Corporate initiatives

A number of corporate initiatives made significant contributions to Comcare's performance in 2001—2002.

Research and strategy

Comcare established a new strategic directions area, the Research and Strategy Group, in 2001—2002. The Research and Strategy Group

- defines and proposes effective solutions to jurisdictional performance issues
- identifies future developments which may affect workplace safety and health, assesses their impact and prepares responses where appropriate
- develops effective strategies for improving injury prevention and management within the Commonwealth.

The group identified five strategic priorities for initial focus

- building leadership commitment to improving scheme performance
- reducing claim duration
- minimising claim disputation
- improving pre-premium claims management
- investigating emerging safety, rehabilitation and compensation issues.

The Research and Strategy Group works closely with staff throughout the organisation to address priority cross-agency issues. Key activities for 2001—2002 are outlined below.

Leadership and accountability strategy

The Workplace Relations Ministers' Council endorsed the National Occupational Health and Safety (OHS) Strategy 2002—2012 in May 2002. The strategy identified a leadership role for the government as an employer in achieving better OHS outcomes. During 2001—2002 Comcare began forming a leadership and accountability strategy. The strategy is aligned to the National OHS Strategy.

The leadership and accountability strategy is consistent with Comcare's focus on integrating injury prevention and management. The strategy aims to increase occupational health and safety and reduce injury duration.



The strategy aims to deliver

- greater senior management understanding of and accountability for injury prevention and management
- implementation of a tailored management information and training program
- increased focus on agency performance monitoring
- the development of new strategies to deal with emerging OHS issues.

A central proposal is to develop annual reporting on the progress of agencies in addressing health and safety and return to work issues. Individual agencies will be given access to more detailed data on their own performance and to new self-audit tools.

Duration

During 2001—2002 Comcare began developing an in-house strategy to reduce the duration of claims. The strategy streamlines processes to improve management of potentially long-duration claims.

Claim duration will be addressed by use of multi-disciplinary teams and best practice claims management protocols, early intervention and active management of claims that are identified as being at risk of accumulating long periods of incapacity. A separate strategy has been developed for the management of pre-premium claims.

These in-house changes are integrated with Comcare's leadership and accountability strategy and the establishment of a network of customer liaison officers. These senior officers take responsibility for making the link between the agencies for which they are responsible and the full range of Comcare services, including data analysis, self-audit tools, training and promotional material.

Disputes

Comcare is developing a dispute prevention strategy for use in claim centres. Claim disputation is generally associated with extended duration of claims. The disputation strategy has a focus on claims decision making in Comcare. It will provide training and mentoring for staff, an enhanced quality assurance system and performance monitoring.

Survey data indicates that claimants find Comcare's claim form and process complicated. Comcare is reviewing the claim form to simplify the language and design. This is to ensure the claim process is clear and simple for injured employees, while still providing the information Comcare needs to make sound decisions. A broader, systems based review of disputed decisions is planned for 2002—2003.



Whole of agency projects

In September 2001 Comcare initiated a pilot 'whole of agency' approach to injury prevention and management. Comcare has been working with agencies to reduce the incidence and costs of workplace injury through partnered projects.

The whole of agency project involves joint analysis of agency specific injury data and injury management processes, and the development of strategic responses to agency requirements. Centrelink, the Department of Health and Ageing, the Aboriginal and Torres Strait Islander Commission (ATSIC) and the Australian Protective Service were the first agencies to join this project. More agencies, including the Australian Taxation Office, have agreed to participate in this partnership activity.

Agencies have tailored the project to their individual needs.

To reduce the frequency of injuries at their largest cost centres, the Australian Protective Service employed industry professionals to conduct hazard identification workshops with employees at Sydney and Melbourne airports. Methods and outcomes from those workshops are applied at other locations to improve workplace safety.

Centrelink initiated a systematic review of current claims to reduce the duration of those claims. Centrelink also identified ways to assist case managers achieve this goal.

The whole of agency project team at ATSIC developed a detailed communication and training plan. The plan communicates the goals and outcomes of the project to all levels of the organisation. The Comcare/ATSIC partnership has produced some innovative ideas to ensure that all employees understand they have a role in OHS. Staff computers will be linked directly in to an employee health intranet site with ATSIC OHS policies and information, and interest items such as recipes and health tips. ATSIC is promoting their project with the slogan '*Safe work is smart work*'.

In participating agencies, the project seeks to integrate and maintain effective OHS communication, injury prevention, return to work and premium management.

Communications strategy

Comcare established a Communications Unit in Corporate Management Division in early 2002. The unit's role is to target information, streamline product formats and distribute information to clients, claimants and customers. It also provides strategic advice on communications to Comcare Executive.

Revision of strategic plan

Comcare's vision 'Australia's Safest Workplaces' remains the focus of its strategic approach. Comcare continues to work in partnership with customers to reduce the human and financial costs of workplace injuries and disease. The strategic plan encompasses the Australian Public Service Values and the Code of Conduct, as set out in the *Public Service Act 1999*. Comcare places a strong emphasis on accepting responsibility and accountability, acknowledging the effort of others and continuing to improve the quality and service delivery of all activities.

Comcare supports its vision and values with 'Key Result Areas' (KRA) and 'Strategies' as follows.

Key Result Areas

KRA 1: Improve the safety and rehabilitation of employees in the Commonwealth jurisdiction and the compensation services we provide.

Strategies: Using the full range of Comcare's services, develop strategies to

- reduce the number of injuries in Commonwealth employment
- reduce the time off work for those who are injured
- develop best practice injury prevention and management systems for the Commonwealth
- ensure that long tail claims are managed innovatively and effectively.

KRA 2: Engage our stakeholders and customers in the process of achieving that improvement.

Strategies: Strategically, using the full range of Comcare's services

- actively work with employers to implement best practice injury prevention and management systems
- communicate professionally, effectively and appropriately with stakeholders
- provide high quality injury prevention and management products including consultancies, training and systems improvement tools to improve injury management within the jurisdiction.

KRA 3: Support our people to enable them to best contribute to continuously improving our business.

Strategies: Using the full range of Comcare's services, actively develop and implement strategies

- ensure that all internal systems actively support the achievement of business outcomes
- improve internal communication, performance management and feedback systems
- ensure the recruitment and retention of professional, highly skilled staff
- ensure sound financial management and governance.

People management

Comcare is using a new People Management Strategy to support the strategic plan's key result area

"Support our people to enable them to best contribute to improving our business".

The People Management Strategy recognises that people management issues are central to delivering a better service to stakeholders and customers. The strategy will ensure that

- Comcare adopts a considered, open and coordinated approach to people management issues
- key people management priorities are identified and appropriate strategies and activities are put in place
- all people management activities are conducted
 - in a way which contributes to the vision and purpose
 - in accordance with corporate values
 - in a way which recognises and promotes a healthy workplace.



Over the last year Comcare focused attention on leadership development, the collection and analysis of workforce planning data and implementation of learning and development initiatives to support staff to enable them to best contribute to improving Comcare's business.

Learning and development

Comcare Leadership Development Program

The Comcare Leadership Development Program began in 2001. It is a learning and development program for senior managers and forms part of the overall People Management Strategy. The program's four major goals are to

- increase the strategic capabilities of Comcare's leadership team
- create a shared understanding among Comcare's leaders of the purpose and future direction of the organisation and of the values and behaviours expected of all senior staff
- foster an environment that encourages creative thinking and innovation
- ensure all leaders have the appropriate skills, knowledge and attributes to enable them to do their current jobs and to move into the future.

The program commenced with a residential workshop for all members. This workshop was a platform for future learning activities which have included a 360 degree feedback process and a financial management workshop

and monthly meetings to consider corporate and strategic issues.



Comcare APS5 — EL1 capability framework

This program, to be implemented in 2002—2003, will address the development needs of APS5 — EL1 staff. Capabilities and associated competencies will be tailored to reflect organisational priorities. The program will be an opportunity for staff to participate in an ongoing practical and flexible learning and development program.

The capability framework will address generic management skills. Specific technical skills will be addressed through other Comcare learning and development programs.

Fresh Start

Comcare's learning and development program *Fresh Start* identifies individual learning and development needs as well as corporate, divisional and team learning and development priorities.

Learning and development strategies for 2001—2002 focused on three main areas -- business improvement, communication and people management. Workshops were presented regularly throughout the year to address these areas including

- *Write on Time* workshops which combined writing and project management
- writing program
- project management approach -- a time management program for junior staff
- *Train Small Groups* workshops -- for staff who present either one on one or to small groups of their colleagues. The workshop covers the planning, delivery and review of training sessions.

These courses were tailored specifically to meet Comcare's business needs. Under Comcare's study leave guidelines staff were also able to access studies assistance to undertake external studies.

Legislative training program

The Legislative Training Program aims to improve knowledge of the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act) amongst claims management staff. The program was designed to improve services through better decision making and assessment under the SRC Act.

Twenty-one Legislative Training Program modules were delivered in Canberra and Melbourne Claims Management Centres. Sessions run for three hours. Each module is a mixture of pre-course work, face-to-face instruction, practice in the workplace and assessment tasks.

Completion of five modules results in a certificate being presented to the successful staff member. To date forty-six certificates have been issued. Participants have responded positively to the program.

External training

Comcare offers a range of training products to Commonwealth agencies, covering a range of topics under the broad headings of occupational health and safety, workers' compensation and rehabilitation. A calendar of courses is published in December and June each year. All are publicly available and can also be tailored for in-house delivery. Comcare's courses are delivered nationally by qualified Comcare staff or contracted external service providers.

In 2001—2002 approximately 800 people attended the regularly scheduled courses and nearly 500 people attended in-house courses delivered in their workplaces. Courses focusing on occupational health and safety and rehabilitation issues have been the most popular for in-house delivery. This trend looks set to continue in the next financial year.



In April 2002, the internal and external training units were amalgamated into the Learning and Development Solutions Unit. This restructure provides more access to qualified Comcare staff for course delivery, aligns the training function with strategic goals and enhances the interaction between Comcare staff and our customer agencies.

Workforce planning

There was an increased emphasis on workforce planning and statistical data collection over the last year. Workforce planning reports were reviewed quarterly at Director's meetings.

Staff survey

During 2001, 277 Comcare staff members completed a staff survey. This represented a 94% response rate. The high response rate meant conclusions drawn from survey data can be taken as representative of the organisation as a whole.

Survey results show that Comcare employees

- understand how their job relates to Comcare's vision
- understand what is expected of them and how to make decisions in their job
- believe that Comcare is committed to providing quality advice and service
- believe that their immediate supervisor takes his or her OHS responsibilities seriously, makes decisions about them based on merit, supports the use of flexible working arrangements, and understands the *APS Values and Code of Conduct*

- understand their own OHS responsibilities
- believe OHS conditions in their workplace are appropriate
- believe Comcare provides them with good working conditions and a workplace free from harassment
- believe that communication with their peers and their customers is effective
- have the flexibility to balance personal/family responsibilities
- are proud to work for Comcare.

The staff survey identified some areas where there was room for improvement. The following steps have been taken to meet some of these criticisms

- communication flow and access to information about all areas of Comcare was improved with minutes from Executive meetings being made available to staff on the intranet
- plain English writing guidelines were issued
- articles about different work areas are a regular inclusion in the fortnightly internal staff newsletter
- staff from other areas of Comcare are attending divisional and team meetings to talk about their roles
- staff participation in the important process of continuous improvement is being highlighted with the introduction of an innovations group
- Comcare has implemented a Reward and Recognition Program which forms an integrated part of Comcare's People Management Strategy.

Reward and recognition

Comcare recognises staff achievements annually through the presentation of Australia Day Achievement Medallions.

In January 2002 Dene Cicci, Gerry Gherardin and Comcare's Initial Liability Unit were presented with awards recognising the high quality of their services to their customers over the past 12 months.

Comcare has recently implemented a reward and recognition program. Staff can be nominated for

- efforts above and beyond those expected of staff in equivalent positions
- successful completion of a particularly intensive, onerous or non-routine task, project or activity
- sustained high quality effort
- innovative ideas, approaches or concepts that lead to improvements in the workplace
- service to the community at large.



Performance and development framework

In 2001—2002 Comcare implemented a Performance and Development Framework to give our people additional tools for improving communication about work performance. Complementing the *Fresh Start* learning and development program, the Framework is giving our people a greater understanding of individual roles and responsibilities. It has also led to a greater understanding of the links between individual contributions and corporate goals. The Framework has a cycle of formal and informal feedback sessions.

The program was reviewed after twelve months of operation. Staff views were canvassed and avenues explored for making improvements to the Framework. Comcare is now implementing the findings of the review.

Ethical standards of behaviour

Upholding and promoting the corporate and APS Values set out under the *Public Service Act 1999* are core elements of the performance assessment arrangements for all employees. Staff are assessed against the values as part of pay advancement arrangements under Comcare's certified agreement. Most EL1 — SES level staff are covered by Australian Workplace Agreements.

As detailed earlier 94% of staff responded to the staff survey conducted during 2001. It is pleasing to note that 90% of respondents indicated that they understood the APS Values and Code of Conduct.

To increase understanding of the APS Values and Code of Conduct articles covering merit and recruitment were included in Comcare's internal newsletter.

Occupational health and safety in Comcare

Comcare has an ongoing commitment to providing and maintaining a safe and healthy working environment for all its employees. It has an active occupational health and safety program and fulfils its obligations in this area using a positive and practical approach.



During 2001—2002 the Comcare National Occupational Health and Safety Committee met quarterly. The committee is responsible for Comcare's strategic approach to the health and safety of its employees. The committee has started a review of Comcare's Occupational Health and Safety Agreement and other health and safety policies and procedures for currency and relevance to the workplace.

The relocation of Comcare's Canberra and Melbourne offices was a major focus during this period. The committee worked with the accommodation manager to ensure that there was strong focus on health and safety issues throughout the relocation process.

Accommodation committees were established to represent all staff throughout the office relocations. Staff exposed to manual handling tasks were identified and instructed in safe manual handling practices through Comcare's 'Back and Beyond' workshops.

Comcare's OHS program has continued its health and safety awareness program for all staff including the provision of a stop-smoking program, workplace assessments for all new employees and for all staff on an as needed basis, the inclusion of health and safety as part of induction sessions and highlighting health and lifestyle issues and options in monthly lunch time sessions.

During the 2001—2002 period there were three notifications under section 68 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991* which requires notification and reporting of accidents and dangerous occurrences. There were no investigations conducted during this year relating to Comcare's

undertakings.



Workers' compensation in Comcare

Seventeen claims were received from Comcare staff in 2001—2002. Four were for journey injuries, one a recess injury and twelve occurred in the workplace. All injured employees are actively managed to ensure a quick, safe and sustainable return to the workplace.

Comcare's Executive is committed to the provision and maintenance of a safe and healthy working environment. Injured employees and their team managers are invited to attend Executive meetings to discuss relevant work related issues which have led to or are impacting upon their injury. An analysis of Comcare's workers' compensation performance is included in a detailed workforce planning report presented to the quarterly Director's meetings.

Comcare is concerned that its workers' compensation premium rate has risen above the Commonwealth average. As a result, Comcare is reviewing its approach to workplace health. Initial analysis of data shows that Comcare is successful in returning injured employees to the workplace, so a major focus for the immediate future will be injury prevention.

Workplace diversity

Comcare values a workplace free from discrimination and harassment, and ensures that employment decisions are based on merit. Through its Certified Agreement, Comcare emphasises flexibility and choices to employees and managers concerning working arrangements, with responsibility for decisions regarding these issues devolved to work sites.

Comcare has harassment contact officers throughout the organisation whose role is to act as a point of referral, a source of information, and a source of support for staff. Contact officers are appointed by management and have management support to carry out their responsibilities. Comcare has not received any complaints of harassment or discrimination in the past year.

Staff survey results in 2001 indicated high satisfaction with working conditions and a workplace free from harassment.

Agreement making

Comcare salary and conditions are managed under the *Workplace Relations Act 1996*. The *Comcare Certified Agreement 2000—2002* was certified by the Australian Industrial Relations Commission on 9 October 2000.

This agreement was made under section 170LJ of the *Workplace Relations Act 1996* and displaces all other Awards and agreements. It sets out the terms and conditions of employment for all of Comcare's staff, except those at the SES classification and those who have negotiated Australian Workplace Agreements. It has a nominal expiry date of 14 November 2002.

Consultation with employees and their representatives on a replacement agreement began in 2001—2002.

As at 30 June 2002 Comcare had 51 employees covered by Australian Workplace Agreements.

Other corporate activities

Accommodation

Comcare leases all its office accommodation. The leases for Melbourne and Canberra offices ended in May and June 2002 respectively. Comcare decided to test the accommodation market in these cities.

Planning and consultation with employees began in August 2001. Planning involved input from all stakeholders through accommodation committees. Each stage of the planning and design cycle was referred back to employees for input.

Comcare moved into new accommodation in Melbourne in May 2002 and Canberra in June 2002. Careful planning, use of expert advisors and active consultation, minimised disruption to productivity.

Activity based costing

Comcare's activity based costing model is used for a variety of purposes including planning and budgeting, project costing and pricing. It fully costs all activities, attributes organisational costs, and allows for the development of appropriate costing and pricing models. The model has been adapted and refined during the year in response to changes in the way Comcare delivers its services.



Fraud control initiatives

Comcare continued to investigate cases of suspected fraud against its programs. During this financial year 146 investigations were finalised with two matters resulting in successful prosecutions. Whilst a number of investigations are yet to be finalised, savings to the Commonwealth have already been achieved to the value of \$2.4 million.

Comcare finalised a tender process for the provision of Investigation and Surveillance Services. Contracts for the provision of these services have been negotiated, ensuring that Comcare has access to a panel of quality investigation companies and associated services in every State and Territory of Australia.

Knowledge management

A knowledge management project has been initiated to ensure our ability to capture and share information underpinning our business activities. Although the adoption of knowledge management is in its infancy, progress has been made in establishing what knowledge management means to Comcare and identifying ways forward.

TOP



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Comcare's Outcome and Outputs Framework

The Portfolio Budget Statement defines Comcare's Outcome as

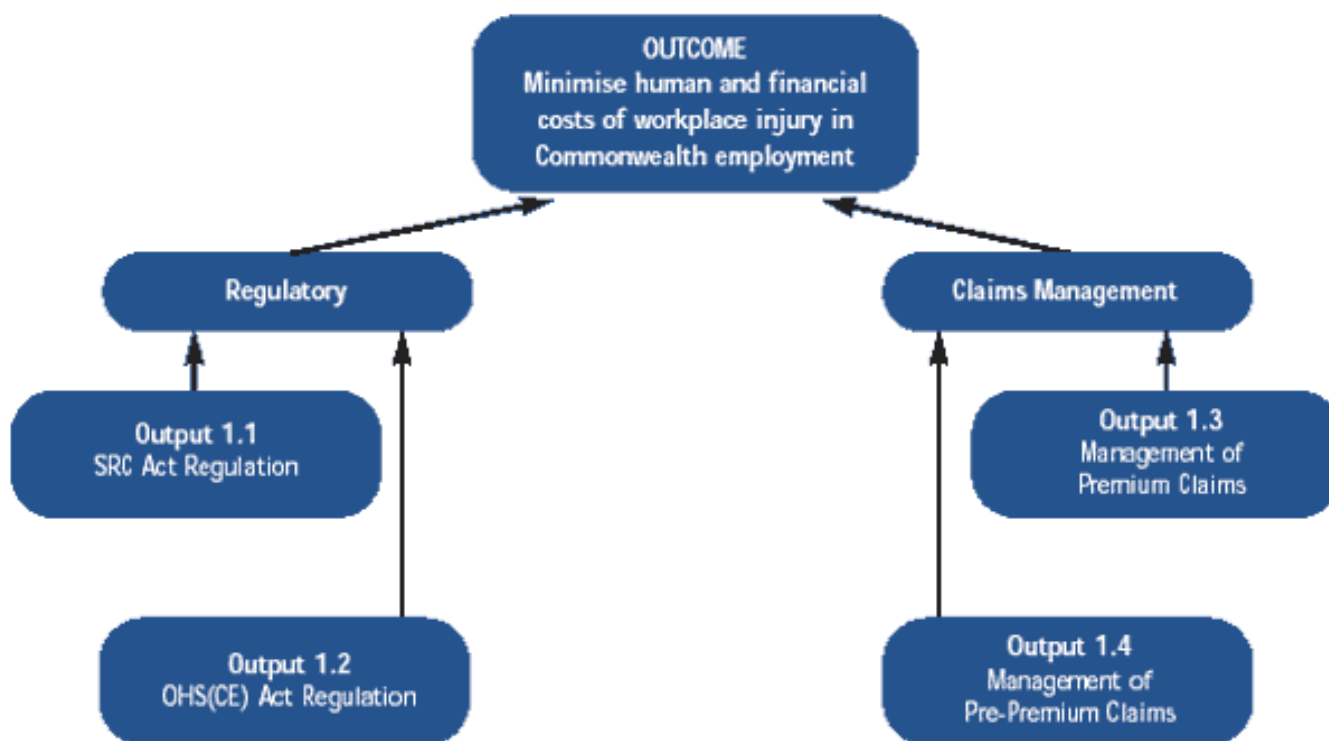
To 'Minimise the human and financial costs of workplace injury in Commonwealth employment.'

The performance measures for this Outcome are a low premium rate and a declining trend in outstanding scheme liabilities. These are indicators of both occupational health and safety and workers' compensation performance.

Diagram 3 below shows the relationship between the outcome and the contributing outputs for Comcare.

Diagram 3: Relationship between the outcome and the contributing outputs

Diagram 3: Relationship between the outcome and the contributing outputs



Resources for Outcome

Table 1 shows the total resourcing for the Outcome, including

- total administered revenue
- revenue from Government (appropriation) for outputs
- revenue from other sources
- total price of outputs less administered revenue.

Table 1: Total Resources for Outcome

	(1)	(2)	(1) - (2)	
	Budget 2001-2002 \$'000	Actual 2001-2002 \$'000	Variation 2001-2002 \$'000	Budget 2002-2003 \$'000
Outcome 1: Minimise human and financial costs of workplace injury in Commonwealth employment.				
Administered appropriations				
Activity Area 1	88594	94924	-6330	1893
Total administered appropriations	88594	94924	-6330	1893
Departmental appropriations				
Output Group 1.1 - SRC Act Regulation	2100	2550	-450	0
Output Group 1.2 - OH&S Act Regulation	0	21	-21	0
Output Group 1.3 - Management of premium claims	133093	184132	-51039	45185
Output Group 1.4 - Management of pre-premium claims	74500	61187	13313	73368
Subtotal output group	209693	247890	-38197	118553
Total revenue from government (appropriations) Contributing to price of departmental outputs	209693	247890	-38197	118553
Revenue from other sources				
Output Group 1.1 - SRC Act Regulation	1173	1073	100	3788
Output Group 1.2 - OH&S Act Regulation	5523	5730	-207	5678
Output Group 1.3 - Management of premium claims	926	2793	-1867	92274
Output Group 1.4 - Management of pre-premium claims	440	0	440	370
Total revenue from other sources	8062	9596	-1534	102110
Total price from departmental outputs	217755	257486	-39731	220663
Total estimated resourcing for outcome 1 (Total price of outputs and admin expenses)	129161	162562	-33401	218770

Regulatory Services

Output 1.1 – SRC Act Regulation and Output 1.2 – OHS(CE) Act Regulation

Introduction

This section provides information on Comcare's regulatory activities. Regulatory activities relevant to the Safety, Rehabilitation and Compensation Commission are reported on in detail in the Safety, Rehabilitation and Compensation Commission Annual Report for 2001—2002. This report aims to provide a description of activities and to report on performance against outcomes and outputs without duplicating detail provided in the Safety, Rehabilitation and Compensation Commission Report.

Regulatory Services structure

Comcare's organisational structure to General Manager level is shown in the [**Corporate Overview**](#) of this report.

Comcare restructured Regulatory Services to improve business outcomes and provide a more integrated approach to service delivery in January 2002.

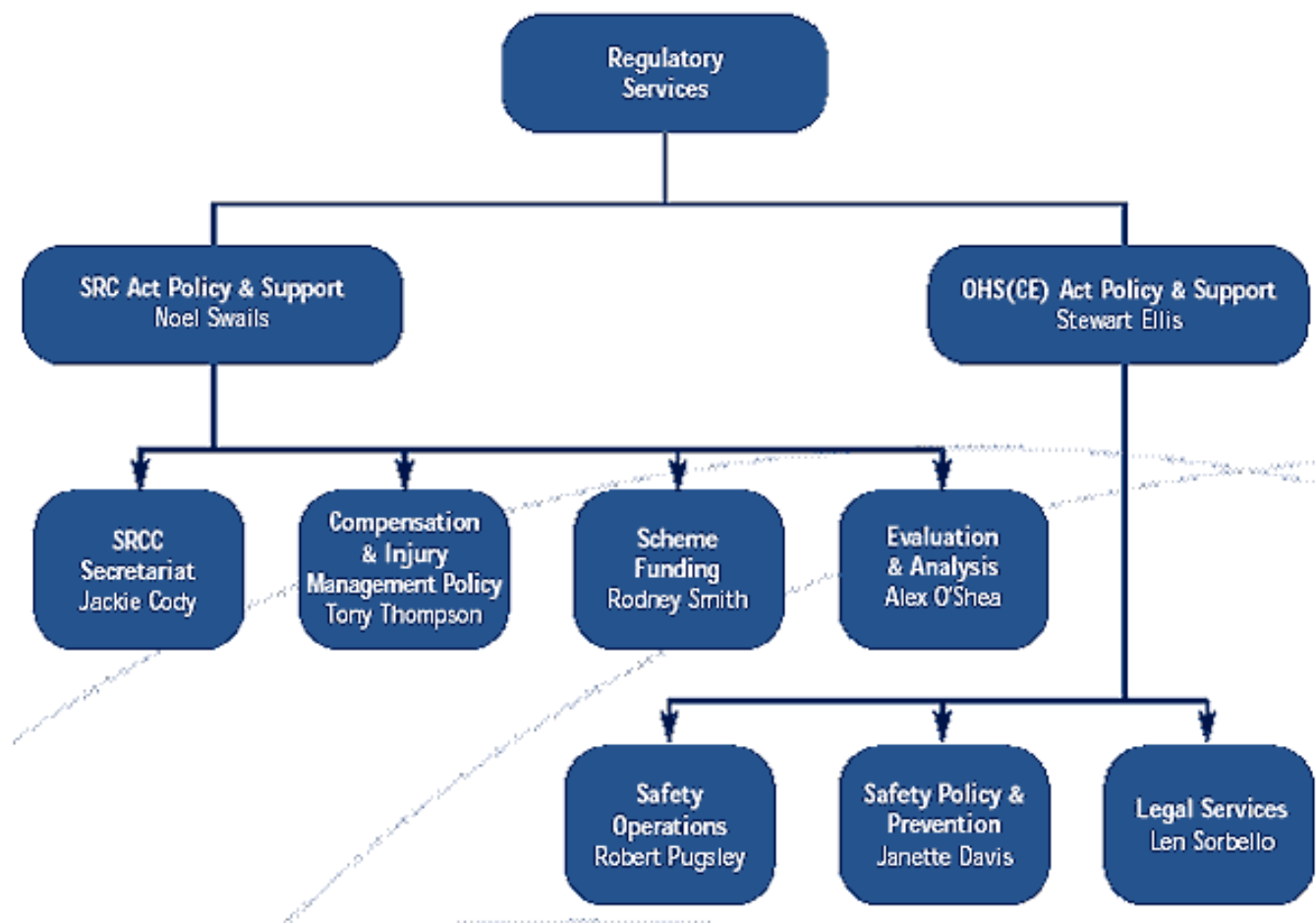
All activities associated with the administration of the *Safety, Rehabilitation and Compensation Act 1988* are delivered by SRC Act Policy and Support including compensation and injury management policy, scheme funding, evaluation and analysis of scheme performance and licensing of self-insurers (Output 1.1).

All activities associated with policy development, administration and the enforcement of the *Occupational Health and Safety (Commonwealth Employment) Act 1991* are delivered by OHS(CE) Act Policy and Support (Output 1.2).

Regulatory Services staff are based in Canberra, Sydney, Melbourne, Brisbane and Adelaide. The Regulatory Services structure is detailed in Diagram 4.

Diagram 4: Regulatory Services structure

Diagram 4: Regulatory Services structure



Output 1.1 - SRC Act Regulation

Output description

This output covers activities carried out by Comcare in relation to the administration of the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act).

It covers

- scheme funding
- compensation and rehabilitation management
- licensing and compliance arrangements under the SRC Act
- evaluation of scheme performance.

Output performance measure

Quantity/Quality

- Total assets (including notional surplus) exceed total liabilities.
- Premiums reflect sound actuarial assessments of estimated liabilities.
- Performance meets Safety, Rehabilitation and Compensation Commission requirements.

Price

- Budget estimate \$3.3 million (without capital use charge).

The actual price for delivering Output 1.1 was \$3.62 million (without capital use charge).

The Safety, Rehabilitation and Compensation Act 1988 scheme

The SRC Act establishes a fully-funded premium-based system and a licensed self-insurance system of compensation and rehabilitation for employees who are injured in the course of their employment. It covers all Commonwealth employees, including members of the Australian Defence Force (ADF), and employees of certain private sector corporations. ACT Government employees are also covered by virtue of the ACT Government having been declared a Commonwealth authority for the purposes of the SRC Act on 30 June 1994.



The SRC Act emphasises prevention, active claims management, rehabilitation and safe return to work. It has a comprehensive benefits structure with limited common law rights.

The original title of the Act, when enacted in 1988, was the *Commonwealth Employees' Rehabilitation and Compensation Act 1988*. The title was amended in 1992 to reflect the extension of the potential coverage of the SRC Act beyond the public sector into the private sector, in line with provisions made at the time.

In brief, the SRC Act scheme is characterised by

- a fully-funded approach where employers have financial accountability for the cost of work-related injury and disease through the payment of an annual premium
- a 'no fault' scheme, with limited access to common law
- an integrated and cost effective approach to prevention, compensation and occupational rehabilitation
- a comprehensive benefits structure with entitlement to compensation payments for 45 weeks at 100% of normal weekly earnings, and 75% thereafter
- employer responsibility for the occupational rehabilitation of injured workers
- coverage of all allowable medical, rehabilitation and related costs associated with the treatment of work related injury and disease
- lump sum payments for permanent impairment due to work related injury or disease
- coverage for journeys and ordinary recesses (such as meal breaks).

Since the introduction of the SRC Act, the Commonwealth workers' compensation scheme has largely been funded by the collection of premiums from employers. It is also funded through licence fees, regulatory contributions, and some payments from the Consolidated Revenue Fund (for workers' compensation claim payments for injuries incurred prior to July 1989).

Assets exceed liabilities

On 30 June 2002, (notional) funds in Consolidated Revenue Fund (\$843.1m) exceeded the estimate of outstanding liabilities (\$697.9m). This means the scheme remains fully funded with a notional surplus of \$145.2m (or 21%).

Performance Report

Estimates of outstanding liabilities are central estimates in the sense that there is a 50/50 chance that when the liabilities are discharged they will be too high or too low.

From 1993—1994 Comcare has included a prudential margin in its outstanding liabilities which increases the probability of the estimates being sufficient from around 50% to 75%.

Premiums reflect estimated liabilities

Under the *Safety, Rehabilitation and Compensation Act 1988*, annual premiums fund the costs of compensable injuries suffered after 30 June 1989.

In the past, the Safety, Rehabilitation and Compensation Commission has reported on setting of premiums in its annual report. Comcare is reporting on premiums in this year's annual report because the *Safety, Rehabilitation and Compensation and Other Legislation Amendment Act 2001* moved the responsibility for setting 2002—2003 and future premiums from the Commission to Comcare.

Before setting the total of all premiums that it will collect, Comcare obtains advice from a consultant actuary on the overall amount that should be collected in premiums each year. The actuary estimates a premium pool for Commonwealth agencies and a premium pool for the ACT public sector.

This year the actuary advised Comcare to increase the premium pool for Commonwealth agencies because the average cost of claims was increasing. Information on the trends contributing to increases in the average cost of claims is included under Output 1.3 --Management of Premium Claims.

Comcare obtained independent advice from a second consultant actuary that confirmed the need for an increase.

Comcare set the premium pool for Commonwealth agencies at 1.13% of payroll for 2002—2003, compared with 1.00% for 2001—2002.

Even with an increase in the overall premium rate to 1.13%, many agencies achieved a reduction in their premium costs. This occurred because the premium rate of each agency responds to the number and cost of claims from that agency as well as to the claim performance of all Commonwealth premium-paying agencies.

Comcare set the premium pool for the ACT public sector at 3.07% of payroll for 2002—2003, compared with 3.36% for 2001—2002.

While Comcare obtains advice from consultant actuaries each year, the Australian National Audit Office also reviews the estimates of liabilities as part of the external audit process. This helps Comcare to ensure premiums reflect estimated liabilities and the Commonwealth workers' compensation scheme remains fully funded.

Publication of Premium rates

Comcare and the Safety, Rehabilitation and Compensation Commission consider that publication of agencies' premium rates over a number of years should contribute to increasing agency leadership and accountability in prevention and injury management. The premium for each agency provides a measure of the agency's effectiveness in preventing injuries and in returning injured employees to work as soon as it is safe to do so.

The following table shows premium rates for agencies with more than 100 employees for 2002—2003 and the previous three years (agencies with fewer than 100 employees have not been included due to small size volatility). The 2002—2003 rate is a prescribed rate based on the estimated liability for injuries that will be



sustained in that financial year, whereas the rates shown for earlier years are revised rates which include bonus or penalty amounts based on claim performance in those years. The rate for 2002—2003 has been identified by its rate quartile, with the fourth quartile representing the highest premium rates.

Some caution must be exercised in interpreting these rates. Cross agency comparisons may not be valid in all instances as some agencies face inherently different risks (for example in terms of the type of staff employed). Year-to-year agency comparisons for some agencies may also not be valid due to machinery of government changes where sub-agencies of higher/lower risk have been added.

Table 2 -- Agency Premium Performance

CUSTOMER NAME	2001-2002 FTE	1999-2000 Revised Rate	2000-2001 (Incl GST) Revised Rate	2001-2002 (Incl GST) Revised Rate	2002-2003 (Incl GST) Prescribed	Quartile of Rates 2002-2003
Aboriginal & Torres Strait Islander Commission	1164	1.09%	1.60%	1.55%	1.57%	2
Aboriginal Hostels Limited	410	2.27%	3.55%	3.38%	3.10%	4
Adelaide Symphony Orchestra Pty Ltd	100	1.60%	1.41%	1.65%	1.77%	2
Administrative Appeals Tribunal	166	0.55%	0.50%	0.37%	0.44%	1
Airservices Australia	2945	0.53%	0.58%	0.55%	0.55%	1
Army & Air Force Canteen Service	162	1.92%	1.90%	2.13%	2.42%	3
Attorney-Generals Department	1292	2.38%	2.47%	1.44%	1.39%	2
Australia Council	129	0.46%	0.42%	0.43%	0.47%	1
Australia New Zealand Food Standards	106	0.40%	0.40%	0.37%	0.34%	1
Australian Broadcasting Authority	152	0.90%	1.09%	0.84%	0.91%	1
Australian Broadcasting Corporation	4200	0.68%	0.67%	0.53%	0.60%	1
Australian Bureau of Statistics	3291	0.87%	0.74%	1.21%	1.37%	2
Australian Communications Authority	439	0.56%	0.54%	0.53%	0.73%	1
Australian Competition & Consumer Commission	447	0.70%	0.56%	0.62%	0.49%	1
Australian Customs Service	4230	1.25%	1.13%	1.08%	1.15%	2
Australian Electoral Commission	1610	1.15%	0.79%	0.75%	0.82%	1
Australian Federal Police	2800	2.14%	2.40%	2.73%	3.65%	4
Australian Film, Television & Radio School	145	1.03%	1.10%	1.35%	1.53%	2
Australian Fisheries Management Authority	104	0.48%	0.49%	0.37%	0.48%	1
Australian Government Solicitor	610	0.74%	0.66%	0.60%	0.57%	1
Australian Hearing Services	797	0.37%	0.43%	0.45%	0.55%	1
Australian Industrial Registry	225	0.46%	0.39%	0.38%	0.64%	1

Australian Institute of Health & Welfare	168	0.37%	0.45%	0.52%	0.82%	1
Australian Institute of Marine Science	160	0.51%	0.61%	0.46%	0.54%	1
Australian Maritime College	190	0.95%	0.76%	1.18%	1.32%	2
Australian Maritime Safety Authority	244	1.29%	1.20%	1.06%	0.77%	1
Australian National Audit Office	265	1.17%	0.86%	0.65%	0.64%	1
Australian National Maritime Museum	102	1.02%	0.93%	0.74%	1.21%	2
Australian National Training Authority	104	0.30%	0.24%	0.23%	0.26%	1
Australian National University	3197	0.76%	0.88%	0.71%	0.71%	1
Australian Nuclear Science & Technology Organisation	804	0.97%	0.94%	0.88%	0.87%	1
Australian Prudential Regulation Authority	430	1.04%	0.68%	0.92%	0.67%	1
Australian Public Service Commission	144	0.75%	0.63%	0.62%	0.58%	1
Australian Radiation Protection & Nuclear Safety Agency	123	0.47%	0.40%	0.39%	0.41%	1
Australian Securities & Investments Commission	1185	0.40%	0.50%	0.60%	0.62%	1
Australian Sports Commission	367	1.01%	0.88%	0.81%	0.72%	1
Australian Taxation Office	20477	0.59%	0.58%	0.69%	0.95%	2
Australian Tourist Commission	101	0.27%	0.21%	0.25%	0.30%	1
Australian Trade Commission	625	0.30%	0.29%	0.21%	0.32%	1
Australian War Memorial	280	1.44%	1.08%	1.03%	1.17%	2
Bureau of Meteorology	1426	0.48%	0.59%	0.64%	0.66%	1
Central Land Council	125	1.00%	0.83%	0.79%	0.78%	1
Centrelink	20788	1.18%	1.27%	1.44%	1.80%	2
Civil Aviation Safety Authority	630	0.55%	0.53%	0.59%	0.70%	1
Comcare	301	1.04%	1.03%	1.22%	1.48%	2
Commonwealth Scientific & Industrial Research Organisation	6224	0.73%	0.78%	0.61%	0.75%	1
Commonwealth Superannuation Administration	366	0.43%	0.40%	0.52%	0.63%	1
Defence Housing Authority	497	0.58%	0.45%	0.49%	0.80%	1
Department of Agriculture, Fisheries & Forestry	2848	1.89%	1.85%	1.29%	1.74%	2
Department of Communications, IT & the Arts	953	1.41%	1.49%	1.59%	1.13%	2

Department of Defence (civilian)	16879	1.61%	1.12%	1.06%	0.92%	2
Department of Education, Science & Training	1360	0.61%	0.70%	1.00%	1.08%	2
Department of Employment & Workplace Relations	2189	0.85%	0.74%	0.71%	0.91%	1
Department of Family and Community Services	5687	0.86%	1.12%	1.11%	1.08%	2
Department of Finance & Administration	1456	0.73%	0.70%	0.69%	0.86%	1
Department of Foreign Affairs & Trade	3333	0.47%	0.60%	0.47%	0.40%	1
Department of Health & Ageing	3175	1.01%	1.07%	1.49%	1.48%	2
Department of Immigration, Multicultural & Indigenous Affairs	3894	0.73%	0.78%	0.78%	0.91%	1
Department of Industry, Tourism & Resources	2828	0.48%	0.55%	0.38%	0.76%	1
Department of the Environment & Heritage	1786	1.41%	1.39%	1.39%	1.45%	2
Department of the House of Representatives	230	1.76%	1.33%	1.31%	1.41%	2
Department of the Parliamentary Library	162	0.85%	0.74%	0.95%	1.05%	2
Department of the Parliamentary Reporting Staff	280	0.68%	0.63%	0.55%	0.73%	1
Department of the Prime Minister & Cabinet	352	0.88%	0.58%	0.56%	0.64%	1
Department of the Senate	253	2.06%	1.46%	2.00%	1.87%	3
Department of the Treasury	631	1.09%	1.06%	0.84%	0.75%	1
Department of Transport & Regional Services	1003	0.96%	0.76%	0.56%	0.69%	1
Department of Veteran's Affairs	2385	1.34%	1.07%	1.33%	1.41%	2
Director of Public Prosecutions	400	0.42%	0.44%	0.53%	0.56%	1
Employment National (Administration) Pty Ltd	1398	0.45%	0.27%	0.23%	0.27%	1
Export Finance & Insurance Corporation	166	0.32%	0.34%	0.22%	0.21%	1
Family Court of Australia	630	1.71%	1.42%	1.11%	0.92%	2
Federal Court of Australia	315	0.89%	1.06%	1.18%	1.19%	2
Great Barrier Reef Marine Park Authority	166	0.51%	0.46%	0.41%	0.49%	1
Health Insurance Commission	3925	1.04%	1.33%	1.34%	1.54%	2
Health Services Australia	303	0.77%	0.76%	0.71%	0.94%	2
Joint House Department	281	2.70%	2.69%	2.52%	2.21%	3

Medibank Private Limited	1367	0.93%	0.86%	0.92%	1.03%	2
Melbourne Symphony Orchestra Pty Ltd	134	1.00%	1.02%	1.21%	1.29%	2
National Archives of Australia	340	1.62%	1.34%	1.17%	1.25%	2
National Crime Authority	396	0.61%	0.48%	0.31%	0.46%	1
National Gallery of Australia	225	1.69%	1.59%	1.22%	1.20%	2
National Library of Australia	520	1.73%	1.48%	1.36%	1.41%	2
National Museum of Australia	210	1.00%	0.83%	0.76%	0.90%	1
National Native Title Tribunal	248	0.62%	0.53%	0.45%	0.57%	1
National Occupational Health & Safety Commission	121	0.82%	0.84%	0.67%	0.68%	1
National Regulatory Authority for Agriculture and Veterinary Chemicals	125	0.72%	0.65%	0.57%	0.50%	1
Northern Land Council	115	0.45%	0.44%	0.46%	0.67%	1
Note Printing Australia Ltd	304	1.13%	1.22%	0.92%	0.97%	2
Productivity Commission	200	0.39%	0.36%	0.39%	0.40%	1
Queensland Orchestras Pty Ltd	105	N/A	2.12%	2.34%	3.14%	4
Snowy Hydro Ltd	370	0.88%	0.89%	0.57%	0.63%	1
Special Broadcasting Service	730	0.63%	0.48%	0.40%	0.42%	1
Sydney Symphony Orchestra Pty Ltd	173	1.24%	1.14%	0.90%	1.05%	2
West Australian Symphony Orchestra Holdings Pty Ltd	107	1.45%	2.10%	2.65%	2.35%	3

Scheme Performance meets Safety, Rehabilitation and Compensation Commission requirements

The Safety, Rehabilitation and Compensation Commission annual report for 2001—2002 describes in detail the performance of the Commonwealth scheme against a range of measures, including Commission Indicators. These indicators cover prevention, claims management, return to work and scheme administration. Much of the activity under this output supports this, and is described below.

Legislative reform

Comcare has continued to advise the Safety, Rehabilitation and Compensation Commission on how to improve compensation and injury management systems, while maintaining accountability and retaining the integrity of the workers' compensation scheme. Key activities are described below.

The *Safety, Rehabilitation and Compensation and Other Legislation Amendment Act 2001* (SRCOLA Act) received royal assent on 1 October 2001. Its main features were to streamline licensing arrangements, refine standards for rehabilitation providers, alter the scheme funding arrangements and make some changes to compensation entitlements. Specifically, the SRCOLA Act amended the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act) by

- enabling compensation payments to ex-employees to be updated by reference to a prescribed index



- clarifying that there is no entitlement under the SRC Act to a lump sum payment for non-economic loss for a permanent impairment occurring prior to 1 December 1988 except where a claim has been lodged before the introduction of this amendment (7 December 2000)
- clarifying provisions relating to the calculation of compensation
- enabling employees injured after the age of 63 to receive weekly compensation payments for a maximum period of 104 weeks
- ensuring that those providing rehabilitation services meet acceptable standards through a range of measures
- ensuring dependants of deceased employees are not barred from taking action at common law
- improving access to compensation for permanent impairment for hearing loss
- streamlining the existing complex licensing arrangements
- amending provisions relating to premiums and regulatory contributions and
- amending various technical and miscellaneous provisions.

The date of commencement for changes to premiums and regulatory contributions is 1 July 2002. All other changes were put in place progressively during 2001—2002.

Comcare helped agencies and determining authorities to make the transition to the new arrangements. Comcare gave policy advice and issued customer circulars as the amendments became effective. Comcare briefed determining authorities on the amendments at meetings of the jurisdictional consultative group.

Revision of the permanent impairment guide

The Safety, Rehabilitation and Compensation Act 1988 (SRC Act) provides that Comcare may prepare a guide to the assessment of the degree of permanent impairment (the guide). This guide assists calculation of compensation for permanent impairment. The existing guide is under review. The Australian Government Solicitor's Office and Sparke Helmore solicitors have been engaged by Comcare to assist in the review process.

Comcare circulated a revised draft guide to stakeholders for consultation in March 2002. A copy was also placed on Comcare's website. During the six-month consultation period, Comcare and the Military Compensation and Rehabilitation Service (MCRS) are running a trial of the draft guide. Comcare will use the findings from that trial and the feedback from the consultation process to finalise the guide in the coming year.

Rehabilitation

Employers are responsible for determining access to rehabilitation assessments and rehabilitation programs for injured employees. Employees are required to actively participate in the development and implementation of their return to work programs. Comcare is working with Commonwealth agencies to improve rehabilitation performance and reduce the duration of claims.

To assist agencies to improve their injury management systems, Comcare is developing an integrated audit tool to measure the adequacy of prevention and injury management systems in agencies.

Rehabilitation providers play an important role in providing expert advice and assistance to agencies on the management of injured employees. This year amendments to the SRC Act were implemented regarding the rehabilitation approval process. This included the gazettal in March 2002 of instruments relating to the quality assurance program for rehabilitation providers. Comcare developed new criteria and revised operational standards for initial approval and renewal of rehabilitation program providers. By 30 September 2002 Comcare will have assessed all applicants for approved rehabilitation provider status for approval against the new criteria and standards.

Along with most Australian workers' compensation jurisdictions, the Safety, Rehabilitation and Compensation Commission scheme participates in the National Return to Work Monitor. The Monitor benchmarks key return to work outcomes and enables inter-jurisdictional comparison. Although the Safety, Rehabilitation and Compensation Commission scheme has better return to work and durable return to work rates than all the other

Australian schemes, performance against these measures has dropped over the last two years. These trends and claim duration (the length of time on compensation) will be monitored closely as Comcare implements strategies to improve rehabilitation management.

Asbestos publication

During the year, Comcare received an increasing number of inquiries from agencies seeking advice on the management of asbestos related disease claims. In response to these queries, Comcare has produced a booklet to provide concise and clear advice to agencies on

- the nature and causes of asbestos related disease
- the occupational health and safety requirements applicable to the use of asbestos
- the compensation arrangements available for employees who contract an asbestos-related disease as a consequence of their employment with the Commonwealth.

Other initiatives

Other policy initiatives undertaken during the year included

- guidelines to govern the settlement of workers' compensation matters before the Administrative Appeals Tribunal (AAT) (as part of the process of improving dispute resolution mechanisms) were issued by the Safety, Rehabilitation and Compensation Commission with effect from 1 January 2002
- the delivery of pilot information programs for general practitioners and legal professionals about the operation of the Commonwealth workers' compensation scheme
- a comprehensive training program for approved rehabilitation service providers.

Licensing

The *Safety, Rehabilitation and Compensation Act 1988* enables Commonwealth authorities and certain eligible corporations to apply to the Safety, Rehabilitation and Compensation Commission for a licence to self-insure their workers' compensation liabilities and/or manage claims.

The Safety, Rehabilitation and Compensation Commission evaluates licensees' compliance with their conditions of licence, associated performance standards and performance outcomes against a set of Safety, Rehabilitation and Compensation Commission indicator measures which include prevention, rehabilitation, claims management and scheme administration.

The National Rail Corporation Limited (now trading as Pacific National (ACT) Limited commenced as a licensed corporation on 1 July 2001. Other licensees are

- ADI Limited
- Australian air Express Pty Ltd
- Australian Postal Corporation
- CSL Limited
- JRH Biosciences Pty Ltd
- Network Design and Construction Limited
- Reserve Bank of Australia
- Telstra Corporation Limited
- Visionstream Pty Ltd.

Licence compliance and performance outcomes form the basis for Safety, Rehabilitation and Compensation Commission decisions on relevant licence extensions, calculation of the performance component of licence fees and on the next year's licence compliance evaluation program.

During the year the Safety, Rehabilitation and Compensation Commission undertook a review of the prudential conditions of licence. It sought to strengthen the prudential conditions based on applicable standards issued by the Australian Prudential Regulation Authority for the general insurance industry. The Safety, Rehabilitation and Compensation Commission was mindful that the prudential conditions for licensees should protect employees and the government against any unfunded workers' compensation liabilities in the event that a licence holder is unable to meet its obligations. It varied the prudential conditions for all licensees on 1 July 2002.

Output 1.2 - OHS(CE) Act Regulation

Output description

This output encompasses activities carried out by Comcare in relation to the administration of the *Occupational Health and Safety (Commonwealth Employment) Act 1991* (OHS(CE) Act).

It covers

- policy development and advice in relation to OHS activities in Commonwealth employment
- injury and disease prevention activities and programs
- OHS compliance programs.

Output performance measure

Quantity/Quality

- Performance meets Safety, Rehabilitation and Compensation Commission requirements.

Price

- Budget estimate \$5.5 million (without capital use charge).

The actual price for delivering Output 1.2 was \$5.54 million (without capital use charge).

The Occupational Health and Safety (Commonwealth Employment) Act Scheme

The OHS(CE) Act is designed to minimise the incidence and severity of work-related injury and disease in Commonwealth employment. It does this through a regulatory framework which includes advisory and enforcement functions, and a system of penalties and sanctions. It is similar to legislation in force in all states/territories.

- The OHS(CE) Act
- confers a duty of care on employers, manufacturers, suppliers and certain contractors
- specifies employees' duties
- requires employers to notify and report accidents or dangerous occurrences
- provides for the
 - establishment of designated work groups
 - selection of health and safety representatives (HSRs)
 - establishment of health and safety committees
 - appointment of investigators with a range of powers to allow them to conduct OHS investigations
- allows for the issuing of Provisional Improvement Notices by HSRs and Improvement Notices and

Prohibition Notices by investigators

- allows appeal against investigators' decisions to the Australian Industrial Relations Commission
- places a variety of monetary penalties against certain parties for contraventions of the *Occupational Health and Safety (Commonwealth Employment) Act 1991* (OHS(CE) Act)
- confers on the Minister power to direct the Safety, Rehabilitation and Compensation Commission and Comcare on any matter relating to the performance of their functions and exercise of their powers under the OHS(CE) Act, and to approve regulations and codes of practice.

Performance report

Legislation

In June 2002, the Minister for Employment and Workplace Relations, the Hon Tony Abbott MP introduced the *Occupational Health and Safety (Commonwealth Employment) Amendment (Employee Involvement and Compliance) Bill 2002* into Parliament.

The reforms proposed in this Bill focus on two key areas to improve OHS outcomes in the Commonwealth

- improving employee involvement in OHS and providing for a more direct relationship between employers and employees about OHS so that workplaces can develop arrangements which take account of the specific needs of their enterprise and
- introducing new and innovative compliance measures and ensuring that there is a strong and effective enforcement regime in place.

At the time of writing, debate had not commenced on the Bill.

Prevention

Comcare develops and issues material to assist employers to manage health and safety risks to employees at work. One aspect of this guidance is a series of fact sheets. During the year, fact sheets were released on

- hazards associated with exposure to environmental tobacco smoke or passive smoking issued in November 2001
- the nature of the employer's duty of care, risk factors and risk control mechanisms for Legionella issued in December 2001.

Following reports of cases of anthrax in the United States in September 2001, Comcare received a number of inquiries from agencies regarding security incidents involving suspect mail and possible biological contaminants in the workplace. Information and advice to assist employers in the Commonwealth with these issues was placed on Comcare's website.

Activities were undertaken to improve the accessibility of OHS publications to Commonwealth agencies. A key activity was the implementation of a virtual office on Comcare's website. This tool allows users to take a web-based tour of the virtual office and view the workstation, first aid room, kitchenette and photocopying room. The virtual office includes easy to navigate links to regulatory and guidance material for Commonwealth agencies that may be used in the development of occupational health and safety policies and procedures.



OHS regulation

Regulation under the OHS(CE) Act includes investigations. These investigations may be reactive (in response to a specific request, following notification of an incident at a workplace) or planned (to examine an agency's OHS management systems).

Not all requests for investigations or incidents notified to Comcare result in an investigation. Each is assessed by Comcare on the basis of a number of criteria to determine whether or not an investigation should proceed. In 2001—2002, 460 such issues were satisfactorily resolved without the need for a formal investigation.

During the year, Comcare completed 169 investigations under the OHS(CE) Act. Employers were given the investigators' reports for information and necessary corrective action to be taken where such recommendations were made. Employers were asked to provide Comcare with details of actions taken or proposed to be taken in response to the recommendations and their timeframes for implementing any outstanding recommendations.



A joint Department of Defence and Comcare project was undertaken during 2001—2002. The project analysed investigations conducted across the Australian Defence Force since July 1996 to identify

- whole of Defence issues arising from these investigations which could be addressed at a strategic level
- the key issues that had the greatest potential for reducing injuries and health effects for Defence personnel.

During the year Comcare's data recording and reporting systems were upgraded to improve collection of key OHS information. Work is now underway on developing, in consultation with Comcare's customers, a range of reports that will identify emerging OHS issues affecting the jurisdiction and to provide these reports online to agencies.

Development of a comprehensive on-line Operations Manual covering all functions undertaken under the *Occupational Health and Safety (Commonwealth Employment) Act 1991* (OHS(CE) Act) including policy development, prevention and compliance commenced in 2001—2002.

The Operations Manual will provide quick and easy access to up-to-date information required by Comcare's OHS staff and investigators. It will include links to legislation and interpretation of the various sections and parts of the OHS(CE) Act as appropriate.

All relevant Comcare staff undertook training in writing of investigation reports and are scheduled to complete a comprehensive investigations training program in the coming year. The course, Certificate IV in Government (Investigations), is tailored specifically for Comcare's regulatory investigations and includes classroom, distance and on the job training.

Outlook

In May 2002, the Workplace Relations Ministers' Council endorsed a National OHS Strategy (2002—2012). The Strategy builds on the existing National OHS Improvement Framework and identifies five strategic priorities

- reduce high incidence/severity risks
- improve the capacity of business operators and workers to manage OHS effectively
- prevent occupational disease more effectively
- eliminate hazards at the design stage
- strengthen the capacity of government to influence OHS outcomes.

The strategy has also set two key performance outcome targets, to reduce work related deaths by at least 20% by 2012, and to reduce the incidence of work related injury (five day incidence) by at least 40% by 2012 and by 20% by 2007. The Safety, Rehabilitation and Compensation Commission has adopted the strategy and targets.

The Strategy will be an important factor in planning and implementation over the next decade.

Further detail on the activities of Comcare's Regulatory Services can be found in the **Safety, Rehabilitation and Compensation Commission Annual Report for 2001—2002**. This report can be obtained by contacting Secretariat, Regulatory Services, Comcare, GPO Box 9905, Canberra ACT 2601 or by accessing Comcare's website <http://www.comcare.gov.au>.

Claims Management

Output 1.3 - Management of Premium Claims and Output 1.4 - Management of Pre-Premium Claims

Comcare provides injury management services to Commonwealth and ACT Government employers and injured employees around Australia. This part of the Commonwealth jurisdiction covers 169,257 employees, employed by more than 170 premium paying Commonwealth agencies and the ACT Government. The authority for these services is the *Safety, Rehabilitation and Compensation Act 1988*.

This section deals with the management of premium (post-July 1989), and pre-premium (pre-July 1989) claims and Comcare's performance against the output performance measures for Outputs 1.3 and 1.4 contained within the Portfolio Budget Statements.

Claims management services

Comcare's claims management operations are based in claims management centres in Canberra and Melbourne.

The Canberra claims management centre deals with claims made in the last four financial years and claims for the ACT Government. The Melbourne centre deals with all older premium and pre-premium claims.

This year, Comcare continued to work with customer agencies to reduce the frequency, severity and cost of claims and to ensure that where employees are injured at work, they have access to the most appropriate treatment and return to work plans.

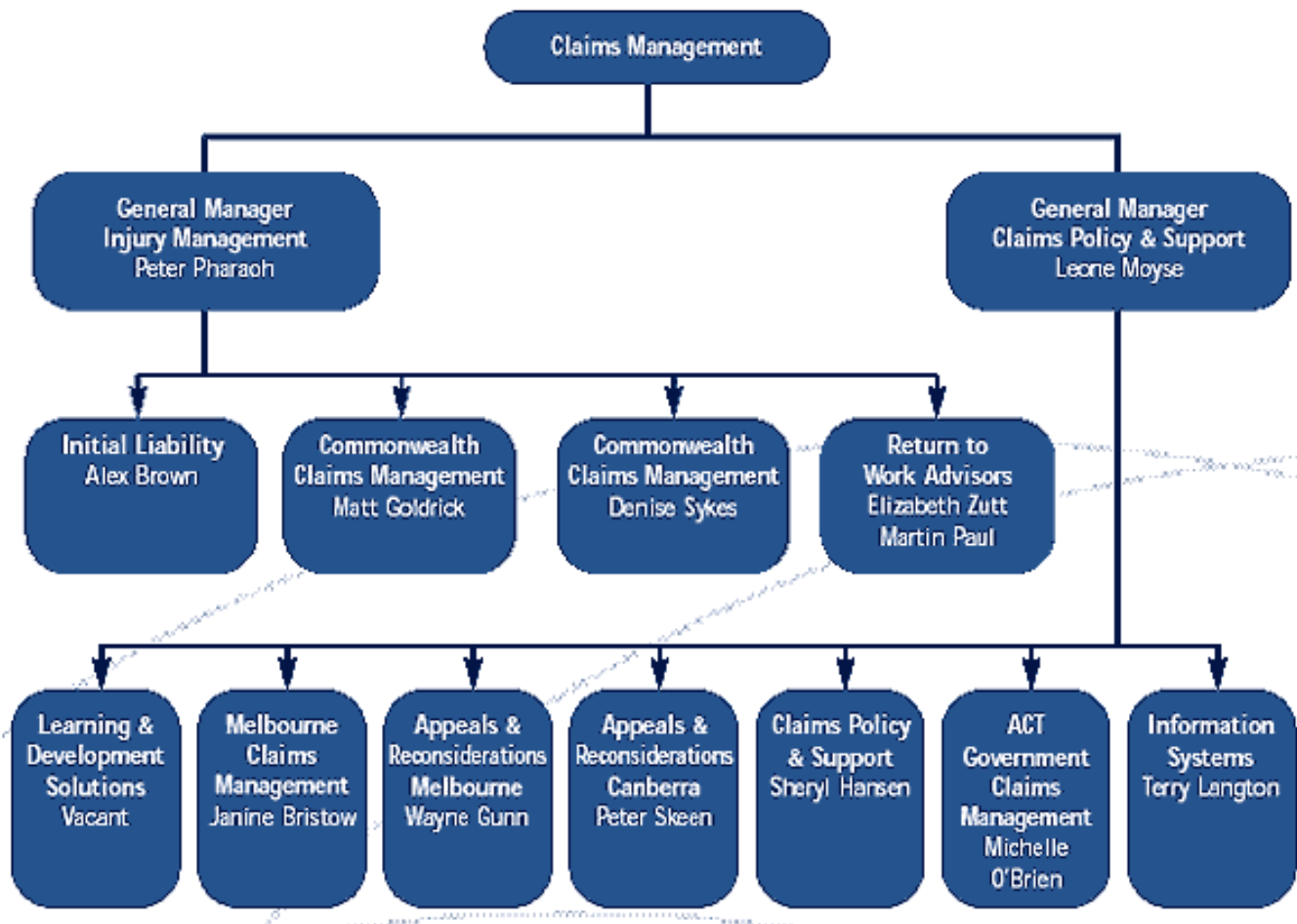
Claims structure

Comcare's top level organisational structure is detailed in the Corporate Overview. The Claims Management organisational structure is set out in Diagram 5.



Diagram 5: Claims Management structure

Diagram 5: Claims Management structure



Output Performance Measures for Outputs 1.3 and 1.4

The measures in the Portfolio Budget Statements for Outputs 1.3 and 1.4 for the 2001–2002 financial year were as follows.

Output 1.3 - Premium claims management

Quantity/Quality

- Performance in relation to frequency, duration and costs meets Safety, Rehabilitation and Compensation Commission requirements.
- Outstanding liabilities less than \$622.6 million.

Price

- Budget estimate \$134 million (without capital use charge).

The actual price of delivering Output 1.3 was \$132.3 million (without capital use charge)

Output 1.4 - Pre-premium claims management

Quantity/Quality

- Outstanding liabilities less than \$571.3million.

Price

- Budget estimate \$74.9 million (without capital use charge).

The actual price for delivering Output 1.4 was \$70.5 million (without capital use charge).

The major challenge in 2001—2002 and 2002—2003

The major challenge faced by Comcare and its customer agencies in 2001—2002 and 2002—2003 is dealing with significant premium increases for a number of Commonwealth agencies. Overall, the average premium rate for the Commonwealth increased by 13%.

At an average rate of 1.13% of the wage and salary bill, the rate is still very competitive compared to other jurisdictions, but the trends underlying the increase require immediate action to ensure that the price rises are contained.

Our response

The need to manage the trends has meant a significant refocus in organisational priorities. All areas of Comcare are working on improvement and premium reduction strategies. The major focus of these is

- reducing duration — that is, the amount of time injured workers are out of the workplace
- reducing medical and legal costs
- analysing and working on the major areas of pressure within the Commonwealth — types of injury, specific customers, specific workforce trends or the impact of other more general economic and social factors.



The claims management area has restructured to enable it to more actively focus on

- dealing with potentially high cost claims — usually those for multiple injuries, occupational overuse syndrome and occupational stress — including a greater emphasis on return to work
- four major customers who together represent around 52% of the total premium pool.

This does not mean that other claims types or customers do not receive attention, simply that there is increased attention on these identified major cost drivers.

Working in partnership

In supporting the above strategies we have continued to work in partnership with customer agencies to help reduce the number and severity of workplace injuries. Some of the major initiatives involved

- developing and delivering a range of management seminars, training courses and customer forums to provide targeted strategies to address the incidence (number of injuries) and the duration (time off work) of workers' compensation claims

- working with Commonwealth and ACT Government employers to develop strategies that target, benchmark and monitor injury trends and claim performance
- introducing enhanced customer reporting, including upgrading the on-line Customer Information System (CIS)
- introducing new joint projects to improve specific outcomes and other formal arrangements such as the ACT Government Partnership Agreement.

Case Study: Pre-Premium Claims Management Improvement Project

Comcare manages approximately 5,500 claims from Commonwealth employees injured before 1 July 1989, when the premium system was introduced. Under the transitional provisions of *the Safety, Rehabilitation and Compensation Act 1988*, these claimants are entitled to receive incapacity payments until the injury resolves itself or until the person dies.

As at 30 June 2001, Comcare's actuary estimated that the outstanding liability for pre-premium claims was \$602 million. Expenditure on pre-premium claims in 2000—2001 was approximately \$75 million. The Commonwealth government meets the financial liability for these claims through consolidated revenue.

In 2001-2002, Comcare undertook a detailed analysis of the pre-premium claims it was managing. The findings indicated that

- expenditure will continue to decrease as a result of cessation or reduction of benefits at age 65
- expenditure will be influenced by the volume of non-incapacity payments for
 - claimants currently in the 51—55 age group due to the length of time over which benefits can be paid
 - claimants in the 71—75 age group due to potential costs associated with the overlap of age-related and compensable conditions
- there are a number of claimants in the under 55 age group, who continue to claim entitlements for conditions, that could reasonably have been expected to resolve, for example, temporary aggravation of a pre-existing physical injury.

A subsequent risk analysis suggested that

- the risks associated with the management of pre-premium claims can be decreased through improvements in
 - administrative procedures and resource allocation
 - clear and effective communication throughout the claims management process recognising the needs of the claimant.

Based on this research and a qualitative survey of the service expectations of pre-premium claimants, Comcare initiated the Pre-Premium Claims Management Improvement Project to develop and test a best practice pre-premiums claims management model.

Claims have been selected for review using a range of criteria, including

- high future liability costs
- injuries of a temporary nature or that could reasonably have been expected to resolve according to evidence based medical standards

- enhanced prospects for return to work
- currency of claim information, where an administrative review may result in reduction in liability without the need for a comprehensive medical review.

The review model is based on

- initial opinions from treating practitioners in response to case specific questionnaires developed with reference to evidence based medical standards
- excellent written and verbal communication to the claimant during the entire
- review process
- dispute prevention as opposed to avoidance

- an emphasis on quality assurance procedures in the decision making process
- referral of claimants to appropriate support programs in the event that liability is ceased.

The project started in May 2002. An evaluation of the project will be done in March 2003.

Performance -- facts and figures

Claims management principles

In managing workers' compensation claims, Comcare's claims managers follow a range of policies, procedures and principles developed to help administer the *Safety, Rehabilitation and Compensation Act 1988* most effectively. The major claims management principles espoused in the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act), and supported by Comcare's management systems are that

- for a claim to be accepted, there must be a diagnosed medical condition
- injuries under the scheme must have arisen out of, or been in the course of, employment
- in the case of a disease, work must have contributed to the medical condition to 'a material degree'
- claims are not accepted where the disease, injury or aggravation is suffered by an employee
 - as a result of reasonable disciplinary action taken against the employee, or
 - failure by the employee to obtain a promotion, transfer or benefit in connection with his or her employment, or
 - where the disease, injury or aggravation is caused by the serious and wilful misconduct of that employee.

Managing workers' compensation claims

The fourth Comparative Performance Monitoring report (discussed on page 76) confirms that Comcare's scheme performance continues to compare favourably with other Australian jurisdictions. In particular, the premium rate has remained relatively stable and comparatively low for the last six years, even considering the increase for 2002—2003.

In 2001—2002 Comcare claims management services

- determined 6,309 claims for work-related injury and disease
- accepted liability on 5,403 claims (11 for employment related fatalities). Claims frequency (that is, the number of accepted claims per 100 employees as predicted by Comcare's actuary) decreased to 3.19 (from 3.39 in 2000—2001)

- decided 1,647 requests for reconsideration of decisions made by Comcare on any claim. Under the SRC Act any party to a decision can make such a request to Comcare. Of these, 62% of the primary decisions were affirmed, with the remaining decisions being varied based on the same or additional information brought to the attention of the reviewing officer by the parties
- the Administrative Appeals Tribunal decided 705 Comcare matters
 - 25% affirmed the original decision (a 7% decrease on the rate for 2000—2001)
 - 66% were resolved by negotiation without the need for formal hearing (a 7% increase on the rate for 2001—2002)

-- these cases are resolved in conciliation conferences attended by Comcare and the appellant. They involve both parties reconsidering the case and its issues, including new evidence or changed demands, and mean that the original decision taken at the reconsideration stage was varied.

Additional information on Comcare claims and injury trends is available on the Comcare website.

Report of Operations X Report of Operations X

Table 3: Workers' Compensation Claims

	2000—2001	2001—2002
Claims determined	6,654	6,309
Liability accepted	5,711	5,403
Claims frequency	3.39	3.19
Average time taken from date of receipt to determination of claim	21 days	19 days
Reconsiderations determined	1,382	1,639
Initial decisions affirmed at reconsideration	67%	62%
Average time taken from date of receipt to completion of reconsideration	40 days	36 days
Matters appealed to the AAT	698	818

Workers' compensation expenditure

In 2001—2002 total workers' compensation expenditure was \$210.5 million. This is for both premium and pre-premium claims and includes an allowance of \$7.7 million paid by employers from individual agency budgets for rehabilitation case management.

Premium claim expenditure

Table 4: Premium Claims Costs

PREMIUM CLAIMS EXPENDITURE	2000—2001	2001—2002
Incapacity	\$60,436,641	\$64,621,616
Medical	\$30,215,153	\$30,303,564
Legal Costs, Common Law and Lump Sums	\$25,288,597	\$26,466,694

Other	\$110,644	\$229,655
Administrative Costs	\$14,756,000	\$15,858,000
Sub Total	\$130,807,035	\$137,479,529
less Third Party Recoveries	-\$5,272,325	-\$5,153,573
Total	\$125,534,710	\$132,325,955

Workers' compensation payments and administration costs associated with premium claims was \$132.3 million in 2001—2002 (net of third party recoveries). This expenditure is \$1.7 million less than the \$134 million 2001—2002 Portfolio Budget Statement price indicator for premium claims.

The estimate of outstanding liabilities for premium claims as at 30 June 2002 is \$697.9 million. This is an increase of \$54.6 million on the 2000—2001 outstanding liability estimate produced in August 2001 and published in the Mid-Year Economic Fiscal Outlook (MYEFO) and an increase of \$75.3 million on the figures published in the Portfolio Budget Statements (PBS).

For performance purposes the figures published in MYEFO should be used to assess performance in relation to outstanding liabilities. Even using the updated figures Comcare has, due to the increased cost pressures mentioned above, failed to meet its performance target in the PBS.

Pre-Premium expenditure

Table 5: Pre-premium Claim Costs

PREMIUM CLAIMS EXPENDITURE	2000—2001	2001—2002
Incapacity	\$51,755,997	\$46,424,044
Medical	\$9,294,681	\$8,922,705
Legal Costs, Common Law and Lump Sums	\$8,024,449	\$9,087,490
Other	\$104,085	\$62,063
Administrative Costs	\$5,910,000	\$6,296,000
Sub Total	\$75,089,213	\$70,792,302
less Third Party Recoveries	-\$493,721	-\$306,560
Total Pre-Premium Expenditure	\$74,595,491	\$70,485,742

Workers' compensation payments and administration costs associated with pre-premium claims was approximately \$70.5 million in 2001—2002 (net of third party recoveries). This expenditure is \$4.4 million lower than the \$74.9 million 2001—2002 PBS price indicator.

The estimate of outstanding liabilities for pre-premium claims at 30 June 2002 is \$593.1 million. This is a decrease of \$9.3 million on the 2000—2001 outstanding liability estimate produced in August 2001 and published in the MYEFO and an increase of \$21.8 million on the figures published in the PBS.

As for premium claims, due to the timing of the actuary's report on outstanding liabilities (produced in August each year), the data contained in the Portfolio Budget Statements is a year out of date. The updated figures published in MYEFO are more reliable and using these, Comcare has met the performance objective in the PBS.

Payment elements

Payments made to injured employees for time off work are the major component of workers' compensation expenditure. In 2001—2002 the cost was \$111 million which is approximately 60% of total workers' compensation costs. This again highlights the need to effectively manage return to work issues and the strategies currently in place are designed to help reduce this expenditure.

The other major cost elements for 2001—2002 were

- medical costs (including Comcare funded rehabilitation and travel) \$39.2 million, 19% of total costs
- legal, lump sum and common law costs \$35.5 million, 17% of total expenditure
- administrative costs \$22.2 million, 11% of total expenditure.

Table 6: Total Workers' Compensation Expenditure by Payment Type

TOTAL PROGRAM EXPENDITURE	2000—2001	2001—2002
Incapacity	\$112,192,638	\$111,045,660
Medical and Associated Costs	\$39,509,834	\$39,226,269
Legal Costs, Common Law and Lump Sums	\$33,313,046	\$35,554,185
Other	\$214,729	\$291,717
Administrative Costs	\$20,666,000	\$22,154,000
Sub Total	\$205,896,248	\$208,271,830
less Third Party Recoveries	-\$5,766,046	-\$5,460,133
Add amount spent by Agencies on Rehabilitation	\$7,000,000	\$7,700,000
Total	\$207,130,201	\$210,511,697

Return to work performance

Under Comcare's return to work model, employers are required to determine whether injured employees, once they have been off work for ten days or more, should undertake an occupational rehabilitation program. If this assessment recommends such a program, a structured return to work plan is developed in consultation with an approved rehabilitation provider (approximately 25% of new claims received this year are expected to require a rehabilitation assessment).

While the Commonwealth's overall performance in relation to return to work is quite good, this is an area being targeted by Comcare for more active management.

In 2001—2002 the return to work data for premium paying agencies was

- 18,580 claims were 'active' (that is, there was a payment made against a claim)
- 1,754 claims reached their tenth day of incapacity in the year. Of these, 1,024 (58%) had return to work plans developed — the Commonwealth target is 55%
- 1,182 return to work plans were finalised during the year. Of these, 974 resulted in return to work and 65% of those returned to work with their pre-injury employer and undertook the same duties.

National benchmarking

Comcare also uses data from a national survey of return to work outcomes, called the National Return to Work Monitor, to measure performance.

This survey benchmarks return to work performance to enable comparison of results with other workers' compensation jurisdictions. The sample of employees for the survey is drawn from complex cases where ten or more days have been spent away from work. In 2001—2002 the report identified sound results in key areas.

In 2001—2002 the survey reported significantly better than average return to work performance for Commonwealth premium paying agencies in key areas, when compared with other Australian jurisdictions.

Table 7: Return to Work Monitor results

	Commonwealth Employees	Average National
Employees who had returned to work with original employer	96%	85%
Employees who had returned to work at some point since injury	89%	83%
Employees who were still working	82%	73%
Employees who had received active assistance to complete RTW plan	69%	56%

Scheme performance -- measurement and improvement strategies

The regulatory framework for the Commonwealth jurisdiction places a strong emphasis on measuring and evaluating performance outcomes and identifying improvement strategies. Scheme performance measurement tools allow reliable and consistent internal and external comparison within the jurisdiction and with other Australian schemes.

Comcare's performance against Safety, Rehabilitation and Compensation Commission indicators

For determining authorities within the Commonwealth -- that is Comcare, the Military Compensation and Rehabilitation Service (MCRS) and the licensees authorities -- the Safety, Rehabilitation and Compensation Commission has established a range of performance measures. The measures cover prevention, workers' compensation, rehabilitation processes and outcomes and administrative costs.

The Safety, Rehabilitation and Compensation Commission Annual Report for 2001—2002 includes a report by licensees and other determining authorities (including Comcare) on performance against these measures. The Safety, Rehabilitation and Compensation Commission report also includes information on the fifteen largest premium paying Commonwealth agencies' performance against a selection of these measures.

The following table summarises Comcare's performance against Safety, Rehabilitation and Compensation Commission indicators for 2000—2001 and 2001—2002 and a brief commentary on key indicators follows.

Table 8: 2001—2002 Comcare's Performance against Safety, Rehabilitation and Compensation Commission Indicators

COMMISSION INDICATOR AND DESCRIPTION	Comcare Performance 2000—2001	Comcare Performance 2001—2002	Comcare Performance 2000—2001/ 2001—2002
P1 -- Incidence of injuries resulting in 5 days incapacity per 1,000 full time equivalent employees (revised indicator)	14.0	13.9	✓

P4 -- Lost time injury frequency rate which measures the number of new claims with time off work per million hours worked	11.8	11.5	✓
C1 -- Average time taken (in calendar days) to determine new claims from date of receipt in Comcare	21	19	✓
C2 -- Measures the number of new claims determined as a percentage of the number of new claims received during the year	90%	89%	X
C3 -- Average time taken to determine new claims (from date of injury) (The indicator omits "extreme value" claims where over 1,000 days has elapsed from date of injury to date of determination)	87	83	✓
C4 -- Measures the percentage of reconsiderations that affirm the original decision	67%	62%	X
C5 -- Average time taken to decide reconsideration requests (from date of receipt)	40	36	✓
R1 -- Percentage of claims reaching 10 or more days incapacity with a RTW plan	50%	58%	✓
R2 -- Measures the percentage of cases who had returned to work at the time their RTW plan closed	78%	81%	✓
SA1 -- Measures the percentage of Scheme Expenditure paid directly to claimants and their dependants by way of incapacity entitlements, payment for permanent impairments, redemptions and death benefits	60%	60%	—
SA2 -- Administrative cost per claim	\$1,351	\$1,453	X
Improvement ✓ Deterioration X No Change —			

Prevention ('P' Indicators)

Comcare works in partnership with Commonwealth and ACT Government employers to prevent workplace injuries. The Safety, Rehabilitation and Compensation Commission prevention indicators measure employer performance in preventing injuries. The key indicators are

- the number of claims that resulted in an injured employee being absent from the workplace for five or more days, per 1,000 employees (Indicator P1). In 2001—2002 the incidence of injuries resulting in five days incapacity remained relatively stable
- the number of claims for death accepted by Comcare per 1,000 employees. In 2000—2001 the fatality rate was 0.06, representing eleven claims accepted by Comcare for employment related fatalities. Five of these were for asbestos related disease.

Workers' compensation ('C' Indicators)

The Safety, Rehabilitation and Compensation Commission indicators for claims management measure performance across the life of a claim. In the main, they measure timeliness to allow comparison between determining authorities.

The key indicators for this year were

- on average Comcare took 19 days from the date of receipt in Comcare to determine liability on new claims made under the *Safety, Rehabilitation and Compensation Act 1988* (C1). This is an improvement on the 21 day average achieved in 2000—2001
- the average time taken by Comcare to determine new claims from the date of injury was 83 days, compared to 87 days the previous year (C3). This performance indicator includes the time taken by employees to submit a workers' compensation claim to their employer, and the time taken by the employer to forward that claim to Comcare for determination. These delays can be a significant impediment to effective return to work programs and have become a focus of Comcare's premium reduction strategies
- Comcare also improved the timeliness of processing reconsiderations. In 2000—2001 it took on average 40 days to complete a reconsideration from date of receipt. In 2001—2002 this performance improved to an average of 36 days
- Comcare's performance against indicator C4 has declined over the past year. However new claim management processes will improve the coordination of dispute management and increase the focus on dispute prevention.

Rehabilitation ('R' Indicators)

As with prevention, Comcare works in partnership with Commonwealth and ACT Government employers to support return to work processes and outcomes. The Safety, Rehabilitation and Compensation Commission rehabilitation indicators measure employer performance in returning their injured employees to suitable duties. The key indicators are

- in 2001—2002 employers developed return to work plans for 58% of injured employees with ten or more days incapacity (R1). This is an increase on the 50% achieved in 2000—2001 but still needs to be improved. Again, this is an area being targeted by the premium reduction strategies for 2002—2003
- of the claims with a return to work plan that were finalised in 2001—2002, 81% resulted in the employee actually returning to work (R2). This compares with 78% the previous year
 - of the 81% of plans that resulted in a return to work, 65% of employees returned to work with their pre-injury employer and undertook the same duties.

Administration ('SA' Indicators)

Another Safety, Rehabilitation and Compensation Commission indicator relates to the proportion of workers' compensation costs that is paid as benefits to injured workers (SA1). This rate remained relatively stable at approximately 60% over the two years.

Another administrative indicator is the average administration cost per claim (SA2).

Administration costs for this indicator include Comcare's costs and the case management costs incurred by Commonwealth and ACT Government employers. In 2001—2002, there was an increase in average cost from \$1,351 to \$1,453 per claim. This increase was largely due to a decrease in the number of active claims being managed this year (see Comparative Performance Monitoring section).

Further detail on the activities of Comcare's Claims Management, and injury trend data can be found by accessing Comcare's website <http://www.comcare.gov.au>.

Comparative Performance Information

Comparative Performance Monitoring

The Comparative Performance Monitoring (CPM) project is a cooperative effort by all Australian state and territory governments and the New Zealand Government. CPM seeks

to compare outcomes in a number of key areas under OHS and workers' compensation programs in each jurisdiction.

Publication of key comparative performance information is a strategy of the Workplace Relations Ministers' Council to reduce the incidence, severity and cost of workplace injury. The fourth report, released in September 2002, reports information for the 2000—2001 financial year. An electronic copy of this report is available at www.workplace.gov.au.

It should be noted that information contained in this excerpt from CPM largely relates to premium paying agencies (for which Comcare undertakes claims management) but in the case of Graph 1 includes scheme licensees. Graphs indicate the difference by naming data as belonging to either the 'Commonwealth' (that is, including licensees) or 'Comcare'.

Highlights

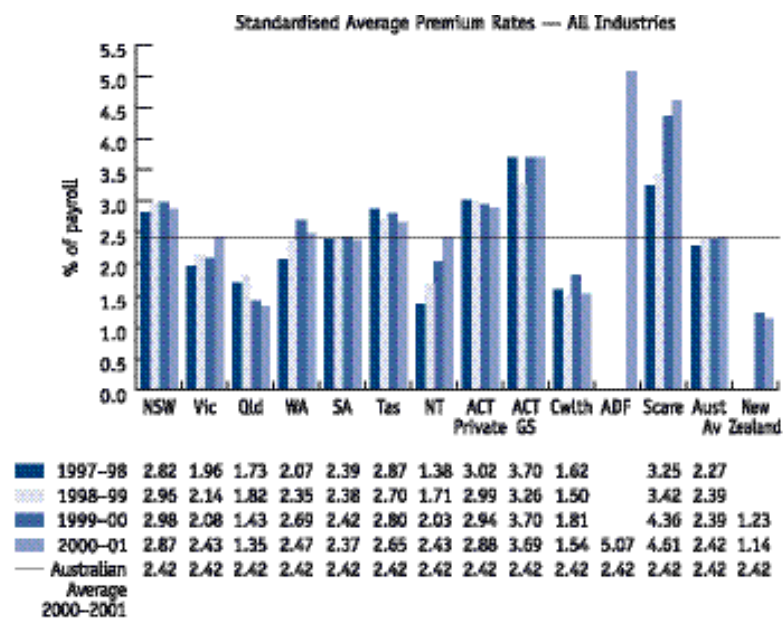
The CPM report demonstrates that Comcare performs well in many areas, achieving

- a low average premium rate
- low incidence and frequency rates of injury
- short claim duration and low claim cost
- higher return to work rates than most of the other schemes
- low administrative costs as a proportion of total expenditure, but against other measures, administrative costs can appear high.

However, in the areas of legal costs and dispute prevention there is room for improvement when the Commonwealth scheme's performance is compared with others.

Premiums

Graph 1: Average Premium Rates



GRAPH 1 compares the trends in standardised average premium rates across all Australian jurisdictions for the periods 1997—1998 to 2000—2001.

The Commonwealth scheme continues to provide one of the lowest average premium rates

in Australia. To enable closer comparison between the various Australian jurisdictions, the premium rates in this graph are 'standardised'. This means that the CPM methodology applies the Australian average mix of industries to all premium calculations. For the Commonwealth this effectively means adding in industries such as construction, mining, retail and others not present in the Commonwealth scheme and also by reducing the effect of industries over-represented such as government administration and communications.

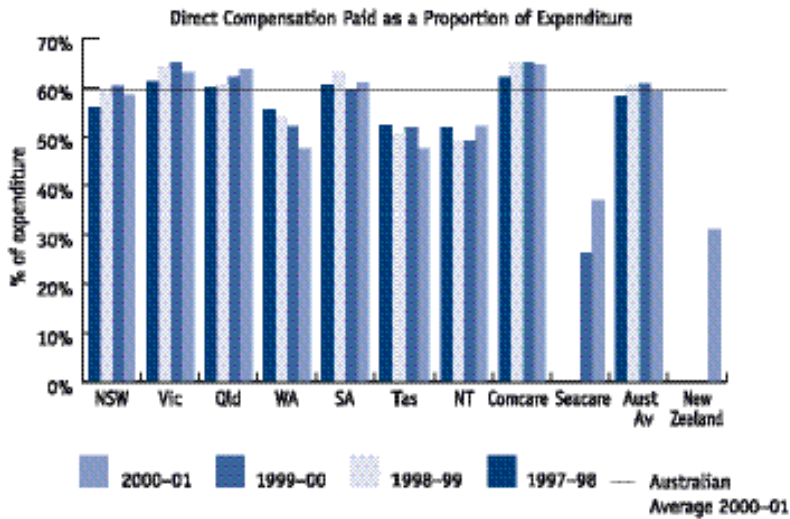
The standardisation does not, however, equalise the value of benefits paid in each jurisdiction. The Commonwealth scheme provides a more generous benefits structure than most other jurisdictions and if this was taken into account, the rate would be even more competitive.

The following graphs (2, 3 and 4) indicate that the Commonwealth scheme is successful in its administration of claims. As a proportion of total expenditure, the scheme has

- lower than average proportion of medical and other claim-related costs
- the lowest average administrative costs as a proportion of total expenditure
 - other measures of Comcare's administrative costs, such as the one demonstrated in Graph 6, do not appear as favourable. However, in analysing the additional data, the characteristics of the Commonwealth scheme such as its long tail and the fact that it has declined in coverage should be taken into account
- a higher than average proportion of benefits paid directly to injured workers.

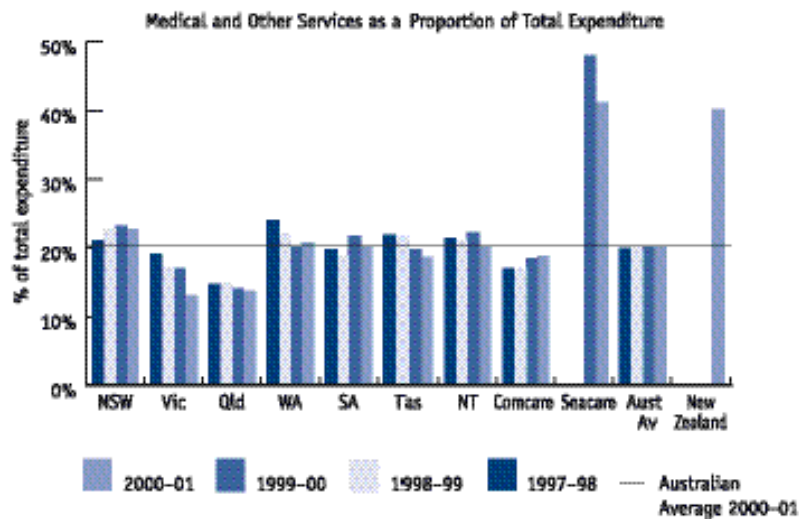
Payments

Graph 2: Direct Compensation Paid



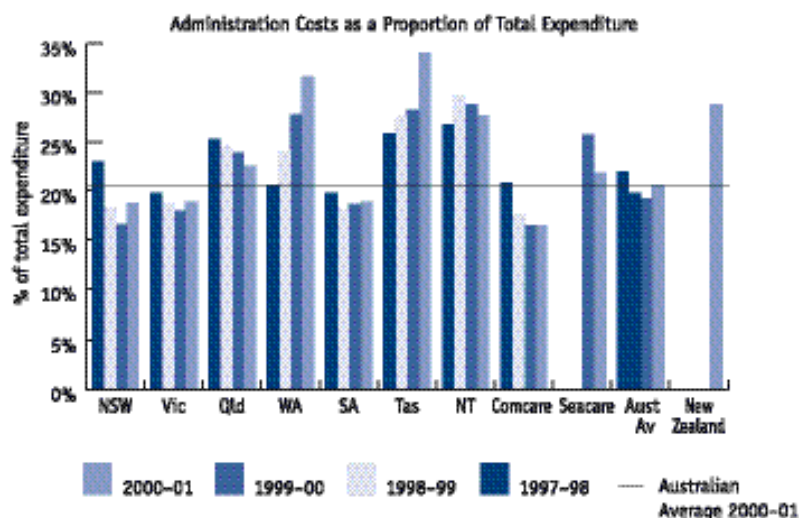
GRAPH 2 compares the schemes on the amount of total expenditure paid directly to workers. There is little variation between the schemes with the exception of the Seacare scheme and the New Zealand scheme which are well below the national average.

Graph 3: Medical and Other Services Expenditure



GRAPH 3 shows the amount of total expenditure by a scheme on medical and other services. As compared to the National Average above, the Seacare scheme and the New Zealand scheme are well above the Australian average.

Graph 4: Administration Expenditure



GRAPH 4 compares expenditure of the schemes on administration. Nationally the rate of expenditure is similar to previous years. Two schemes, WA and Tas reported significant increases in administration costs. The amount of expenditure on the New Zealand scheme is higher than most of the Australian schemes. The Commonwealth scheme performs very well in this area.

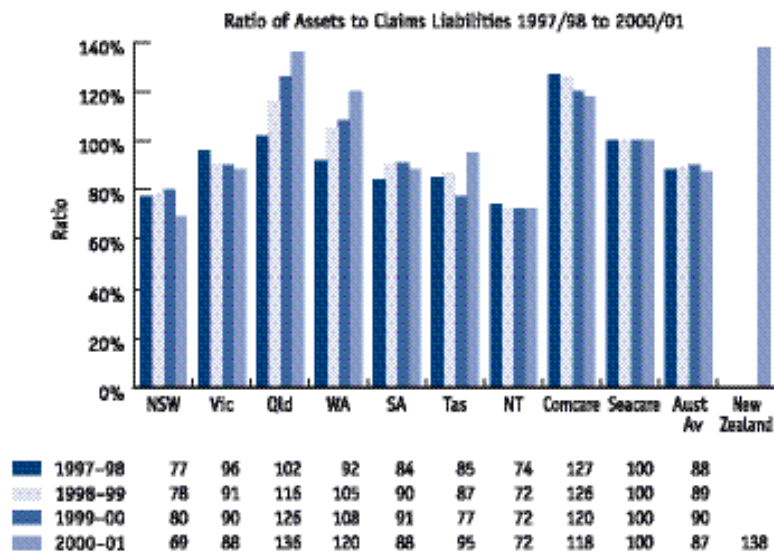
Comcare has maintained a fully funded scheme since inception on 1 July 1989. The ratio of assets to liabilities for CPM purposes is 118%.

Since 1993—1994, Comcare has reported its outstanding liabilities with prudential margins of approximately 10%, added to the actuary's initial net central estimate. These margins are intended to increase the probability of estimates being sufficient from around 50% (the norm in many other schemes) to 75% but do increase the need for higher assets to balance the greater outstanding liabilities.

The ratio of assets to liabilities is a further indicator of sound performance in the Commonwealth jurisdiction as it has been sustained with lower than average premium rates while funding a long tail scheme with a high benefits structure.

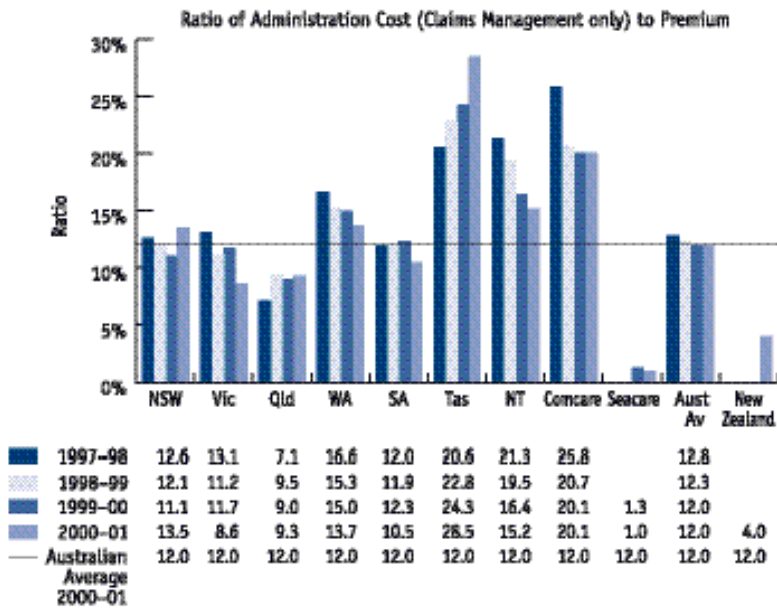
This ratio is key to the scheme solvency indicator in the Australian Prudential Regulation Authority (APRA) prudential standards. While the APRA guidelines do not formally apply to the Commonwealth scheme, Comcare voluntarily meets these standards and provides financial reports to APRA each year.

Graph 5: Ratio of Assets to Claims Liabilities



GRAPH 5 compares the recognition of liabilities, represented by the ratio of net assets to outstanding claim liabilities (referred to as the funding ratio in some schemes) on a standardised basis for the last four financial years. Note: Comcare includes the ACT Government Report of Operations XClaims management expenses

Graph 6: Ratio of Claims Management Expenses to Premium



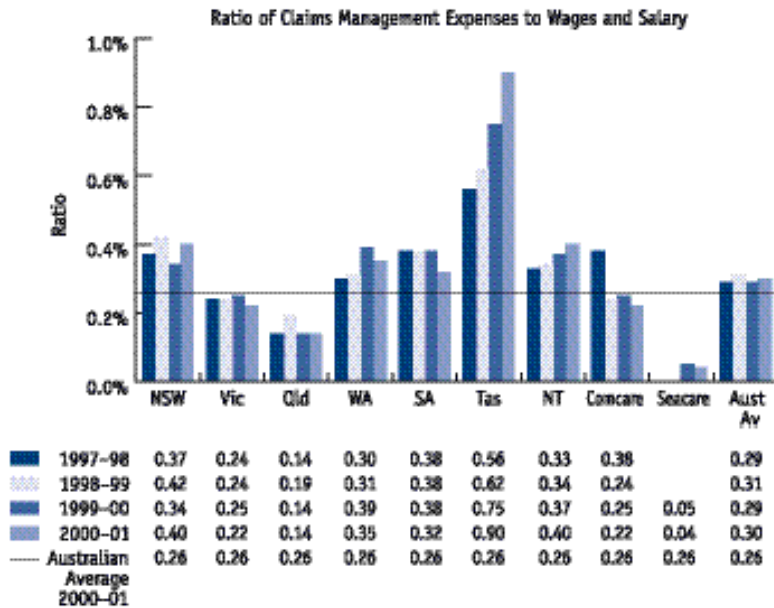
GRAPHS 6 and 7 show the cost of claims management as a proportion of premium and of wages and salary respectively. Claims management expenses are a sub-set of the administration costs for a scheme and are made up of the direct cost involved in processing claims.

Comcare has a high ratio of claims management expenses to premiums because, while the premium rate used relates to a single year, and therefore relates to only a limited subset of claims, the claims expenses relate to all claims under management.

This ratio is also affected by the fact that the Comcare scheme has reduced significantly in size in recent years and the benefit structure requires the ongoing management of long tail claims. Consequently, the administration ratios presented above are not directly comparable with other jurisdictions.

Due to the nature of the Commonwealth scheme, Graphs 4 and 7 are better indicators of performance in this area. The ratio of administration to scheme costs is, in fact, low.

Graph 7: Ratio of Claims Management Expenses to Wages and Salary



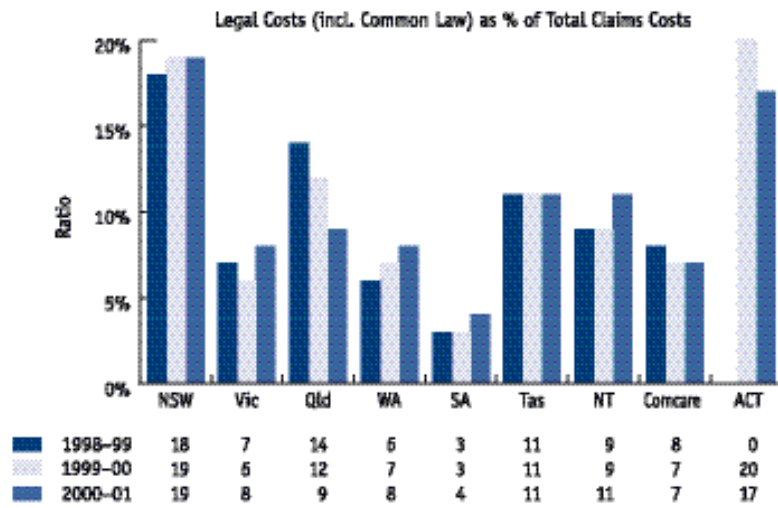
GRAPH 7 Over the past four years, Comcare has improved its ratio of claims management expenses to wages and salary.

Legal Costs and Dispute Management

The Commonwealth scheme has a two tier dispute system. The first tier consists of an internal 'reconsideration' process where primary decisions (initial liability and on-going benefit decisions) are reviewed on the request of the claimant or employer.

Following the first tier, the claimant or employer can seek a review of the reconsideration decision by the Administrative Appeals Tribunal.

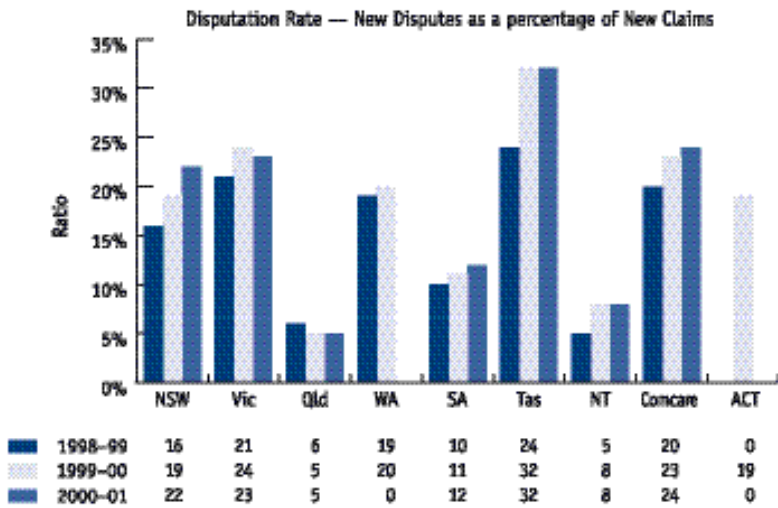
Graph 8: Legal Costs (incl. Common Law) as % Total Claims Costs



GRAPH 8 shows the percentage of moneys paid out in any one year to claimants which is held back to meet the legal expenses associated with disputes and, in some states, common law. The legal costs of schemes with common law are generally higher. Of the three schemes with limited or no common law, NT and Comcare legal costs are twice South Australia's.

As can be seen in Graph 8, Comcare has comparatively high average legal costs per dispute (\$10,000 per dispute, which is made up of Comcare's and the claimant's legal costs) although they only represent 7% of total claims costs. While Comcare's expenditure on legal costs is effectively managed and can be justified by outcomes (particularly its achievement of a low premium outcome in a high benefit long tail scheme), a number of the premium reduction strategies for 2002—2003 relate to dispute prevention and legal cost management.

Graph 9: Disputation Rate -- New Disputes as a percentage of New Claims



GRAPH 9 shows the percentage of new disputes compared with new claims.

Graph 9 indicates that Comcare has a high number of disputes in proportion to new claim numbers (24%). This is twice the rate of the South Australian scheme, a scheme which has a similar benefit structure. Comcare's rate is similar to that of NSW (21%) and Victoria (23%) although both of these schemes feature access to common law and would therefore be expected to attract more disputes.

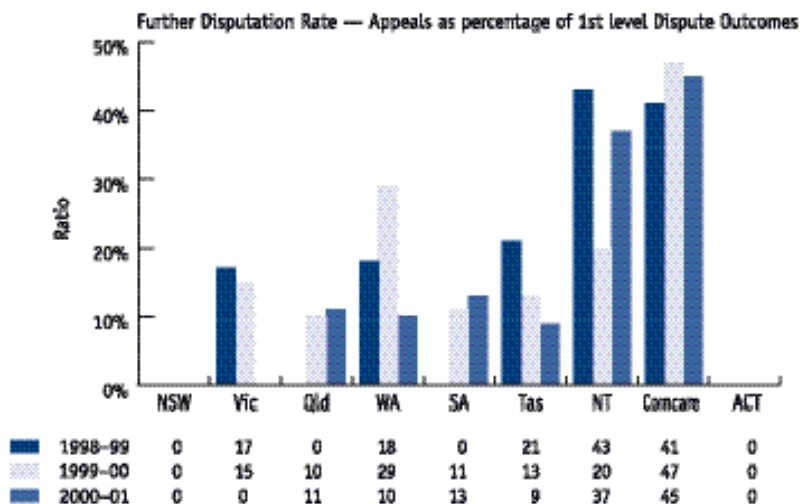
Some of the reasons behind Comcare's high dispute rate are that

- this indicator presents disputes as a percentage of new claims (approximately 6,000) when in fact the

disputes may arise as a result of any decision made on any of the active claims (approx 18,580) currently managed by Comcare. This makes the dispute rate appear higher than many other jurisdictions which do not have the range of older claims upon which appeals can be made (that is, any jurisdiction with time limited benefits or the ability to 'commute' claims to finalisation, or without a long tail business).

- easy access to a dispute system at no-cost to claimants
- of new claims received, approximately 15% are rejected -- this is a higher proportion than most other jurisdictions.

Graph 10: Further Disputation Rate -- Appeals as percentage of First level Dispute Outcomes



GRAPH 10 shows the number of matters that move through to the next level of appeal -- in the Commonwealth scheme this means an appeal to the Administrative Appeals Tribunal (AAT). This measure indicates the effectiveness of first-level appeal systems, which may be conciliation or formal internal review processes. Other external factors outside the control of the dispute-resolution body may influence disputes moving to the next level, usually court decision-making processes. These factors include more lucrative cost scales and the availability of lump sums. In states such as Victoria, the higher levels may have a specific jurisdiction to deal with more expensive claims.

Note: In the above graph, 0% indicates that data was not available.



Comcare has a very high level (45%) of reconsiderations (tier one disputes) proceeding to the AAT (tier two disputes). It is the highest of all jurisdictions, and 3.5 times higher than SA. Comcare's significantly higher rate of claim rejection may, in part, explain higher rates of appeal to the AAT. In addition, the following features may also explain this trend

- the reconsideration process is meant to be informal but approximately 75% of claims have legal representation. Claimant's legal costs cannot be met at reconsideration so there is a possibility that a number of claims progress in order to ensure that legal costs can be paid by Comcare
- as reconsiderations tend to consider single elements of claims, Comcare or the claimant may be encouraged to proceed to the Administrative Appeals Tribunal to achieve resolution of broader or more complex issues which may be the subject of a negotiated settlement.

These issues are currently under review.

Australian Defence Force

This section is a report provided by the Australian Defence Force (ADF), on its workers' compensation activities undertaken under Comcare delegation. The ADF report has been edited to provide a consistent reporting format across this annual report. It should be noted that the nature of ADF claims is very different to that of the mainstream public service. As a result, care should be exercised when comparing performance data between premium and ADF claims.

Military Compensation and Rehabilitation

The Military Compensation and Rehabilitation Service (MCRS) in the Department of Veterans' Affairs (DVA) administers the following components of the Military Compensation Scheme on behalf of the ADF in respect of all serving and former members of the ADF

- *Safety, Rehabilitation and Compensation Act 1988* (SRC Act) (as amended by the *Military Compensation Act 1994*), under delegation from Comcare, and
- Chapter 10, Part 5 of Defence Determination 2000/01 under the *Defence Act 1903*.

In addition to this legislation the Military Compensation Scheme consists of the *Veterans' Entitlements Act 1986* (as amended by the *Military Compensation Act 1994*).

For these purposes, as at 30 June 2002, the ADF consists of 101,066 currently serving members as described in Table 9 below.

Table 9: ADF Serving Members

PERMANENT FORCE (Navy, Army, Air Force)	RESERVE FORCE (Navy, Army, Air Force)	SCHOOL CADETS AND OFFICERS/INSTRUCTORS
51,365	21,001	28,700

Military Compensation and Rehabilitation Service (MCRS)

MCRS

- provides workers' compensation and rehabilitation services in accordance with the SRC Act and Defence Determination 2000—2001 to members and ex-members of the ADF, and
- works with the ADF to minimise the human and financial costs of work related injuries and supports members to obtain their full and just entitlements.

MCRS is located in eight regional offices -- Townsville, Brisbane, Sydney, Melbourne, Hobart, Adelaide, Perth, Darwin, together with a National Office in Canberra. Shopfronts also operate at major ADF establishments.

Achievements

A number of initiatives were implemented during the year to further increase Defence's leadership focus on safety and to improve safety performance and the development of a safety culture across the Australian Defence Force. These included

the Defence Committee endorsed implementation of a Safety Governance System with

- a set of safety performance requirements that effectively link safety to strategic governance. The system addresses all aspects of Defence business that affect safety, regardless of the organisational structure that is responsible for it
- consistent with the Defence enterprise risk management model, the Defence Safety Management Agency (DSMA) led the development and implementation of safety risk management across the Defence organisation. This process provides a methodology that builds on existing areas of expertise and provides a common approach for the identification, assessment and treatment of safety risks
- the launch of the Defence Safety Manual (SafetyMan) at the *Defence -- Serious About Safety Conference* in May 2002. The three day event was attended by approximately one thousand service and civilian personnel
- completion of a Memorandum of Understanding between the Defence Materiel Organisation and the National Occupational Health and Safety Commission (NOHSC) to introduce into project management the benefits of NOHSC research into safety in design and procurement
- implementation of Defence's radiation safety policy which is supported by a dedicated unit within the DSMA.

The MCRS has operational responsibility for the delivery of compensation and rehabilitation services to ADF members in accordance with the terms of a Service Level Agreement between Defence and DVA.

In 2001—2002 the MCRS sought to further improve its service delivery through initiatives such as

- providing additional resources to support the training and development of MCRS staff through national workshops, general claims management training and the delivery of specific courses to meet the needs of client groups
- further enhancement of the MCRS' quality assurance program with the introduction of Quality Assurance Sampling Assessment and Reporting System (QUASARS), developed to improve quality assurance examinations. QUASARS provides DVA with a comprehensive, national overview of MCRS work practices through a high level of reporting, functionally covering all aspects of the compensation process
- major system improvements which included moving all suppliers to Electronic Funds Transfer and amendments to the DEFCARE computer-based decision support and recording systems to accommodate amendments to the *Safety, Rehabilitation and Compensation Act 1988*
- continued growth of the Transitional Management Service (TMS) which was established in 2000—2001 to provide services for ADF members facing medical discharge. Almost 800 ADF members received TMS' assistance in 2001—2002 with civilian employment options, compensation, superannuation, financial planning, transitional adjustment, health insurance and community support arrangements.



Workload

New claims

During 2001—2002 6,408 new claims received represented a decrease of 2% over the previous year. The table below lists new claims received since 1996—1997.

Table 10: Claims Received since 1996—1997

YEAR	CLAIMS RECEIVED
1996—1997	6,235
1997—1998	6,285
1998—1999	6,209
1999—2000	5,844
2000—2001	6,543
2001—2002	6,408

Reconsiderations and Appeals

The table below details outcomes for reconsiderations and appeals for 2001—2002 and includes a comparison with the previous year.

Table 11: Outcomes for Reconsiderations and appeals

RECONSIDERATIONS AND APPEALS	2000—2001	2001—2002
Primary decisions on liability	6,569	6,098
Primary decisions denying liability	1,630 (25%)	1,356 (22%)
Requests for reconsideration	1,450	1,565
Requests for reconsideration decided	1,496	1,541
Original decision affirmed	1,146 (77%)	1,122 (73%)
Applications to AAT	311	296
AAT applications decided	163	230
Decisions affirmed by the AAT	129 (79%)	124 (54%)

SRC Act Program expenditure

Records extracted from personnel and financial management information systems indicate that in 2001—2002, \$132.56 million was expended in workers' compensation and rehabilitation related benefits for ADF members and ex members under the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act). This is an increase of \$9.93 million (8.1%) over the previous year. A further \$2.063 million was expended under Chapter 10, Part 5 of Defence Determination 2000/1.

The following table shows changes in SRC Act expenditure since 1996—1997.

Table 12: SRC Act Expenditure since 1996—1997

YEAR	EXPENDITURE \$ million
1996—1997	93.78
1997—1998	101.23
1998—1999	109.79
1999—2000	117.04
2000—2001	122.63

2001—2002	132.56
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Note: These figures do not include administrative costs.

The table below shows the major areas of expenditure during 2001—2002, compared with last year.

Table 13: Major Areas of Expenditure

SRC ACT PROVISION	2000—2001 \$ million (% of total)	2001—2002 \$ million (% of total)
Incapacity payments	51.05 (41.6%)	55.50 (41.9%)
Permanent impairment	24.00 (19.6%)	25.14 (19.0%)
Non economic loss	18.04 (14.7%)	18.04 (13.6%)
Medical expenses	12.70 (10.4%)	16.31 (12.3%)
Other	16.84 (13.7%)	17.57 (13.2%)
Total program costs	122.63	132.56

Number of accepted claims per 100 Employees

During 2001—2002 4,742 claims were accepted, establishing an overall rate of 8.7 accepted claims per 100 employees (many of these claims were from ex-members of the ADF).

Administrative Costs

The administrative cost to Defence for 2001—2002 was \$11.99 million. The administration cost is 9.0% of SRC Act expenditure.

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A

ACT Australian Capital Territory

ADF Australian Defence Force

Administrative Appeals Tribunal (AAT) The AAT can, on request, review administrative decisions by most Commonwealth and ACT Public Service departments and authorities. This includes reviewing reconsideration decisions made by Comcare. Either an employee or an employer may request a review of a decision.

ANAO Australian National Audit Office

Appropriation Funding approved by Parliament

Approved rehabilitation provider Under the Safety, Rehabilitation and Compensation Act 1988, employers may only engage rehabilitation providers that have been approved by Comcare. Rehabilitation providers assist the case manager to identify medically suitable duties as part of the return to work plan (RTWP)

APS Australian Public Service

APS Code of Conduct A guide for the way in which an Australian Public Service employee is required to behave.

APS Values Are principles, standards and qualities in which the Australian Public Service operates.

C

CAC Act *Commonwealth Authorities and Companies Act 1997*

Case Compensation claim and related material pertaining to a single work-related injury of an employee.

Case managers Responsible for workplace-based management of an injured employee's return to work plan, responsible for initiating, coordinating and monitoring the rehabilitation process. The employer is responsible for providing case managers, who are usually employees of the agency.

CEO Chief Executive Officer

Certified Agreement An agreement that sets out the terms and conditions of employment.

CIS An interactive online reporting system for employing agencies.

Claim Any claim for compensation, eg the initial injury claim, claim for payment of medical expenses, or claim for incapacity benefits.

Claimant An employee, or a dependant of a deceased employee, who makes a claim for compensation benefits in accordance with the SRC Act.

Claimant Service Charter Specifies the roles of the provider and consumer, it sets out service standards complaint mechanisms and the availability of translating and interpreting service.

Claims management The effective management of an injured person's claim, including registration of a claim, decision making, benefit payment and return to work planning. For a claim lodged with Comcare, a Comcare employee manages the claim.

Commission See *Safety, Rehabilitation and Compensation Commission*

Commonwealth Disability Strategy Requirements for Commonwealth agencies to identify and remove barriers preventing people with disabilities for having access to policies, programs and services.

Corporate Governance The process by which agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.

CPSU Community and Public Sector Union

CRF Consolidated Revenue Fund

CSD Claims Service Delivery.

Customer An organisation paying a premium for coverage of its compensation risk.

D

Date of Injury Date of occurrence (injury), date first sought medical treatment, or first resulted in incapacity or impairment (disease).

Determination Under the *Safety, Rehabilitation and Compensation Act 1988*, a decision made by Comcare to accept or reject a claim.

DEWR Department of Employment and Workplace Relations

Disease Any ailment suffered by an employee, or the aggravation of such an ailment, that is contributed to, in a material degree, by the employee's employment.

DoD Department of Defence

DOLARS Departmental online accounting & reporting system

DVA Department of Veterans' Affairs

E

Employing agency An organisation that receives services provided by Comcare.

Equity and Diversity A concept that recognises, respects and values individual differences in employees.

Estimated liability An estimate of future payments to be made in relation to an individual claim.

F

FOI Freedom of Information

FOI Act *Freedom of Information Act 1982*

Fresh Start Comcare's staff development program.

FTE Full-time equivalent, in the context of staffing levels.

HIC Health Insurance Commission

HSR Health and Safety Representative

HWSCA Heads of Workplace Safety and Compensation Authorities

I

ILM Initial Liability Module

Impairment The loss, the loss of use, or the damage or malfunction, of any bodily system or function or part of such system or function.

A permanent impairment is one that is likely to continue indefinitely.

Incapacity A diminished ability to earn.

Incapacity benefit A payment made by Comcare, directly or indirectly, by way of income maintenance.

Injury Refers to either an injury or disease. An injury can be a physical or mental injury and includes aggravation of a pre-existing ailment.

Insured claim See *premium claim*.

IT Information Technology

K

KRA Key Result Areas

L

Liability The effect of a determination, creating a legal obligation to pay compensation under the *Safety, Rehabilitation and Compensation Act 1988*.

Licensed Authority Licensed authorities and corporations under Part V111A and Part V111B of the *Safety, Rehabilitation and Compensation Act 1988*.

Licensees Includes licensed authorities and corporations.

LTP Legislative Training Program

M

MCRS Military Compensation and Rehabilitation Scheme

Memorandum of Understanding (MOU) Agreement between Comcare and each State and Territory under which OHS investigation services are provided to ascertain compliance with the *Occupational Health and Safety (Commonwealth Employment) Act*, and/or whether there have been contraventions, and in relation to accidents or dangerous occurrences.

N

NOHSC National Occupational Health and Safety Commission

NSW New South Wales

O

Occupational Health and Safety (Commonwealth Employment) Act 1991 (OHS(CE) Act) Provides for the health, safety and welfare at work of employees of Commonwealth departments and authorities.

Occupational Rehabilitation A managed process involving early intervention with appropriate, adequate and timely services based on assessed needs, and which is aimed at maintaining injured or ill employees in, or returning them to, suitable employment.

OHS Occupational health and safety.

OOS Occupational Overuse Syndrome

Outsourcing The process of using an external provider to supply goods or services and the ongoing management of that service.

P

PBS Portfolio Budget Statements

Permanent Impairment A guide to assist in determining the amount of compensation

Guide payable for Permanent Impairment.

PRACSYS Computer based system used by Comcare to register and process claims, records benefit payments and prevention statistics, and provide management information reports.

Premium A contribution made to Comcare in respect of the estimated costs of a customer agency's workers' compensation costs for a given financial year. It is based on fully funded principles and is designed to be responsive to the employing agency's claims experience.

Premium claim Claim with a date of injury after the introduction of Comcare's premium system on 1 July 1989. Also referred to as 'insured' or 'post-premium' claim.

Premium Pool The sum of all premium funds collected from agencies as assessed by the Actuary as necessary to fully fund liabilities.

Premium Rate The rate, expressed as a percentage of wage/salary dollar, which, when multiplied by the estimate of wage/salary, will provide the premium payable by that agency.

Pre-premium claim Claim with a date of injury prior to the introduction of Comcare's premium system on 1 July 1989. These claims and the resultant expenditure may also be called 'uninsured'.

Provider Person or organisation providing medical, rehabilitation or health services in relation to a work related injury or disease.

Q

QWL Corporation Pty Ltd A wholly owned Comcare subsidiary, which manages claims for some privatised Government Business Enterprises.

R

Reconsideration An employee or employer, who is dissatisfied with a decision made by Comcare, may ask for that decision to be reviewed by an officer not involved in the making of the decision in question. The result of such a review is called a Reviewable Decision.

Rehabilitation See *occupational rehabilitation*.

Rehabilitation case manager See *case manager*.

Return to work plan (RTWP) A document detailing a claimant's rehabilitation program including return to work objectives, time frames, a breakdown of proposed services and costs.

Reviewable decision The term used to describe a decision reconsidered by Comcare. Only when there is a Reviewable Decision can there be an application to the Administrative Appeals Tribunal (see reconsideration and Administrative Appeals Tribunal).

RTW Return to work.

S

Safety, Rehabilitation and Act 1988 The legislation which established Comcare and defines how the **Compensation Act 1988** Commonwealth public sector workers' compensation function (**SRC Act**) is to be administered.

Safety, Rehabilitation and Compensation Commission Is responsible for issuing licences for self-insurance and claims **Compensation** management, and for various regulatory functions under the **(the Commission)** occupational health and safety legislation. Until 1992 referred to as the Commission for the Safety, Rehabilitation and Compensation of Commonwealth Employees. It reports to the Minister for Employment and Workplace Relations.

SES Senior Executive Service

U

Uninsured claim See *pre-premium claim*.

W

Workers' compensation expenditure Expenditure under the *Safety, Rehabilitation and Compensation Act 1988*. Includes expenditure on incapacity, medical and associated travel, rehabilitation costs, certain legal costs and other claim related expenses.

WR Act Workplace Relations Act 1996

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Website

<http://www.comcare.gov.au>

Workers' Compensation General Enquiry Line

1300 366 979 (local call cost)

All enquiries

Email: claims.help@comcare.gov.au

FOI Contact Officer

Maree Sherwood 1300 366 979

Privacy Contact Officer

Dara Madden 1300 366 979

Annual Report Contact Officer

General Manager,
Corporate Management Division
1300 366 979

Claims Correspondence

All claims correspondence
should be addressed to:
GPO Box 9905
Canberra ACT 2601

Corporate Centre

GPO Box 9905
Canberra ACT 2601

Level 1 (Reception)

14 Moore Street
Canberra ACT 2601

Phone: 1300 366 979

Fax: (02) 6257 5629



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Comcare
AUSTRALIA'S *Safe* WORKPLACES



Comcare
AUSTRALIA'S *safest* WORKPLACES

Annual Report

2001 - 2002

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Comcare
AUSTRALIA'S *Safest* WORKPLACES

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Public Accountability

Audit Committee Meeting Summary

Table 14: Audit Committee Meeting Summary

NAME	POSITION	Meetings Held (b)	Meetings Attended (b)
Barry Leahy	Chief Executive Officer	4	4
Noel Swails	Deputy CEO, General Manager, SRC Act Policy and Support	4	1
Leone Moyse	General Manager, Corporate Management	4	2
Mark McCabe	General Manager, Claims Policy and Support	4	1
Peter Pharaoh	General Manager, Injury Management	4	3
Stewart Ellis	General Manager, OHS(CE) Act Policy and Support	4	3
Kathy MacDermott	General Manager, Research and Strategy	1	1
Terry Langton	A/g General Manager, Corporate Management	1	1
Helen Bull	A/g General Manager, SRC Act Policy and Support & A/g General Manager, Research and Strategy	2	2

(a) number of meetings held while a member

(b) number of meetings attended

Numbers reflect actual attendance by Audit Committee members or attendance by their nominee when they were unavailable.

Internal Audits undertaken during 2001–2002

The internal audit program for the year comprised audits of

- Claims Management
- Competitive Neutrality
- Corporate Governance
- Outstanding Liabilities
- Allied Health and Medical costs
- OHS Prevention
- Financial Compliance Risk Assessment
- Plant Licensing
- IT Outsourcing.



Freedom of Information Act Statement

This statement, in conjunction with information contained in this annual report, is intended to meet the requirements of Section 8 of the *Freedom of Information Act 1982* (FOI Act).

Role, structure and functions

Comcare's role, structure and functions are described in the Director's Report, Corporate Overview and Report of Operations sections of this report. Further information is available in the Safety, Rehabilitation and Compensation Commission's annual report and in Comcare's Strategic Framework documents. These publications are available to the public and are published on the Comcare website.



Documents available for inspection

The following documents are available for inspection at Comcare offices or on its website

- documents relating to administration, including such matters as personnel, finance, property and resource management
- agreements to which the Commonwealth is a party, for example, in relation to the provision to the Commonwealth of OHS services by the States/Territories
- briefing papers, submissions and reports relevant to Comcare's functions
- internal publications for the guidance of Comcare officers and others
- hard copy and electronic files on the range of the organisation's activities.

Full details of manuals, guidelines and instructions held within Comcare are in the statement prepared to comply with Section 9 of the FOI Act and are available upon request.

Comcare produces a range of publications, some of which are distributed free of charge and others which are sold. Information about Comcare's publications may be obtained by contacting Comcare's General Enquiry Line, or by visiting the website.

Note. The Safety, Rehabilitation and Compensation Commission does not maintain an independent filing system. Matters referred to or from the Safety, Rehabilitation and Compensation Commission are managed and filed by employees of Comcare.

Access to documents

Under section 59 of the *Safety, Rehabilitation and Compensation Act 1988*, claimants may request copies of all documents relating to their claim. Similar rights are conferred on employers to request information or documents held by Comcare relating to their employees. This method of requesting documents relating to claims results in limited numbers of requests under the FOI Act.

In relation to matters other than claims management Comcare will, wherever possible, meet requests for access to documents that satisfy the requirements of the FOI Act.

Comcare's Corporate Centre is responsible for monitoring and reporting on requests under the FOI Act. The Department of Veterans' Affairs (DVA), which manages Australian Defence Force (ADF) claims under delegation from Comcare, handles requests from serving and former members of the ADF.

Access to documents is usually given by providing photocopies of the documents, but alternative arrangements (such as inspection of original documents) can be arranged.

Requests for copies of documents under the FOI Act should be referred to the Freedom of Information Coordinator, whose details are given in the Contact Information at the end of this report.

There were 21 requests under the FOI Act during 2001—2002. As requests for information from injured employees are generally in relation to income maintenance, Comcare's policy has been to not impose charges so as to avoid causing financial hardship. However, where the work required is substantial, charges are applied to meet costs.

Consultants and competitive tendering & contracting

In 2001—2002 Comcare purchased services that could not be provided from agency resources. A summary of these is set out in the following pages. An explanation of the need for the services and the procurement method is also given.

Table 15: Summary of contracted services

Comcare let consultancy services contracts during the year

PURPOSE	PROVIDER	REASON FOR ENGAGEMENT	PROCUREMENT METHOD
Actuarial services	Taylor Fry Consulting Actuaries	Need for an independent review	Selective tendering process
Corporate image redesign	SpinCreative	Need to access high level technical experience and expertise	Selective tendering process

Development of publications	Acumen Alliance	Specialised skills not available in the agency	Selective tendering process
Evaluation of reinsurance arrangements	Marsh Pty	Need for an independent review	Under Commonwealth contract
Evaluation of training	Rod Hattch	Need for an independent review	Selective tendering process
Graphic design	Zoo	Need to access high level technical experience and expertise	Selective tendering process
Internal audit services	Acumen Alliance	Specialised skills not available in the agency	Selective tendering process
Investigation report writing training	Connected Learning	Need to access high level technical experience and expertise	Sole supplier
Occupational health and safety investigator training	Australian Forensic Services	Specialised skills not available in the agency	Selective tendering process
Prevention audit services	International Standards Certification	Need to access high level technical experience and expertise	Selective tendering process
Prevention audit services	Noel Arnold & Associates	Need to access high level technical experience and expertise	Selective tendering process
Prevention audit services	Quality Assurance Systems	Need to access high level technical experience and expertise	Selective tendering process
Printing and mailing services	Hermes Precisa	Need for an independent agent	Sole quotation sought
Review of legal panel arrangements	Walter & Turnbull	Need for an independent review	Under Commonwealth contract
Review of performance and development feedback arrangements	Saville and Holdsworth	Need for an independent review	Under Commonwealth contract
Staff survey	Young Resources	Need for an independent review	Selective tendering process
Travel services	Qantas Airways	Product, service or specialised skills not available in the agency	Under Commonwealth contract
Video Safety, Rehabilitation and Compensation Commission safety award ceremony	Alcam Film & Video Production	Need to access high level technical experience and expertise	Selective tendering process
Comcare's major accommodation relocation projects required specialist advisers to be contracted to provide design and project management services			

Canberra lease negotiations and project management	Lindsay Roberts & Associates	Specialised skills not available in the agency	Selective tendering process
Design services	Geyer	Need to access high level technical experience and expertise	Selective tendering process
Melbourne relocation project management	Burns Bridge Australia	Specialised skills not available in the agency	Selective tendering process
Comcare engages a panel of legal advisers , who principally provide support in relation to workers' compensations matters			
Provision of legal advice	Australian Government Solicitor	Specialised skills not available in the agency	Selective tendering process
Provision of legal advice	Blake Dawson Waldron	Specialised skills not available in the agency	Selective tendering process
Provision of legal advice	Dibbs Barker Gosling	Specialised skills not available in the agency	Selective tendering process
Provision of legal advice	Phillips Fox	Specialised skills not available in the agency	Selective tendering process
Provision of legal advice	Sparke Helmore	Specialised skills not available in the agency	Selective tendering process
Comcare also contracts information technology service providers to support its systems. The principal service providers are			
Computer room management and maintenance	Multiplex Asset Management	Product, service or specialised skills not available in the agency	Open tendering process
Desktop and server computing	Dell	Product, service or specialised equipment and maintenance skills not available in the agency	Selective tendering process
Data and voice network supply and support	Logical Networks	Product, service or specialised skills not available in the agency	Selective tendering process
Hardware and software	Sun Microsystems	Product, service or specialised maintenance skills not available in the agency	Selective tendering process
	Marconi	Product, service or specialised skills not available in the agency	Selective tendering process
Software development	Class Technology	Product, service or specialised skills not available in the agency	Selective tendering process
Software development	Udax Workers' Compensation	Product, service or specialised and support Technology skills not available in the agency	Open tendering process

Software licence and support	Microsoft	Product, service or specialised skills not available in the agency	Sole supplier
	Oracle	Product, service or specialised skills not available in the agency	Sole supplier
Software licence and support	Softlaw	Product, service or specialised skills not available in the agency	Sole supplier
	Professional Advantage	Product, service or specialised skills not available in the agency	Selective tendering process
	Crystal Decisions	Product, service or specialised skills not available in the agency	Selective tendering process
	Merant	Product, service or specialised skills not available in the agency	Sole supplier
	RSA	Product, service or specialised skills not available in the agency	Sole supplier
Telecommunications carrier	Telstra	Product, service or specialised skills not available in the agency	Selective tendering process
	Optus	Product, service or specialised skills not available in the agency	Selective tendering process

Summary of procurement guidelines

The key principles of the Chief Executive Officer's Guidelines on Purchasing and Contracts are

- staff involved in procurement activities are to ensure all necessary steps are taken to comply with those guidelines
- purchases of goods and services are to be undertaken in accordance with Commonwealth procurement guidelines and, where possible, use endorsed supplier arrangements
- procurement processes must be accountable and transparent
- purchased goods and services must represent value for money
- section 94 of the *Safety, Rehabilitation and Compensation Act 1988* requires that procurement valued over \$500,000 be approved by the Minister for Employment and Workplace Relations
- methods of obtaining offers for goods and services include requests for expressions of interest and sole, limited or open tenders
- requests for tenders must clearly define Comcare's requirements and measurable outcomes
- contracts must define start and end points, deliverables as well as measures to protect information and intellectual property, and must include occupational health and safety provisions
- contracts must be managed to ensure correct services are delivered
- contracts are not expanded in their duration, cost or scope simply for convenience.



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Facts and Figures

Table 16: SRC Act Scheme Profile (including Comcare, licensees and ACT Public Service)

	1999—2000	2000—2001	2001—2002
Employees covered under SRC Act (FTE)	305,277	309,069	304,035
Claims received	19,706	19,317	19,290
Claims accepted	16,372	15,777	15,717
Claims accepted per 100 employees (FTE)	5.36	5.10	5.17
Reconsiderations received	3,783	4,594	5,040
AAT appeals received	1,411	1,810	1,988
Total expenditure	\$418.67m	\$442.61m	\$461.63m

For further information, refer to the 2001—2002 Annual Report of the Safety, Rehabilitation and Compensation Commission.

Table 17: OHS(CE) Act Scheme Profile

	1999—2000	2000—2001	2001—2002
Employees covered under the OHS(CE) Act (FTE)	285,655	283,610	279,198
Number of customer agencies	181	172	171
OHS contributions* (\$m)	4.3	5.0**	5.7***
OHS budget (\$m)	5.0*	5.0***	5.7***

*Paid by agencies under the provisions of the OHS(CE) Act

**Prevention activities funded through the SRC Act

*** Prevention activities funded through OHS contributions

Table 18: SRC Act Scheme Profile (excluding licensees)

	1997—1998	1998—1999	1999—2000	2000—2001	2001—2002
Comcare Insured Employees					
Commonwealth					
ACT Public	158,097	150,190	142,996	149,700	153,652
Service	15,880	16,713	16,300	15,761	15,605
Total	173,977	166,903	159,296	165,461	169,257
Total Wages and Salaries of Insured Employees — \$ million					
Commonwealth					
ACT Public	6,787	6,840	6,801	7,604	7,973
Service	702	767	769	767	781
Total	7,489	7,607	7,570	8,371	8,754
Total Premium Pool — \$ million (1)					
Commonwealth					
ACT Public	81.7	67.7	70.1	74.3	79.4
Service	21.4	19.6	21.3	23.9	26.2
Total	103.1	87.3	91.4	98.2	105.6
Administration Component of Premium Pool — \$ million (1)	25.60	19.50	17.70	16.8	15.8
Premium Rate					
Commonwealth					
ACT Public	1.2%	1.0%	1.0%	1.0%	1.0%
Service	3.1%	2.6%	2.8%	3.1%	3.4%
Average Claim Cost					
Commonwealth					
ACT Public	\$8,780	\$9,049	\$10,528	\$10,989	\$12,746
Service	\$20,148	\$19,547	\$24,807	\$27,868	\$28,028
Claim Frequency per 100 FTE					
Commonwealth					
ACT Public	5.10%	3.93%	3.68%	3.39%	3.19%
Service	7.50%	5.59%	4.83%	4.94%	5.14%

Estimated Outstanding Liability — \$ million (3)					
Premiums	566	567	623	643	698
Pre Premiums	665	583	571	602	593
Total	1,231	1,150	1,194	1,246	1,291
Estimated Reserve — \$ million	249	243	205	196	145
Total Workers Compensation Costs — \$ million (2)	189.2	172.8	183.6	185.2	186.1
Percentage of Administration to Workers' Compensation Costs	17.6%	13.5%	12.4%	12.2%	12.6%

NOTES

(1) 2000—2001 and later premium pools include 10% GST.

(2) Excludes third party recoveries and claims administration costs

(3) As at 30 June 2002 includes 10.6% prudential margin. Includes 10.5% prudential marginal for all other years.

Table 19: Financial and Staffing Resources Summary

	Actual 2000—2001	Revised Appropriation 2001—2002	Actual 2001—2002
ANNUAL APPROPRIATION	(\$'000)	(\$'000)	(\$'000)
Components of Appropriation			
Annual Appropriation	8	100	21
Special Appropriation (\$'000)	202,236	206,467	202,467
Total	202,24	206,567	202,488
less adjustments	496,069	99,680	104,440
Total Outlays	106,175	106,787	98,048
* Includes net premium receipts and OHS contributions and licensing fees, net of GST.			
Total staff**	298		309
Number of full-time	278		282
Number of part-time	20		27
Number of female staff	171		179

Number of male staff	127	130
----------------------	-----	-----

*** Does not include inoperative staff and is not Full Time Equivalent



Staffing overview

At 30 June 2002 Comcare employed the equivalent of 304.5 full time operative staff Australia wide under the *Public Service Act 1999*. Their terms of employment are set out in the Comcare Certified Agreement 2000—2002 and in Australian Workplace Agreements.

Table 20: Staffing Overview at 30 June 2002

FULL TIME EQUIVALENT STAFF CLASSIFICATION	Female	Male	Total
APS 1	10.3	6.0	16.3
APS 2	14.1	15.4	29.5
APS 3	33.0	6.0	39.0
APS 4	38.8	11.0	49.8
APS 5	22.4	16.9	39.3
APS 6	32.3	32.0	64.3
SLA	1.0	1.0	2.0
PLA	--	2.0	2.0
EL 1	16.6	23.0	39.6
EL 2	4.7	11.0	15.7
SEB 1	3.0	3.0	6.0
CEO	--	1.0	1.0
Grand Total	176.2	128.3	304.5

Table 21: Staffing at 30 June 2002 by functional area

DIVISION	Classification	Female	Male	Total
Chief Executive Officer PA	APS 4	1.0		1.0
	CEO		1.0	
Sub Total		1.0	1.0	2.0
Claims Management	APS 1	10.3	5.0	15.3
	APS 2	12.1	5.5	17.6
	APS 3	29.0	6.0	35.0
	APS 4	21.9	9.0	30.9
	APS 5	22.4	14.0	36.4
	APS 6	20.1	15.0	35.1
	EL 1	4.0	8.0	12.0
	EL 2	3.0	2.0	5.0
	SEB 1	1.0	1.0	2.0
Sub Total		123.8	65.5	189.3
Regulatory Services	APS 2	1.0		1.0
	APS 3	2.0		2.0
	APS 4	9.9		9.9
	APS 6	8.8	14.0	22.8
	EL 1	9.6	11.0	20.6
	EL 2	1.0	6.0	7.0
	PLA		2.0	2.0
	SEB 1		2.0	2.0
	SLA	1.0	1.0	2.0
Sub Total		33.3	36.0	69.3
Research and Strategy	EL 1	--	1.0	1.0
	EL 2	0.7	1.0	1.7
	SEB 1	1.0	--	1.0
Sub Total		1.7	2.0	3.7
Corporate Management	APS 1		1.0	1.0
	APS 2	1.0	9.9	10.9
	APS 3	2.0		2.0
	APS 4	6.0	2.0	8.0
	APS 5		2.9	2.9
	APS 6	3.4	3.0	6.4
	EL 1	3.0	3.0	6.0
	EL 2		2.0	2.0

	SEB 1	1.0		1.0
Sub Total		16.4	23.8	40.2
Grand Total		176.2	128.3	304.5



Table 22: Staffing retention and turnover at 30 June 2002

CLASSIFICATION	FEMALE ongoing	FEMALE non ongoing	MALE ongoing	MALE non ongoing	TOTAL
SES					
Commencements	1	--	--	--	1
Separations	--	--	1	--	1
EL 1–2					
Commencements	4	2	4	--	10
Separations	4	--	4	1	9
APS 1–6					
Commencements	7	29	3	20	59
Separations	25	12	10	6	53

Performance pay and bonuses

In the last financial year a total of \$18,544 accrued to five SES employees as performance pay. Bonuses totalling \$12,435 accrued to Executive Level employees under AWAs.

Table 23: Salary ranges as at 30 June 2002

LEVEL	SALARY RANGE (\$)
APS 1	16,768 — 30,853
APS 2	31,583 — 34,988
APS 3	35,928 — 38,752
APS 4	40,005 — 43,408
APS 5	44,582 — 47,254
APS 6	48,125 — 55,232
EL 1	61,181 — 71,250
EL 2	70,533 — 91,366
Legal Advisors (APS 3)	37,008 — 39,454
Legal Advisors (APS 4)	42,189
Legal Advisors (APS 5)	44,873
Senior Legal Advisors (APS 6)	48,125 — 61,181
Principal Legal Advisor (EL1)	66,071 — 74,416
SES	94,844 — 111,097

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QWL Corporation Pty Limited

QWL Corporation Pty Limited (ACN 064 178 641) is the wholly owned subsidiary of Comcare.

It was established on 25 May 1994 to perform functions that may be performed by Comcare or subsidiaries of Comcare under the *Safety, Rehabilitation and Compensation Act 1988* (the Act).

QWL Corporation Pty Limited has, since 1994, provided workers' compensation services to CSL Limited (a former government business enterprise) and its subsidiary JRH Biosciences Pty Ltd. Both organisations are holders of Class A licences under the Act, and the Safety, Rehabilitation and Compensation Commission (the Commission) has approved their licences to 30 June 2004.

Since 1 September 2000 QWL Corporation Pty Limited has provided workers' compensation services to Network Design and Construction Limited in accordance with Class B licence arrangements under the Act. The Commission has approved its licence to 30 June 2003.

Since 1 July 2001 QWL Corporation Pty Limited has provided workers' compensation services to Pacific National (ACT) Limited in accordance with Class B licence arrangements under the Act. The Commission has approved its licence to 31 December 2002.

The financial position of QWL Corporation Pty Limited has been consolidated into Comcare's financial statements.

Directors of QWL Corporation Pty Limited at 30 June 2002 were:

- Barry Leahy, Chair (CEO, Comcare)
- Peter Pharaoh (General Manager, Injury Management, Comcare)
- Leone Moyse (General Manager, Claims Policy and Systems Improvement, Comcare)

Company Secretary and Public Officer at 30 June 2002:

- Peter Wurfel (Financial Adviser, Corporate Management Division, Comcare)

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