

WORKCOVER CORPORATION CHARTER

1. Purpose

- 1.1. This Charter sets out the Minister and the Treasurer's key strategic priorities, initiatives and requirements for WorkCover.
- 1.2. This Charter has been prepared pursuant to section 17A of the Corporation Act.
- 1.3. The following matters are included in this Charter:
 - a. Key priorities and initiatives for WorkCover to address improving:
 - i. the efficient and expeditious management and resolution of worker's compensation claims; and
 - ii. effective recovery and successful return to work outcomes for injured workers, including through the administration and enforcement of section 58B of the Act.
 - b. Objectives and requirements concerning the nature and scope of WorkCover's investment of the Compensation Fund, including prudent risk management, extraterritorial investments, investments in derivatives and the appointment of experts and consultants.
 - c. Requirements concerning accounting, internal auditing, financial systems and reporting, including matters relating to the preparation of financial statements or to the disposal of assets.
 - d. Requirements concerning reporting and providing information to the Minister and the Treasurer.
- 1.4. As required by the Corporation Act, the Minister and the Treasurer have consulted with WorkCover in the preparation of this Charter.

2. Definitions

- 2.1. Under this Charter the following definitions apply.
 - a. "Act" means the *Workers Rehabilitation and Compensation Act 1986*.
 - b. "Board" means the WorkCover Corporation Board.
 - c. "Compensation Fund" means the fund established under s64 of the Act.
 - d. "Corporation Act" means the *WorkCover Corporation Act 1994*.
 - e. "Minister" means the Minister for Industrial Relations.
 - f. "Mobile consultant" means a mobile consultant of the claims agent or of WorkCover
 - g. "Performance Statement" means the WorkCover Performance Statement referred to in section 17B of the Corporation Act.
 - h. "Scheme" means the scheme established under section 2(1)(a) of the Act.
 - i. "Treasurer" means the Treasurer for the Government of South Australia.
 - j. "WorkCover" means the WorkCover Corporation of South Australia.

3. Nature and Scope of the Scheme's Operations, Key Priorities and Initiatives

The following are to be key priorities and initiatives for WorkCover in relation to the operation and administration of the Scheme.

- 3.1. Improving the efficiency, effectiveness and outcomes of the claims management process, from the perspectives of WorkCover, employers and injured workers.
 - a. WorkCover shall fund and support the establishment of a free information and advisory service available to all injured workers to be provided by the Legal Services Commission.
 - b. WorkCover shall establish procedures that enable an injured worker to be reimbursed his or her reasonable costs or disbursements reasonably incurred in obtaining medical reports for the purposes of proceedings in the Workers Compensation Tribunal, as soon as practicable after they are incurred.
 - c. WorkCover shall monitor the key performance indicators specified in its contracts with its two claims agents and otherwise actively manage and evaluate the performance of the claims agents, also as outlined in the contract.
 - d. WorkCover must ensure that all necessary steps, especially those consistent with the goal of return to work, are taken throughout the life of each claim to enable a Work Capacity Assessment to be conducted efficiently, and effective at the end of the third entitlement period.
 - e. WorkCover shall commence necessary action to process those existing claims, which have an outstanding Work Capacity Assessment as at the date of this Charter.
 - f. WorkCover shall have processes in place to ensure decisions made by its claims agents have all necessary supporting evidence.
 - g. WorkCover must ensure that a rehabilitation and return to work plan is prepared for an injured worker, where the worker is (or is likely to be) incapacitated for work by reason of a compensable injury for more than four weeks (but has some prospect of returning to work). That is, an initial rehabilitation and return to work plan must be in place within a maximum of four weeks time from the first date of incapacity.
 - h. WorkCover must ensure that an assessment is undertaken as part of a worker's reviewable rehabilitation and return to work plan, before 26 weeks of incapacity has passed, as to whether it is still appropriate for the worker to have a goal of returning to work with their pre-injury employer, or whether it is likely to be more beneficial to the worker to be refocussed on retraining and/or job seeking activity.
 - i. WorkCover must implement an outcome focused Return to Work (Rehabilitation) Services model, to ensure timely, appropriate, value for money services are provided that aim to achieve a durable

return to pre-injury work or provide for retraining where a return to pre-injury work is not possible.

- 3.2. Improving the recovery and successful return to work outcomes for injured workers.
 - a. WorkCover shall establish effective procedures to ensure that:
 - i. as far as reasonably practicable, and as early as is possible, workers are returned to suitable employment with their pre-injury employer in accordance with section 58B of the Act; or
 - ii. where there is no capacity for the employer to provide suitable employment, or it is likely to be beneficial for the worker to be engaged in retraining and/or jobseeking within their pre-injury employment or alternative employment:
 - A. such decisions must be made in a timely manner, being no later than the end of the second entitlement period; and
 - B. any worker who is engaged in retraining and/or jobseeking activity must be supported by a rehabilitation and return to work plan that includes options for such retraining as is necessary to maximise return to work outcomes.
 - b. Where WorkCover has already provided support to an employer to help facilitate suitable employment or duties for the injured worker and the employer is clearly avoiding its responsibilities, WorkCover will in appropriate circumstances impose a supplementary payment on the employer.
 - c. WorkCover shall establish early intervention programs which provide for:
 - i. an early intervention service (including a call centre) for employers to use when they have a worker with an injury; intended to streamline the claim lodgement process and assist in early identification of potential barriers or concerns likely to affect the worker's return to work; and
 - ii. the establishment of mobile consultants who will conduct an expeditious workplace visit, where potential barriers to work have been identified. The consultant shall meet with the worker and their employer to address immediate obstacles, for example, finding alternative duties, and shall continue to be involved in the first month of the claim to support the preparation of the rehabilitation and return to work plan and ensure all parties are meeting their obligations.
 - d. WorkCover shall ensure that the claims agents' focus on returning injured workers to pre-injury work or their retraining to perform alternative work. This may be supported by providing financial or other incentives to the claims agents to achieve these goals.
 - e. WorkCover shall establish systems and procedures with the objective of ensuring that return to work activity for injured workers is effective, timely and targeted at durable return to work outcomes.

- f. WorkCover shall review the standard “claim form” used by injured workers and consult on revising it in the following respects:
 - i. so that the requirements of the claim form are easily understood, the form is easier to complete correctly and generally more user-friendly for injured workers; and
 - ii. so that the claim form collects more relevant information to better support immediate and effective claims management activity, including for example, time away from work to date, any ongoing requirement for weekly payments of income maintenance or any requirement for the making of payments of section 32 expenses.
 - g. WorkCover shall facilitate greater involvement with employers in the planning of return to work activities through improved engagement of employer-based or industry group rehabilitation and return to work co-ordinators appointed under section 28D of the Act. This shall include provision of support to newly appointed co-ordinators in businesses with higher incidences of claims, development of online resources and new training material to assist the co-ordinators in helping case managers to establish return to work plans where it is appropriate to do so.
 - h. WorkCover shall continue providing advisory services for medium and large employers that have been identified as having the potential to improve their claims experience, to help these employers understand and monitor their performance relative to their industry performance and develop strategies to reduce injury in their workplace and achieve better return to work outcomes.
 - i. WorkCover shall establish a policy which, in addition to workers’ existing ability to choose a rehabilitation provider, allows workers to request a change of rehabilitation provider in circumstances where they are dissatisfied on reasonable grounds with the service provided. WorkCover must attach appropriate conditions to the process, as it sees fit, including (but not limited to) requiring such requests to be made in writing and limiting the number of requests that may be made annually.
- 3.3. Improve employer and worker engagement
- a. WorkCover must work actively with industry and employer representatives and unions to improve engagement and the performance of the Scheme.
- 3.4. Financial Incentive for Small Employers
- a. WorkCover shall develop and consult on implementing a financial incentive for small employers who provide active support and suitable employment to a worker suffering a compensable injury.

3.5. Redemptions and Settlements

- a. WorkCover shall establish a policy and a set of procedures with the objective of pursuing or recovering compensation paid or payable to a worker under section 54 of the Act, particularly where there are causes of action or other civil remedies that WorkCover or an injured worker may have in relation to that worker's compensable injury.
- b. WorkCover shall establish a redemption policy and procedures allowing, in certain cases, a liability to make weekly payments or to pay compensation under section 32 of the Act to be redeemed pursuant to section 42 of the Act.
- c. WorkCover must consult with the Minister before implementing this redemption policy. The redemption policy should allow for the redemption of a claim:
 - i. where a recovery under section 54 of the Act has been made and these provisions should be used to provide workers with a financial interest to pursue common law recoveries; or
 - ii. when all reasonable return to work options have been exhausted, and where a redemption results in demonstrated savings to the Scheme.

4. The Nature and Scope of Investment of the Fund

- 4.1. WorkCover will continue to maintain a detailed investment strategy governing the investment of the Compensation Fund that has the objective of maximising returns based on prudent and systematic risk management and with a view to structuring the investment portfolio to facilitate WorkCover being able to fund the payment of its liabilities under the Scheme when they fall due.
- 4.2. WorkCover shall actively manage the investment of the Compensation Fund in accordance with the investment strategy.
- 4.3. WorkCover may appoint an asset consultant to provide independent advice on the investment strategy.
- 4.4. WorkCover may appoint expert investment managers and custodians who are authorised to make decisions regarding investment activities and foreign currency exposures in accordance with the investment strategy.
- 4.5. WorkCover shall ensure both that its investments are optimally diversified against all material systematic risks and that investments are appropriately hedged against relevant risks.
- 4.6. WorkCover may make investments outside of the State in accordance with its investment strategy.
- 4.7. WorkCover will continue to maintain a derivatives policy and investment credit limits to govern investment activities in accordance with the investment strategy.

- 4.8. The Board shall review and approve the investment strategy at least annually, and otherwise promptly as necessary to accommodate relevant changes in economic or financial markets or conditions.

5. Financial Management

- 5.1. WorkCover must estimate its claims liabilities using a risk margin with a percentage probability of sufficiency for the net liability as set out in the Performance Statement for the relevant year.
- 5.2. Except in the ordinary course of its business WorkCover will not obtain any form of financial accommodation and nor will it enter into contracts for the purpose of hedging or reducing foreign exchange risks or for foreign exchange trading purposes.

6. Board Observer

- 6.1. All Board meetings will include an observer to be appointed by the Minister.

7. Reporting on Material Adverse Events

- 7.1. WorkCover shall advise the Minister, as soon as practicable, of any material adverse event or development affecting WorkCover's operations or investment activities.

8. Reporting on Operations

- 8.1. In addition to statutory reporting, WorkCover must provide the following reports to the Minister:
- a. quarterly and annually, a statement of achievements and progress towards the outcomes and targets detailed in section 3 of the Performance Statement; and
 - b. as soon as practicable after December 2013 and June 2014, a summary of progress against the initiatives outlined in section 3 of this Charter and the related performance expectations set out in section 4 of the Performance Statement; and
 - c. a quarterly report on achievements against the key performance indicators in the claims agents' contracts, with particular attention to the accuracy of decision-making by the agents; and
 - d. a quarterly and annual report on the reasons for the cessation of income maintenance; and
 - e. a quarterly report on the:
 - i. number of referrals and number of proactive investigations undertaken under section 58B and 58C;
 - ii. high level outcomes of those investigations and decisions; and
 - iii. numbers and timing in relation to the date of injury of the worker of decisions made pursuant to section 3.1 h and 3.2.a ii.

9. Provision of Information Directly to the Minister

- 9.1. WorkCover will ensure that the Chief Executive of WorkCover shall provide such information concerning the operations of WorkCover as the Minister may request from time to time within the period specified by the Minister.

10. Annual Reporting

- 10.1. As part of its Annual Report, the Board will report to the Minister on:
- a. achieving its statutory obligations and functions;
 - b. achievements in securing return to work outcomes for injured workers;
 - c. performance against the targets and expectations in the Performance Statement, including explanation where targets have not been achieved;
 - d. maintaining a prudent, risk based investment program; and
 - e. compliance with obligations under the Act and Corporation Act.

11. Date of Operation

- 11.1. This Charter comes into operation, and is binding on WorkCover, upon signing by the Minister and the Treasurer.

Jay Weatherill MP
Treasurer

August 2013

John Rau MP
Minister for Industrial Relations

August 2013