

Port Stephens Council

2015/16 Workers Compensation & WHS Report

statecover.com.au



Table of Contents

INTRODUCTION	3
1. COUNCIL PERFORMANCE	5
1.1. AVERAGE PREMIUM RATE	5
1.2. CLAIM PERFORMANCE RATE	6
1.3. CLAIMS FREQUENCY	7
1.4. CLAIMS FREQUENCY TRENDS OVER 5 YEARS	7
1.5. EARLY INJURY REPORTING	9
1.6. AVERAGE CLAIMS COST – PREMIUM IMPACTING	9
1.7. AVERAGE CLAIMS COST – ALL CLAIM COSTS	10
1.8. INJURY MANAGEMENT SELF AUDITS	11
1.9. WHS SELF-AUDITS	12
2. STATECOVER PERFORMANCE	13
2.1. INCENTIVES AND DISCOUNTS	13
2.2. MEMBER SATISFACTION SURVEY	14
3. STATECOVER – YEAR IN REVIEW	17
3.1. WORKPLACE RISK SERVICES	17
3.2. CLAIMS SERVICES	19
3.3. MEMBER SERVICES	21
4. THE YEAR AHEAD	23

Introduction

Dear Wayne

I am pleased to provide you with StateCover's 2015/16 Workers Compensation and WHS Annual General Manager's Report. This report is designed to provide you with a snapshot of Council's workplace risk performance across a number of indicators, as well as an overview of your Mutual's performance and activity over the course of the year.

And what a year it has been! You would be aware that StateCover has been progressively transitioning operations in-house to enable us to deliver WHS and claims services direct to our Members. This has involved a significant level of activity, including:

- Recruitment and induction of approximately 60 staff
- Sourcing and fitting out new premises in Local Government House and Ballina
- Implementing IT systems and hosting arrangements
- Building a new website/online resource centre

Our small team worked tirelessly throughout the year, ensuring that the transition did not adversely impact our Members. I'm pleased to report that with the exception of two hours downtime while we relocated premises, services continued to be delivered uninterrupted throughout this critical project.



Just to make the year even more challenging, the new premium formula took effect from 1 July 2015, legislative reforms adversely impacting prior year claims liabilities were announced, and round one of Council amalgamations was proclaimed. Fortunately, prudent financial decision-making by the Board ensured that the increases in prior claim liabilities were funded from a reserve established precisely for this purpose, rather than impacting Members' premiums or requiring an injection of additional capital. But the 2015 reforms also provided greater certainty, allowing StateCover to provide a \$6M Mutual performance rebate to Councils, while still ensuring that sufficient capital was retained to manage any future downside risks.

The Board was also pleased to announce the provision of \$2M in financial support to amalgamating Councils to assist with the merging of RTW and WHS systems and processes. StateCover recognised that many of the amalgamations were not under Councils' control, so was keen to ensure that injured workers and the Mutual were not adversely impacted as a result.

"I have also greatly appreciated the changes that have been made within StateCover in recent years and the extra level of customer focus that is being made. I feel that this has significantly improved the relationship with its members.

Would you please pass this appreciation onto the CEO and the Board."

Council GM 2016

I appreciate the continued support and loyalty demonstrated by our Members throughout the past 12 months. With the transition now complete, and other distractions behind us, the team and I are looking forward to focusing **100% on our Members**. We plan to do this by making sure that we understand and meet your expectations, actively manage any downside risks that come our way and ensure the Mutual remains financially strong and sustainable into the future.

If at any time you have any concerns or questions, please contact me on 0457 811 225.

Kind regards



Linda Bostock
CEO

1. Council Performance

1.1. Average Premium Rate

The average premium rate (or rate on wages) is an indicator of both WHS and claims performance, as it combines both the number of claims and their cost over a three-year period. However the degree to which a Council's premium is driven by their own performance rather than the broader industry will depend on the Council's size as measured by wage roll, i.e. the larger the Council, the more Council's own performance affects its premium.

For the purposes of the comparisons provided below, the OLG Group is the Office of Local Government Group, the parameters of which can be found at www.olg.nsw.gov.au. The StateCover Group is based on the average rate of Councils with a comparable wage roll.

Table 1.1 provides a comparison of Council's average premium rate with the average of the relevant OLG Group and the StateCover Group for 2015/16. The rates are based on the "old" premium formula and include most types of claim payments, e.g. weekly benefits, medicals, lump sums, investigations and legal costs.

Table 1.1

Group	2015/16 Average Premium Rate
Council	1.38%
OLG Group Average	2.69%
StateCover Group Average	2.91%

1.2. Claim Performance Rate

The Claims Performance Rate is a key factor of the premium formula introduced in 2015, and a measure of claims performance relative to the overall scheme. Ultimately, this factor will determine whether Council's base tariff premium will be loaded or discounted. A factor of <1 indicates a performance better than the overall scheme, whereas a factor of >1 is worse than the overall scheme. A comparison with Council's OLG Group is provided in the table below.

Table 1.2

Group	2015/16 Claim Performance Rate
Council	0.44
OLG Group Average	1.41

1.3. Claims Frequency

The frequency of workplace injuries is an important indicator in monitoring your Council's WHS performance.

Table 1.3 shows the claim frequency rate for your Council. Two separate measures are provided to allow for inconsistencies in the reporting of full time equivalent (FTE) employee numbers by Member Councils. Benchmarking data is also provided to enable comparison with the OLG Group average, Regional Group average and StateCover average.

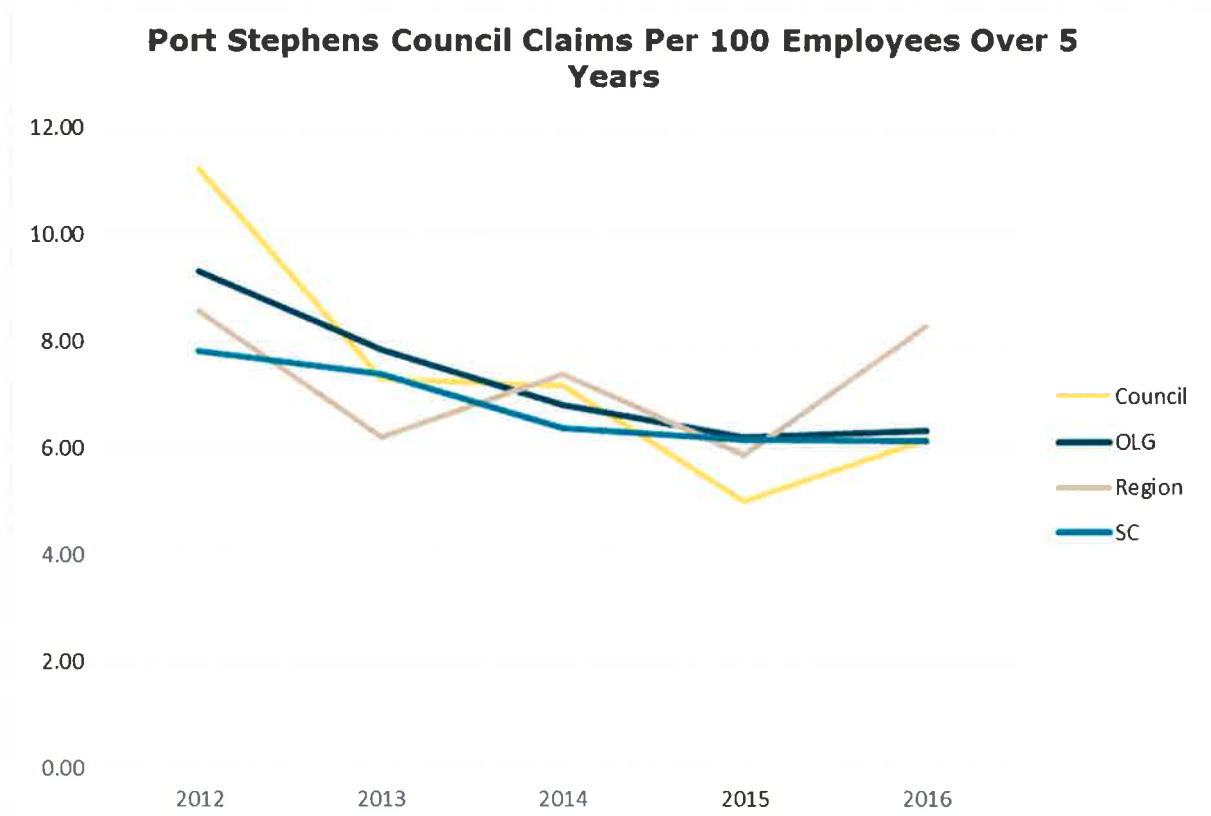
Table 1.3

Measure	Council	OLG Group Average	Regional Group Average	StateCover Average
No. Claims per 100 employees	6.16	6.33	8.27	6.14
No. Claims per \$1 million in wages	0.64	0.87	1.04	0.92

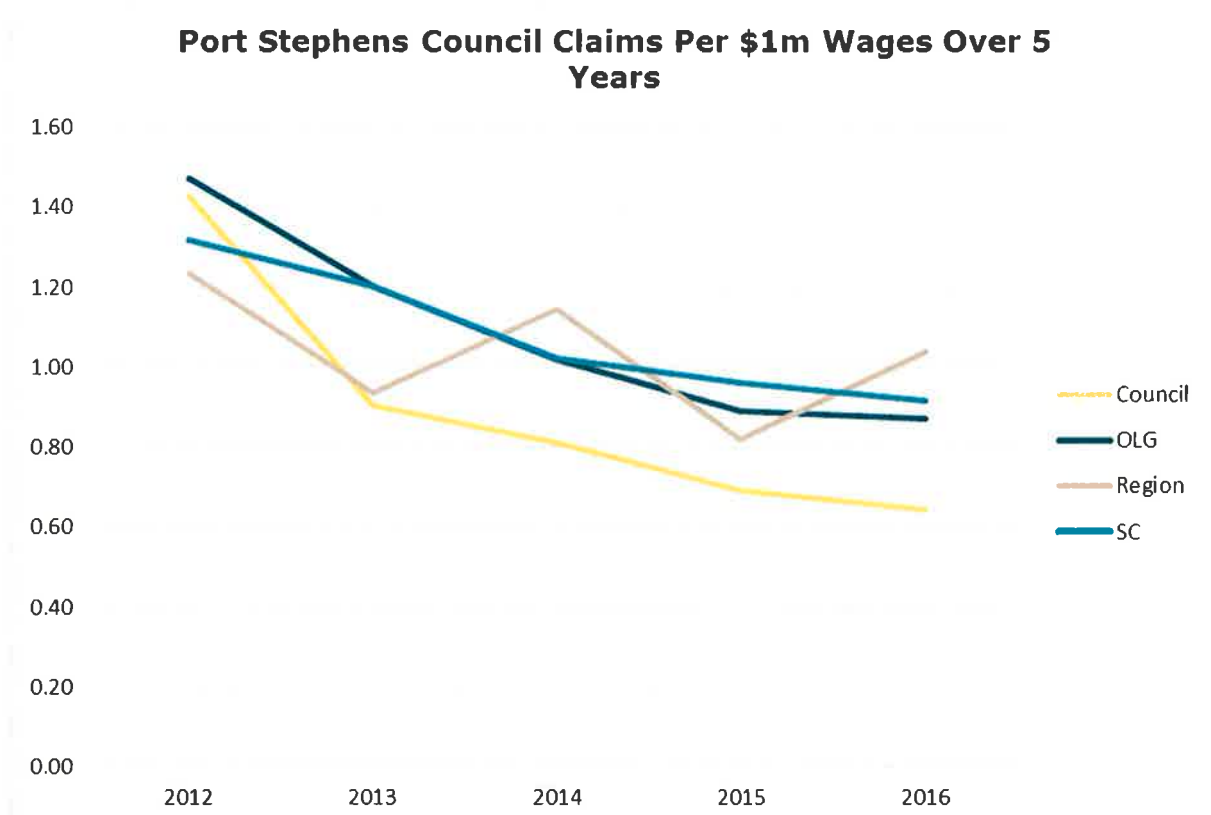
1.4. Claims Frequency Trends over 5 years

The following graphs show the claim frequency rate by risk exposure over the last 5 years for both wage and employee for your Council. This illustrates the trends in your WHS performance over time. It also shows how your results compare with the OLG Group average, Regional Group average and StateCover average.

Graph 1.1



Graph 1.2



1.5. Early Injury Reporting

Early reporting, together with early intervention, are critical drivers of favourable return to work outcomes. Therefore, monitoring injury and claim reporting timeframes can be a useful tool in ensuring outcomes are optimised.

In addition, the legislation requires NSW employers to report all injuries within 48 hours of becoming aware of them. Penalties of up to \$2,200 can apply for failing to meet this obligation.

The table below provides a summary of your Council's injury reporting performance (and therefore compliance with the legislation) against the OLG Group average and StateCover average.

Table 1.4

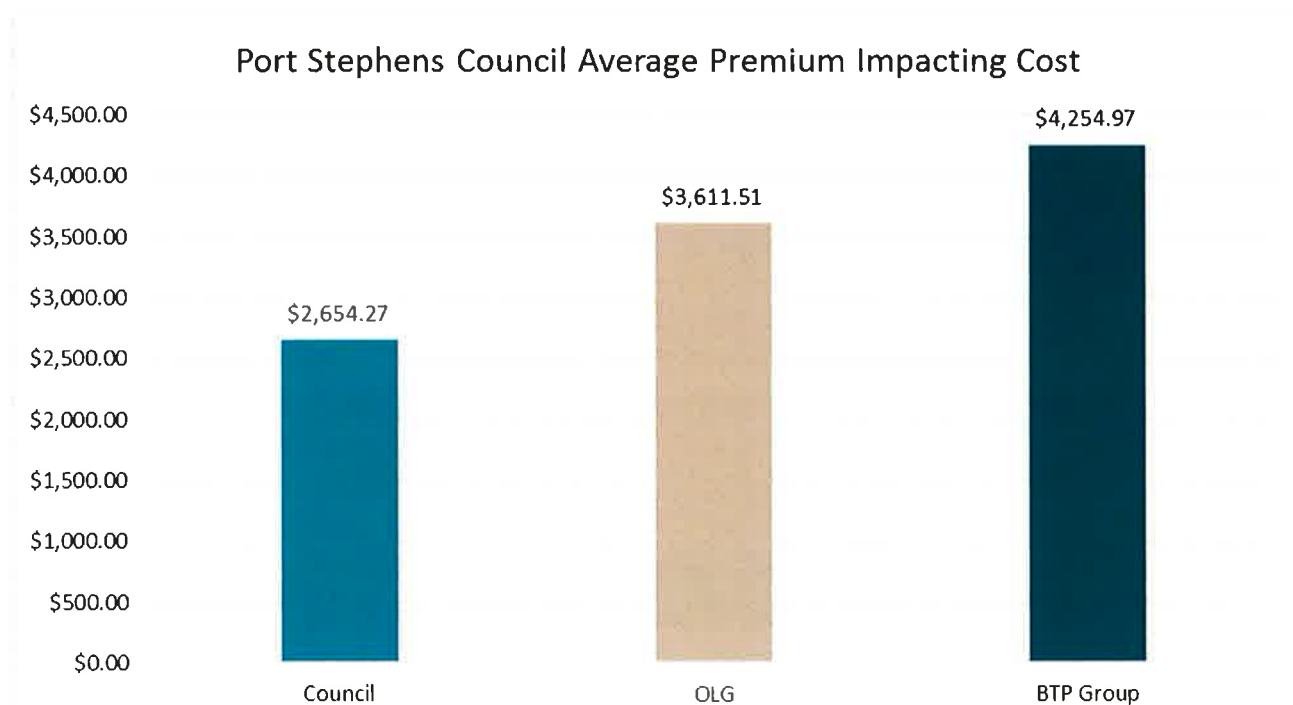
Group	Injuries reported in 48 hours
Council	72.0%
OLG Group Average	71.7%
StateCover Average	70.4%

1.6. Average Claims Cost – Premium Impacting

A number of factors may affect the cost of a claim. The major elements include the severity of the injury, the rate of pay for weekly payments and the return to work duration. The average **premium impacting** cost of claims for your Council for the past 3 years is outlined in the table below with comparisons with Councils that have the same base tariff premium category and the Mutual as a whole. This point in time measure is the 2015/16 defined cost of all **direct premium-impacting** claims for 2013, 2014 and 2015, divided by the number of **direct premium-impacting** claims in those years. The cost of claims includes weekly payments, whole person impairment lump sums, death benefits and common law lump sums where paid.

For the purposes of this comparison, this data is as at 30 June 2016 regardless of Council's policy expiry date. Also, these claims costs do not represent the full cost of a claim; they are just the costs that are premium impacting.

Graph 1.3



1.7. Average Claims Cost – All Claim Costs

While select payment types, as noted in 1.6 above, directly impact an employer's premium, **all claims costs** indirectly impact Councils' premiums through the industry tariff rate. It's therefore important that other costs, such as medical, legal, rehabilitation and investigation costs are monitored and controlled to avoid any adverse impacts on Member premiums over the medium to long term.

The graph below provides a comparison of Council's average incurred claims costs with other Councils in the same BTP Group and with StateCover overall.

Table 1.5

Group	Claim cost (\$)
Council	\$5,918
Employer BTP Group	\$9,583
StateCover	\$10,772

1.8. Injury Management Self Audits

To launch the StateCover Injury Management self-audit tool, the Member Services Team held a promotion to encourage Members to perform a "health check" of their injury management system, with the additional benefit of a chance to win one of 10 prizes of \$10,000 to contribute to injury prevention initiatives at Council. Over 60 Members participated in the promotion, completing the self-audit and submitting their results to StateCover. In response, StateCover provided Members with a pre-populated remedial action plan to assist in addressing identified weaknesses. Analysing the results provided Member Services with the opportunity to identify where there were common deficiencies in injury management systems, and in turn develop further resources to assist our Members enhance their injury management systems. These resources have recently been made available on our Member-only website.

The following table shows Council's overall audit score, with benchmarked comparisons with the Regional Group average and StateCover average (for the 62 submissions).

Table 1.6

Group Average	Audit Score
Council	90.8
Regional Group	79.9
StateCover	81.9

1.9. WHS Self-Audits

StateCover provides Member Councils with an annual WHS self-audit tool to assist them in assessing their WHS performance. After analysing the completed audits, StateCover provides a comprehensive feedback report which identifies WHS strengths and weaknesses and provides recommendations to support improvement. A customised action plan is also provided to assist in addressing any areas of weakness.

The following table shows the overall audit score for your Council, with benchmarking information to allow comparisons with the OLG Group average, Regional Group average and StateCover average. Amalgamating Councils were not required to complete the self-audit this year.

Table 1.7

Group Average	Audit Score
Council	96.6
OLG Group	75.2
Regional Group	73.4
StateCover	76.5

2. StateCover Performance

2.1. Incentives and Discounts

The objective of StateCover's Discount and Incentive Policy is to:

- Provide our Members with better value than is otherwise available in the market, over the long-term;
- Reduce premium volatility from year to year;
- Reward collective performance; and
- Incentivise improved individual performance.

This Policy is subject to meeting our ongoing regulatory and risk capital needs.

In June, we were pleased to inform our Members that the Board had approved a significant financial benefits package for 2016/17, with highlights of the package as follows:

- Mutual Performance rebate of 10%
- Member Premium discount of 5%
- Transitional capping of premiums, compared to 2014/15 premiums of 125%
- No change to tariff premium rate
- WHS Incentive of 0.3% of wages, capped at \$100K
- Cost of claims variation – excluding industrial deafness from lump sums
- RTW & WHS amalgamation assistance funding.

If you would like further information on these financial benefits, please do not hesitate to contact myself or your Member Services Manager.

Jane Hunt

Senior Underwriter



2.2. Member Satisfaction Survey

StateCover conducts a Member satisfaction survey every two years. It is just one mechanism relied upon to ensure that we are continuing to meet the expectations of our Members. We appreciate our Members taking the time to complete the survey and are pleased to share the results of the 2016 survey.

For our 2016 survey, 94% of our Member Councils participated, with a total of 222 respondents, an increase of 9% over the 2014 survey.

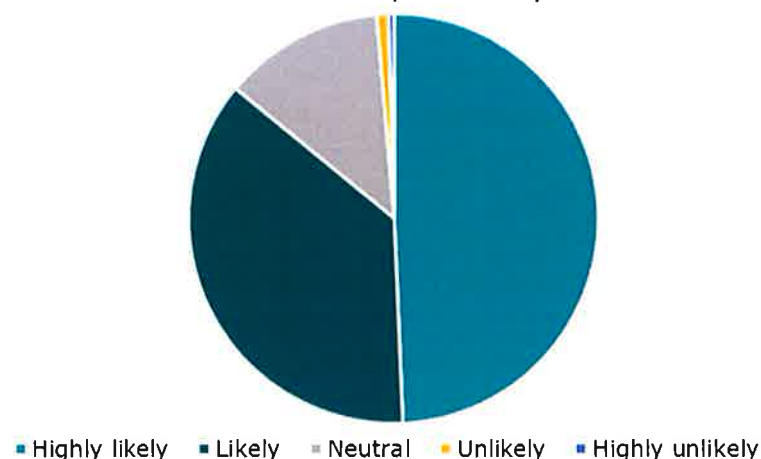
As a measure of overall satisfaction, StateCover monitors the likelihood of our Members recommending StateCover to non-members. While we are pleased with the strong result for 2016 of the 85% promoter score, as illustrated below, we will continue to look for ways to increase Member satisfaction, while balancing individual Member expectations with those of the collective.

"StateCover services at all levels are brilliant. Communication and consultation provides excellent claims service. The WHS team often go out of there way to find and provide information requested. The provision of SMART and its continual updating is excellent - this is a most useful tool and is recognised as such by our senior management who get reports from SMART (via me) quarterly."

2016 Member Satisfaction Survey

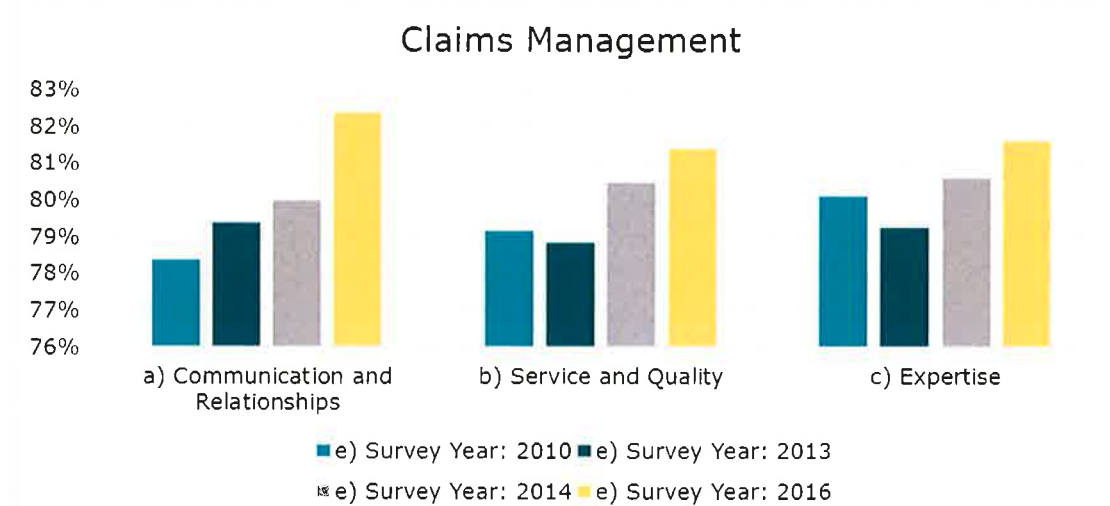
Graph 2.1

How likely are you to recommend StateCover to other Councils not presently a Member?



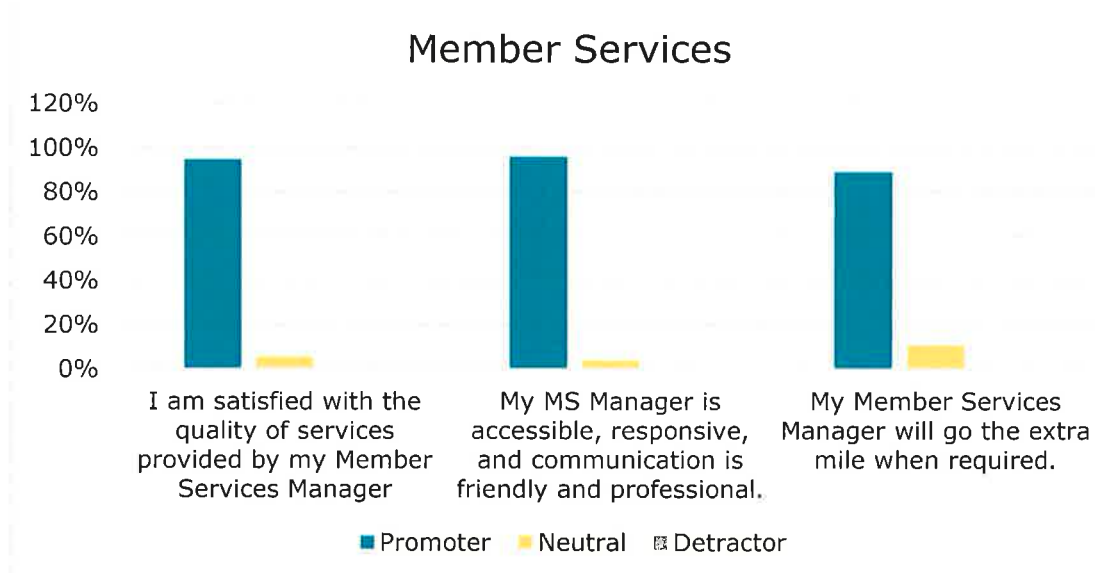
Our Members' opinion on Claims Management is evaluated through many scaled questions, categorised into 3 key areas: Communication and Relationships, Service and Quality, and Expertise. Results for 2016 are positive and indicate improvements from the 2014 survey, as shown in the graph below.

Graph 2.2



StateCover recruited the Member Services Team in 2015, and they have been busy working with our Members to provide value-add services throughout the 2015/16 financial year. Questions relating to the services provided by the Member Services Team were introduced to the 2016 survey, and results were positive, as shown below.

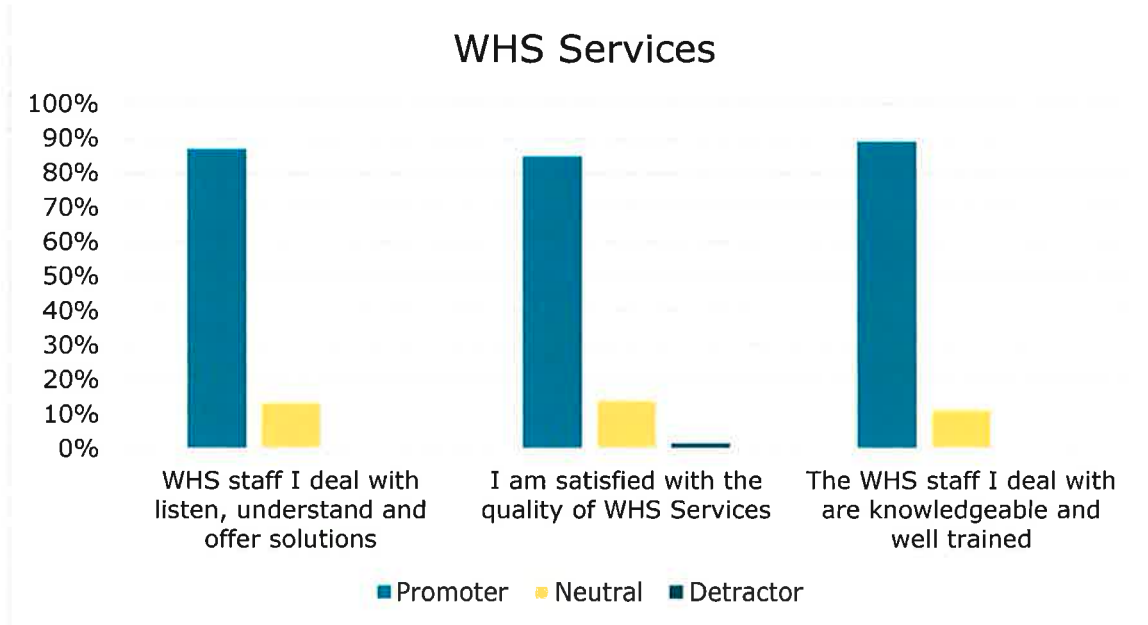
Graph 2.3



StateCover's Workplace Risk team provide WHS services to our Members.

A number of questions were asked in the 2016 survey to evaluate Member satisfaction with the team and the services they provide, and also to understand if StateCover could further assist or better meet the WHS needs of our Councils. Results were positive, as shown in the graph below. Members also had the opportunity to provide feedback in the survey's free text fields. As with all feedback, StateCover will use this so that we can continue to improve the WHS services we provide.

Graph 2.4



Emma Minards

Portfolio Manager

3. StateCover – Year in Review

3.1. Workplace Risk Services

Over the last financial year, StateCover's Workplace Risk Services provided a range of WHS services to assist Councils in preventing workplace injuries. This included providing direct advisory services to Councils as well as the development of resource materials and the delivery of training programs.

These services are summarised below.

Direct Council Assistance

Over the last year, WHS Services conducted approximately 200 Council visits and responded to numerous telephone enquiries to assist Councils with their WHS issues. In addition, StateCover provided in-depth assistance to Councils requiring extra support to improve their WHS performance. This included conducting audits to identify weaknesses in Councils' WHS systems, assisting in the development of WHS action plans and providing ongoing support to facilitate program implementation.

Presentations and Workshops

A range of presentations and workshops were conducted to provide Member Councils with information on topical WHS issues.

Over 40 presentations and workshops were conducted during the year. This included:

- a series of regional workshops, in conjunction with SafeWork NSW, on a new technique to identify and address hazardous manual handling tasks
- presentations at Councils, including on due diligence requirements for Officers, WHS planning, risk management and WHS responsibilities for Supervisors
- presentations at Regional Risk Meetings on WHS issues relevant to the group

Development of Resource Materials

Workplace Risk Services added to its extensive library of WHS resource materials (which currently exceeds 400 documents) through the development of new WHS procedures, training materials, program guides and operational tools and templates.

All resources are made available on StateCover's website to assist Councils in the planning, development and implementation of their WHS programs.

"During my time in this position, I have gained invaluable knowledge, particularly in the last 2 years from the consultant for my region."

"Great service. Good information provided."

"StateCover have been instrumental in assisting Council to improve WHS at Council."

"The range of support documentation has increased over the past few years which saves me a lot of time not having to reinvent the wheel."

2016 Member Satisfaction Survey

StateCover WHS Programs

Workplace Risk Services also implemented several programs to assist Councils develop their internal WHS capabilities. These included:

- An annual WHS self-audit with a comprehensive feedback report that identifies program strengths and weaknesses
- WHS grants to assist Councils with WHS initiatives
- Scholarships to enhance staff qualifications in WHS or RTW
- WHS Excellence Awards to recognise WHS achievements

David Ginpil

Manager - Workplace Risk Services



3.2. Claims Services

Transition

The primary focus for the claims team throughout 2015/16 was the progressive transition of claims and claims services to our new operating model, with the primary objective of continuity of claims management and minimal disruption to our Members. This task was undertaken in conjunction with execution of a major recruitment strategy.

Recruitment

StateCover was fortunate to have a number of experienced claims staff transition over from the previous outsource provider, so were able to support continuity of claims staff for many of our Members.

Where external recruitment was required, StateCover focused on securing staff who demonstrated the desired competencies, values and experience to fulfil our service proposition to Members. When determining the alignment of Case Managers to Councils, consideration was given to each Council's unique requirements, as well as the Case Manager's skills and experience, and in some cases, previous relationship with Councils. Members which were introduced to a new service team during the year have been monitored closely to ensure that the Case Managers are a good fit for those Councils and are continuing to provide optimal service.

We also took the opportunity to increase our resourcing levels and supplement the existing expertise with a range of specialist roles. The team has a wealth of knowledge and experience, drawn from a range of backgrounds including the workers compensation

"We work with a great claims team who listen and consult with our Council."

"Council are provided with extremely high quality service from all our StateCover staff at Ballina office."

"Better than any of my previous dealings with workers compensation companies."

2016 Member Satisfaction Survey

industry, life insurance, law, rehabilitation, allied health, psychology, information technology and finance. StateCover's Sydney claims staff have collectively more than 195 years of workers compensation experience, with the smaller team at Ballina having in excess of 60 years' experience.

While the last year has seen a focus on the acquisition of superior talent, development and retention of our staff is now one of our highest priorities. A structured learning and development framework has been developed to facilitate the ongoing professional, technical and personal development of staff. This is further supported by a reward and recognition program which aims to recognise behaviours consistent with our values and Member expectations.

Amalgamations

The Local Government (Council Amalgamations) Proclamation 2016 commenced on 12 May 2016. The proclamation impacted 30 of our Member Councils. StateCover responded with an immediate support action plan to ensure continuity with claims management strategy for each Member's existing claims, and alignment of procedures and processes with the newly formed entities. Face-to-face claims reviews were held to ensure all new Councils were provided with current claims performance information and any support needed during this period of significant change.

Regulatory & Legislative Change

The NSW Workers Compensation scheme underwent significant legislative change during 2015/16. Some of the 2012 legislative amendments were unwound which created further entitlements for injured workers who had exited the system under the 2012 amendments. The practical application of these modifications was the continued erosion of the savings foreshadowed by the original legislative changes in 2012.

StateCover also participated in a number of forums and consultation groups held by SIRA (formerly WorkCover NSW) during 2015/16 in respect of further proposed regulation, such as the legal costs for review of work capacity decisions, review of PIAWE, and guidelines to claiming benefit changes. Participation in these forums ensures that StateCover has the opportunity to protect and enhance the interests of the Mutual and our Member Councils.

Rosanna Tarquinio

Workers Compensation Manager

3.3. Member Services

Throughout 2015/16, the Member Services Team's primary focus was to ensure that any service issues were proactively identified and resolved, while taking the opportunity to understand Councils' needs and develop tailored solutions. The services provided by the Member Services Team are at no cost to our Members – it's just part of the value that the Mutual delivers back to Members.

Below is a summary of services that the team provided over the past year:

Direct Member assistance and visits

Over the year, Member Services conducted over 300 Council visits and responded to numerous telephone enquiries in relation to performance, service or claims issues, and premium related enquiries. The team helped facilitate the transition to StateCover's insourced claims management model, to ensure a smooth transition with minimal disruption to Members. Additionally, the team facilitated discussions between our proclaimed amalgamated Councils to arrange seamless cover for the new entities.

"I just wanted to let you know that Lloyd Davidson, continuously provides high level service. He is immediate, responsive and helpful.

Lloyd goes above and beyond and when you're in a demanding and pressure filled environment, this level of service is immensely refreshing".

StateCover Member

Presentations and Forums

Member Services has conducted presentations and training on topics of interest to Members, in order to provide information, up skill and expand knowledge, with the aim to improve each Council's workers compensation performance and capability. Presentations and forums over the last year have included:

- Injury Management Forums in the Northern Regions of the State, including guest speakers from SafeWork NSW and Turks Legal
- Executive presentations on topics including premium calculation and individual Council premium performance
- Breakfast seminars (in Sydney CBD and Hunter regions) on issues such as legislative changes and managing complex psychological claims
- Weekly benefits training
- Presentations at regional risk meetings around the Health Benefits of Good Work

RTW Training for Supervisors and Managers

Member Services has delivered training to supervisors and managers to increase their awareness and understanding of their responsibilities in the Return to Work (RTW) process. Training has been conducted with over 500 supervisors and managers across 33 Councils. The interactive training session has received positive feedback from our Members, who benefited from increased knowledge about their role in supporting and managing a worker on workers compensation, whilst under their supervision.



Introductory RTW Co-Ordinator Training

StateCover has facilitated nine introductory Return to Work Co-Ordinator training sessions across the state to increase the skills and knowledge of our Members who are responsible for RTW and injury management. Training has already been provided in Ballina, Bingara, Singleton, Orange, Broken Hill, Griffith, Corowa and Sydney CBD to 91 of our Members. The latter part of 2016 will see StateCover provide Advanced RTW Co-Ordinator training to build on the existing capabilities of Council RTW Co-ordinators in dealing with more complex claims.

SMART training

StateCover's Member Analytics Reporting Tool (SMART) is a web-based reporting tool, which supports Members to monitor performance. Member Services has provided training on how best to utilise the tool with 51 of our Councils, as well as responding to phone call enquiries and general troubleshooting.

Other Member Services programs

Member Services has also provided other individualised support based on Councils' needs and requests such as:

- Injury Management Audits and presentation of the findings and recommendations to executive teams
- Presentations and trade stands at Council safety days
- Attendance at quarterly regional risk and safety meetings
- Premium review meetings, including providing a premium "health check".

Megan Smith

Manager – Member Services Team

"I think it is a great service provided by StateCover... Nothing is ever too much for them and they do everything in their power to get the desired outcome..."

2016 Member Satisfaction Survey

4. The year ahead

With the team now fully established, StateCover is planning a range of initiatives aimed at delivering on our Corporate Goals, which are:

- Ensure the interests of our Members are central to everything we do
- Provide high quality Workers Compensation and WHS Services
- Deliver optimum outcomes and superior service with integrity
- Provide sustainable stakeholder security

We are pleased to have the assistance of the newly-established Advisory Committee, which along with StateCover Management Representatives, consists of Member Representatives with extensive experience in local government, workers compensation and/or WHS. We intend to leverage their diverse expertise and knowledge of local government to ensure that the initiatives we undertake will add value to our Members.

Below are just some of the initiatives under development:

- 2017 StateCover Seminar (*"Connect and Collaborate"*), a forum for our Members to network with their peers, share solutions and develop their WHS and workers compensation knowledge and expertise
- Development of contemporary injury management tools and resources, tailored to local government, to assist Members optimise recovery and RTW outcomes for injured Council workers
- Regional Injury Management forums dealing with specific regional issues
- WHS Management Incident System & WHS network risk information
- Expanded suite of WHS products and services
- Continued participation and local government advocacy in scheme reviews to ensure the interests of our Members and the local government sector are considered



We look forward to continuing to work in partnership with our Members throughout the coming year and into the future, assisting you in the effective management of your workplace risk.

The StateCover Team

Thank You

For enquiries please contact the Member Services Team:

Megan Smith – Team Manager

0417 445 743 – Megan.Smith@statecover.net.au

Chris Archer

0439 910 155 – Chris.Archer@statecover.net.au

Lloyd Davidson

0439 832 162 – Lloyd.Davidson@statecover.net.au

Toni-Anne Lee

0418 493 327 – Toni-Anne.Lee@statecover.net.au

