

Audited key performance indicators

Introduction

WorkCover WA's mission is:

to minimise the social and economic impact on workers of work-related injury and disease and achieve cost-effectiveness for employers and the community.

WorkCover WA strives to achieve its mission through effective administration of the [Workers' Compensation and Injury Management Act 1981](#), the provision of quality policy advice to Government and excellent stakeholder relationships.

For the current reporting year, WorkCover WA received permission from the Outcome Structure Review Group of the Department of Treasury and Finance to alter the dispute resolution key performance indicators (KPIs). The changes were designed to provide more robust, reliable and valid measures of the work undertaken in the area and the outcomes achieved.

The reporting of these new KPIs has necessitated some changes to the supplementary statistics that have been provided in previous years. To enable valid comparisons of reporting performance across the years, some figures have been recalculated using the new reporting protocols. Some recalculated figures are therefore different to previous years' data, as reported in Annual Reports.

Key effectiveness indicators

Indicator 1.1	2008/09 Target	2008/09 Actual	2007/08 Target	2007/08 Actual
Percentage of workers covered by a current workers' compensation policy	95%	95%	95%	95%

Description

This indicator measures the extent to which employers maintain a current workers' compensation insurance policy and thereby provides information on the exposure of the scheme to uninsured claims being met by the General Account. It also provides a focus for our compliance activities as well as an indication of the extent to which subsidisation of uninsured employers by insured employers is occurring.

Indicator 1.2	2008/09 Target	2008/09 Actual	2007/08 Target	2007/08 Actual
Percentage of lost-time injuries with an appropriate injury management response	98%	100%	90%	98%

Description

There is a compliance requirement for insurers and self-insurers to advise WorkCover WA within four weeks of a claim being opened that injury management has commenced and the program is consistent with the nature and severity of the injury, implemented to assist the worker to return to work or to undergo vocational rehabilitation.

This indicator measures the percentage of injuries where it becomes apparent that a worker's period of incapacity exceeds four consecutive weeks and an insurer or self-insurer is able to demonstrate that an appropriate injury management response has occurred.

Analysis

Exceeding the target with a result of 100 per cent represents an excellent result. Performance exceeded this year's target due to the requirement for all insurers and self-insurers to report lost-time injuries exceeding four consecutive weeks to WorkCover WA and for these to be closely monitored by WorkCover WA.

Of the 7,007 responses received for 2008/09, WorkCover WA was advised that:

- 54 per cent had already returned to work or had their claim finalised
- 23 per cent were undergoing rehabilitation
- 12 per cent required further medical treatment
- the remaining 11 per cent did not require injury management intervention for other reasons such as pending settlements, other employment, moved interstate or overseas, withdrawal from the workforce or full-time study.

Notes

One of the roles of the Standards and Monitoring Branch is to operate as a 'safety net' for all injured workers to ensure they receive appropriate assistance and services within the injury management system. The Branch identifies and reviews claims to determine timely injury management action and the need for vocational rehabilitation.

A four-week notification system was specifically designed to identify claims that meet certain criteria. The criteria identifies all accepted claims where a worker's period of incapacity exceeds four consecutive weeks and where there has been no return-to-work, no vocational rehabilitation case commenced, the claim is not a fatality, the common law payment amount is less than \$100, there are no redemption and second schedule payments, or the claim has not been finalised.

An electronic report listing all identified claims is forwarded to the relevant insurers and self-insurers for a response on the worker's current status at the beginning of each month. There is a compliance requirement for insurers and self-insurers to advise WorkCover WA with a response electronically via the insurer on-line reporting system (INO) within five working days. This advice provides assurances on whether injury management has commenced and the program is consistent with the nature and severity of the injury sustained by the worker. The Standards and Monitoring Branch monitors these responses and follows-up claims identified as requiring further investigation and/or vocational rehabilitation assistance.

The four-week notification system has been operating since 1999 and the electronic system was implemented in 2002.

Following monthly claims processing, a notification email is generated through the four-week notification Intranet application and sent to approved insurers and self-insurers for all claims identified as meeting the four-week notification criteria. Approved insurers and self-insurers are required to investigate whether further intervention is required and report the outcome through a facility within the Internet application Insurer Online (INO). This online service provides approved insurers and self-insurers with multiple-functionality and includes a policy and claim data management module.

Responses may be automatically finalised or viewed by WorkCover WA depending on the response code selected and comments provided by insurers and self-insurers. Any outstanding responses requiring further information from insurer, employer worker and treating medical practitioner are identified and followed up as required to clarify injury management status prior to processing of the following month's data.

Most work-related injuries do not result in time being lost to the employer. Where the injured worker does take time off to recover, there can be associated costs to the employer in lost productivity. The earlier the worker is ready to return to work and does return to work, the lower the lost productivity will be for the employer.

All employers are required to have an injury management system in place. WorkCover WA checks for compliance in this area.

Indicator 1.3	2008/09 Target	2008/09 Actual	2007/08 Target	2007/08 Actual
User satisfaction with the dispute resolution system	68%	71%	70%	65%

Description

This indicator assists WorkCover WA to gain a greater appreciation of the perception of parties in the system, as well as assisting to make service delivery and process improvements. As with the 2007/08 survey, the Australian Bureau of Statistics (ABS) was contracted to analyse the raw data and provide a report on behalf of WorkCover WA.

The dispute resolution system is designed to provide timely, fair and effective methods to resolve disputes. It is required to meet user expectations in relation to accessibility, approachability and professionalism. The most effective way to measure the success of the system is to engage in a survey of users or parties involved in the dispute resolution process.

The sample is defined as all those who have taken part in a finalised statutory dispute application (Part XI and Part XII) since 1 July 2008. The total sample size in 2008/09 was 1,440, which represents nearly double the sample for the 2007/08 survey. However, only 215 responses were received, which represents a 15 per cent response rate, compared to the 19 per cent response rate in 2007/08. As a result, the overall satisfaction scores calculated from these surveys should be interpreted with care.

WorkCover WA has already taken steps to address the low response rates and data integrity issues by implementing a process whereby stakeholders will be provided a survey approximately

30 days after the resolution of the matter and provides an appropriate length of time for the stakeholder to reflect on their experience with WorkCover WA's Dispute Resolution Directorate (DRD).

The client survey process is being continuously refined to improve the response rate and the quality of information. The questions remained the same as the previous year to enable direct comparison of the qualitative data gathered. However, on the advice of the ABS, the scoring scale was changed this year, resulting in the single user satisfaction percentage figures not being directly comparable with those reported in previous years.

WorkCover WA's intention is to continue to provide all stakeholders with a means to express their level of satisfaction and have their feedback acknowledged.

Analysis

Stakeholder engagement and the speedy and effective resolution of disputes were key priorities for this year. Increased liaison with parties to a dispute, including a concerted effort to resolve minor inconsistencies in lodged paperwork via a phone call and written file note are considered to be contributors to the 71 per cent overall customer satisfaction rate.

It should be noted that the DRD is a jurisdiction of 'last resort' whose dispute resolution services are only called on once less formal attempts to resolve a matter have not worked. In addition, a dispute by definition involves two or more parties who cannot agree and any resolution achieved is likely to not meet the full satisfaction of at least one party to the dispute. With these facts in mind, the customer satisfaction figure is considered a very good achievement.

Indicator 1.4	2008/09 Target	2008/09 Actual
Resolution of disputes:		
a) Percentage of Part XI disputes resolved within 26 weeks from date an application is received	68%	55%
b) Percentage of Part XII disputes resolved within 5 days of referral to arbitrator for a decision	90%	97%
c) Percentage of common law applications relating to an injury occurring prior to 14 November 2005 resolved within 52 weeks from date an application is received	50%	44%

Description

These new measures of timeliness better reflect the differing complexity involved in each of the three broad areas of dispute resolution undertaken. In evaluating the reported achievements, the following information should be taken into account:

‘Timeliness’ reporting of the dispute resolution processes is problematic because the amount of delay introduced by the need to offer parties time to comply with the requirements at each particular stage of a process.

For Part XI, up to 45 days of statutory waiting periods are built in, should all parties choose to use the maximum allowable time to comply with any particular requirement.

Common law applications for injuries arising prior to 14 November 2005 (1993 scheme) includes up to 91 days of statutory waiting within the standard process.

Analysis

Overall, the figures recorded are considered satisfactory. A new streamlined process for the referral of Part XII disputes to an arbitrator has resulted in a high rate of decisions being made within the five-day benchmark set.

Whilst a large number of Part XI matters were closed within the six-month benchmark, the rate of 55 per cent is below the target, and strategies have been developed to improve this for 2009/10. A new ‘fast track’ process will be trialled in 2009/10, which aims to reduce the overall time taken to resolve Part XI matters and therefore an increase in the percentage of such matters resolved in 26 weeks or less.

Common law matters under the 1993 scheme relate to injuries that occurred prior to 14 November 2005 and are by their nature complex. As many of these injuries are severe and have not yet stabilised, time taken for their resolution is necessarily lengthy. The DRD intends to review the management of these cases with a view to improving the resolution rate against the 12-month benchmark. The appropriateness of this benchmark, in view of the complexity of these matters, will also to be reviewed.

Key efficiency indicators

Indicator 2.1	2008/09 Target	2008/09 Actual	2007/08 Target	2007/08 Actual
Average weighted cost per regulation activity	\$186	\$152	\$178	\$153

Description

This indicator measures regulation activities that ensure workers' compensation participants comply with legislative requirements and standards. These activities include initial accreditation, subsequent reviews and monitoring, compliance inspections, investigations, policy cancellations and prosecutions, as well as information and education activities for scheme participants.

Analysis

The average weighted cost per regulation activity was 18.3 per cent under the target cost for 2008/09.

There was a small reduction in cost per activity compared to the previous year, which is especially positive considering the total number of activities undertaken, has increased. This increase in regulation activity is attributable to increased performance regarding compliance and investigation activities.

Notes

The methodology used to calculate the average weighted cost per regulation activity has been amended. For comparison purposes, updated targets and actuals have been restated for 2007/08.

The greatest proportion of work performed by WorkCover WA is directed at developing the workers' compensation scheme and reviewing scheme performance. Regulation is implied broadly to incorporate policy, licensing, accreditation, inspection, investigation, monitoring, educating and prosecuting.

As the activities associated with the regulation of scheme participants are wide and varied, a weighting is required to be applied to the actual activity. For example, having standard letters querying whether an employer is insured for workers' compensation compared to an on-site visit to the employer, have different time and effort associated with them. A weighting has been applied and a cost attributed to the activity.

Exclusions

In calculating the costs of services, certain costs have been excluded as they make no contribution to the provision of services. These include workers' compensation claims from the supplementation account (\$3.224m), trust administration (\$26,000), uninsured workers' compensation claims (\$443,000), Cocos and Christmas Island expenditure (\$9,000) and the WorkSafe contribution (\$250,000). The total amount of exclusions in calculating the costs of services for the purposes of the key performance indicators is \$3.952m.

Indicator 2.2	2008/09 Target	2008/09 Actual
1. <u>Average weighted cost to resolve a:</u>		
a) Part XI dispute	\$4,600	\$4,109
b) Part XII dispute	\$950	\$721
c) Common law application relating to an injury occurring prior to 14 November 2005	\$3,600	\$4,627
2. <u>Average weighted cost to process a Memorandum of Agreement</u>	\$430	\$327

Description

These new measures are designed to provide a breakdown of the weighted cost of resolving each of the three key applications to resolve a dispute, and they provide a more accurate and fine-grained efficiency indicator. The weighted cost to process each deed and memorandum of agreement is also provided.

As the cost per dispute resolution activity is a new KPI measure, there was no precedent to establish targets.

In formulating targets the following information was taken into account:

1. The trends associated with the number of any particular disputes resolved.
2. The trends associated with the number of any particular dispute received.
3. For registration of agreements, trends of numbers received during the previous year.
4. Budget costs accrued in the previous financial year.

The targets are based on the interaction between all of these elements.

As the targets are calculated by dividing disputes resolved by the costs to provide the dispute resolution service, a slight change in either or both of these figures can result in a significant change to the outcome. That is the more disputes resolved or agreements processed, the more the unit price per activity, drops.

Analysis

There was an increase in the numbers of Part XI (770 in 2007/08, compared to 918 in 2008/09) and Part XII matters resolved (496 in 2007/08, compared to 594 in 2008/09) during the reporting year as well as an increase in the number of agreements of all kinds registered (3,506 in 2007/08, compared to 3,986 in 2008/09).

Due to similar costs to administer the dispute resolution services over the previous two years, the increase in the number of resolutions has resulted in the cost per resolution to be lower than the set target.

For the fourth measure, costs associated with resolving a dispute under the 1993 scheme (injury date prior to 14 November 2005) exceeded the target. This is explained by a reduction in the number of these matters resolved during the year, while the total costs to administer the services that resolve them, are approximately the same. In addition, setting an appropriate target for this type of dispute is challenging, as the injury must have occurred prior to 14 November 2005, and with the passage of time, the number of these disputes is dropping.