



ANNUAL REPORT 2020/2021



Independent
Review Office

Office of the Independent Review Officer

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About this Report

The 2021 Annual Report of the Office of the Independent Review Officer (IRO) is prepared pursuant to Schedule 5 to the *Personal Injury Commission Act 2020* (PIC Act), the *Annual Reports (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983* and the regulations made under those Acts.

This report encompasses the activities of the previous Workers Compensation Independent Review Office for the period 1 July 2020 to 28 February 2021. It also reports on the activities of the successor public sector agency, the IRO, for the period 1 March 2021 to 30 June 2021. The report includes Financial Statements commencing from the establishment of the Independent Review Office on 1 March 2021 until 30 June 2021.

The total cost of producing this report was \$5835.50.

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The Hon. Victor Dominello MP
Minister for Customer Service
Parliament House
Macquarie Street
Sydney NSW 2000

1 November 2021

Dear Minister

In accordance with Schedule 5 to the *Personal Injury Commission Act 2020*, the *Annual Reports (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983* and the regulations made under those Acts, I have prepared and now forward to you the Annual Report of the Office of the Independent Review Officer for the period from 1 July 2020 to 30 June 2021.

The report includes information about the activities of the previous Workers Compensation Independent Review Office for the period 1 July 2020 to 28 February 2021.

I note that the Report is required to be tabled in Parliament as soon as is practicable.

Yours sincerely,



Simon Cohen

Independent Review Officer

IRO 2020/21 SNAPSHOT

Key data to highlight IRO impact over 2020/21

EARLY SOLUTIONS



8382
complaints



8065
from injured workers



317 persons injured
from motor accidents

These complaints are about insurers under the workers compensation (WC) scheme and the motor vehicle accident injury scheme, known as the Compulsory Third Party (CTP) scheme.

TOP WC ISSUES complaint issues

- 1 Delay in determining liability
- 2 Delay in payment
- 3 Errors in weekly benefits

TOP 3 CTP complaint issues

- 1 Treatment and care
- 2 Claim payments
- 3 Claim liability

97%
of complaints
finalised within
15 calendar days



83% of WC complaints and early interventions matters solved, including
43 per cent resolved with an action or benefit in favour of the injured worker

GRANTS OF LEGAL FUNDING

21,350

new applications
for ILARS grant funding



UP 22%
from 2019/20

90% of new
applications
assessed within
5 business days

ILARS grants approved
by injury type:

- 1 Physical
- 2 Industrial Deafness
(Hearing loss)
- 3 Psychological

15,627

ILARS grants finalised



UP 25%
from 2019/20

54% ILARS grants matters finalised with a binding agreement or decision.
In 94 per cent of these matters the injured worker improved their position.

IRO EDUCATION



28 IRO Bulletins and
24 IRO Alerts published to over
2000 subscribers

IRO Sydney seminar 'Personal
Injury Compensation - a system in
transformation' attended by almost
200 delegates in-person and over
300 delegates online via live stream

MESSAGE FROM THE INDEPENDENT REVIEW OFFICER

Worker and motor accident injury (or CTP) compensation schemes have, at their centre, injured people. For those recovering from injury or living with its permanent effects, timely access to treatment and financial support are key needs.

These personal injury compensation schemes are relied upon by almost 220,000 people at any time, and it is perhaps inevitable that things may go wrong: claims may be missed, decisions delayed and administrative errors made. Where this happens, an effective system ensures accessible and timely redress processes, and that learnings are gained from every negative experience.

The complaint function of the Independent Review Office (IRO) is an integral part of NSW personal injury compensation schemes. For those who are often without an effective voice – injured persons – we provide a fast, accessible and fair avenue to get problems with their insurer solved.

2020/21 saw record demand for IRO complaint services, with more than 8000 injured worker complaints to our Solutions Group. We also dealt with more than 300 complaints by persons injured in motor accidents, a new role we started in March 2021.

We delivered on our promise of a fast service, with more than 95 per cent of complaints finalised within 15 calendar days of receipt. And we were effective, with more than 80 per cent of workers compensation complaints solved by insurers taking action, providing a benefit or providing information to the worker's satisfaction. In more than 70 per cent of CTP complaints we solved, the insurer provided a benefit or other action to solve the complaint.

This year we also reinvigorated our Inquiry function to improve the personal injury compensation system. Our first Inquiry closely reviewed the most common cause of IRO complaints – delays by insurers in making decisions about treatment and weekly payment requests. We found common causes for these delays, such as the insurer seeking more information and administrative errors. Our report shares good practice and recommends improvements to system data and regulatory guidance that, if implemented, should mean more timely decisions and fewer complaints.

The impact of an injury often goes beyond an immediate period of recovery and can fundamentally alter a person's life. They may require long-term healthcare treatment and ongoing access to financial support, and be entitled to compensation for the permanent effects of the injury. Given the stakes for injured persons, independent and expert lawyers are critical to assist them to fairly and effectively navigate the claims process, especially where disputes arise.

The IRO's Independent Legal Assistance and Review Service (ILARS) has supported Approved Lawyers assisting injured workers for more than eight (8) years, and in 2020/21 the need has never been greater, with more than 21,000 applications for grants of funding. For completed grants where there was a final outcome (more than 8400 matters), the worker improved their position in more than 90 per cent of matters, demonstrating the importance of independent legal assistance for workers to have their claims properly investigated and professionally represented.

Our ILARS and Solutions work integrate to provide quick solutions in some matters before disputes are taken to the Personal Injury Commission. We intervened in more than 1000 ILARS grants in 2020/21, in particular where Approved Lawyers told us insurers had not responded to the claim. Where we could not solve these matters, our action often prompted the insurer to make a decision or counteroffer.

From 1 March 2021 our office (previously the Workers Compensation Independent Review Office or WIRO) was renamed as the IRO, established as a public sector agency and given new responsibilities for CTP complaints, and our role of administering ILARS was confirmed in legislation. We see this change as a demonstration of confidence in how we do our job, and we have worked hard to create an Office that is effectively governed and keenly focussed on our legislative roles, to continue to earn that confidence.

With the commencement of the new IRO, we updated our protocol for dealing with complaints, focusing on fast and fair solutions while enabling evidence-based investigations, where needed, to reach fair and reasonable outcomes. We also updated our ILARS Funding Guidelines, which were comprehensively reviewed in 2019, improving guidance in a number of areas and updating professional fees where appropriate to continue to benchmark against the Workers Compensation Regulation 2016, Schedule 6. These Guidelines are now tabled before Parliament and published on the NSW Legislation website, increasing transparency and scrutiny of our work.

The team at the IRO is united in our commitment to make a difference for the NSW community. Like every organisation, we have been challenged in responding to COVID-19 and the urgent need to comply with Public Health Orders and keep our team safe, while delivering our services effectively (and often multi-tasking with home-schooling or caring and other responsibilities). Each team member has risen to the challenge, and supported their colleagues, their teams and others they deal with in undertaking their work. This report recognises their considerable achievement.

About the Independent Review Office

The Independent Review Officer is an independent statutory office established under the PIC Act.

The Independent Review Officer is supported by an expert team employed under the *Government Sector Employment Act 2013*. Collectively, this team and the Independent Review Officer are known as the Independent Review Office or IRO.

The IRO was established as a public sector agency under the PIC Act and commenced operation on 1 March 2021.

The NSW Government first established the statutory office of WorkCover Independent Review Officer (WIRO) under the *Workplace Injury Management and Workers Compensation Act 1998* in 2012 as an oversight mechanism across the workers compensation system. The WIRO is the predecessor of the IRO.

The statutory functions of the Independent Review Officer include dealing with complaints by people who are injured at work or in motor vehicle accidents about the acts or omissions of insurers. The Officer also undertakes inquiries into matters arising in connection with the operation of the PIC Act, and the workers compensation and motor vehicle accident legislation (the enabling legislation). In addition, the Officer manages and administers the Independent Legal Assistance and Review Service (ILARS) which funds Approved Lawyers to provide legal advice and assistance to injured workers pursuing workers compensation entitlements.

The IRO also runs seminars and publishes information about the latest cases and reforms in workers compensation. This contributes to the professional development of lawyers, insurers and others with an interest in NSW workers compensation.

Legislative Changes

The Independent Review Office was established as a public sector agency under Schedule 5 to the PIC Act and the *Government Sector Employment Act 2013* and commenced operation on 1 March 2021.

In addition to existing WIRO responsibilities under workers compensation legislation (which were transferred to the new office), the IRO was provided with a new function to deal with complaints by persons injured in motor vehicle accidents about the acts or omissions of insurers. This function was previously provided by the State Insurance Regulatory Authority (SIRA). The motor accident injury scheme is known as the Compulsory Third Party (CTP) scheme.

Under Schedule 5 to the PIC Act, ILARS also became a legislated IRO function. The Independent Review Officer publishes guidelines for approval of lawyers to be granted funding under ILARS and for the allocation and amount of funding as legislative instruments on the NSW legislation and IRO websites.

The IRO was also given a function to inquire into and report to the Minister for Customer Service on any matters arising in connection with the operation of the PIC Act and motor vehicle accident legislation (in addition to the pre-existing inquiry role for workers compensation legislation) as may be referred by the Minister or as the Independent Review Officer considers appropriate.

Our Organisation

Structure

The IRO is led by the Independent Review Officer, Simon Cohen. The work of the IRO is conducted by the following Groups.

- the Independent Review Officer's office provides personnel, procurement and governance support for the IRO.
- the Solutions Group (Solutions) solves complaints by injured persons about the acts and omissions of workers compensation and motor accident insurers, and matters referred from ILARS for early solutions. Solutions also responds to enquiries from injured persons.
- ILARS approves private lawyers and grants funding to assist injured workers to understand and pursue their workers compensation entitlements. ILARS also identifies matters appropriate for early solutions.
- the Strategy, Policy & Support Group (SPS) provides financial, information technology and records management support for the IRO. SPS also provides a whole-of-system perspective for statutory personal injury schemes including through leading IRO inquiries, analysing data and supporting community and stakeholder education and engagement.

Executive/Principal Officers

Simon Cohen, Independent Review Officer

Simon Cohen was appointed Workers Compensation Independent Review Officer in February 2020, and Independent Review Officer from 1 March 2021. Simon was previously the Deputy Secretary, Regulation and Director, Consumer Affairs from 2015 at the Victorian Department of Justice and Community Safety. Simon was the national Telecommunications Industry Ombudsman from 2010 to 2015. His previous roles include Victorian Public Transport Ombudsman and Assistant Ombudsman at the NSW Ombudsman. Simon is a graduate in law from the University of Queensland.

Roshana May, Director Strategy Policy Support

Roshana May was appointed Director SPS in May 2021, after serving as the Director ILARS since 2017. Prior to joining the NSW public service, Roshana had an accomplished legal career, with over 30 years of experience as a lawyer and spokesperson in personal injury law, particularly in relation to statutory compensation schemes.

Roshana is a subject matter expert in workers compensation law and practice and has been involved in workers compensation policy formulation and representation for the legal profession for many years. Before she took up her current role Roshana was involved in the NSW CTP reform process and was a member of the Ministerial Implementation Committee formed for the 'new CTP scheme'.

Jeffery Gabriel, Director Solutions

Jeffrey Gabriel was appointed Director Solutions in March 2017. Jeffrey was previously employed as a Principal Lawyer at WIRO in the ILARS team, a role he commenced in January 2013. Prior to joining WIRO, Jeffrey was a solicitor in private practice where he acted for both claimants and insurers in a range of personal injury jurisdictions in New South Wales. Jeffrey is an accredited specialist in personal injury law and graduated with a Bachelor of Arts / Bachelor of Laws from Macquarie University.

Phil Jedlin, Director ILARS

Phil Jedlin was appointed Director ILARS in May 2021 after serving as the Director Operations. In his current role, Phil oversees the funding of Approved Lawyers to assist injured workers in the workers compensation scheme. Prior to starting at WIRO in November 2012, Phil spent 22 years at the Commonwealth Bank of Australia in a wide range of roles. Phil holds a Bachelor of Laws.

SOLUTIONS

Solutions

IRO provides an informal, accessible and effective information and complaints service for people injured at work or in motor accidents to solve complaints about their insurers. The core elements of this service include:

- informal access by injured persons or their representatives (by telephone, online, email, mail or in-person) to expert IRO dispute resolution officers
- fast and fair solutions for complaints
- comprehensive information provided for general enquiries about how the workers compensation and motor vehicle accidents schemes operate
- early intervention in some ILARS-funded matters to seek quick solutions for injured workers
- collection of information to identify systemic issues that may warrant review.

Key Data

Complaints and enquiries

In 2020/21 IRO received 8328 complaints, including 8,065 from injured workers and 317 from persons injured in motor accidents.

The use of IRO complaint services by injured workers has grown 72 per cent from 4687 complaints in 2018/19 to 8,065 complaints in 2020/21; the increase since 2019/20 is 4 per cent. The increased number of complaints received may be attributed to the improved awareness of the IRO, and to reforms introduced on 1 January 2019 which provided greater clarity about the role of the IRO in dealing with workers' complaints.

The number of enquires received from injured workers increased from 2018/19 but was down 23 per cent from 2019/20. The reduction in enquiries in 2020/21 may be related to

improved information on the IRO website, or workers better understanding where to access information about compensation.

Lawyers were the source of over half (56 per cent) of workers compensation complaints. These high levels of referral reflect the confidence of lawyers in directing their clients to the IRO to assist with insurer complaints. Web searches were the next largest source of complaints for workers compensation complaints (22 per cent) followed by word of mouth (8 per cent), reflecting the positive experience of many workers in dealing with the IRO.

317 CTP complaints were received by the IRO from 1 March 2021 – 30 June 2021. This aligns with complaint numbers received by SIRA prior to the transfer of this function¹. Web searches were the largest source of complaints for CTP (29 per cent) followed by lawyer referrals (26 per cent).

Table 1: Worker compensation (WC) Enquiries and Complaints received by IRO 2018/19 – 2020/21

	Enquiries received	Complaints received
2020/21	7952	8065
2019/20	10,290	7793
2018/19	7069	4687

Note: The WC complaints data does not include early intervention matters. See data dictionary.

Table 2: CTP Enquiries and Complaints received by IRO 1 Mar – 30 Jun 21

	Enquiries received	Complaints received
2020/21	136	317

Note: IRO commenced dealing with CTP complaints and enquiries from 1 March 2021.

¹ SIRA has an ongoing complaint handling function to manage complaints about CTP legislation or providers

Workers compensation

Consistent with previous years, delay in determining liability complaints were the most common type of WC complaint, accounting for over a quarter (28 per cent) of all complaints received by the IRO.

In 2020/21 there was an 11 per cent decrease from 2019/20 in complaints related to delay in payment. There was also a 25 per cent reduction in complaints about weekly benefits, from 15 per cent of all complaints in 2019/20 to 11 per cent in 2020/21, which may in part be attributed to clearer notices provided by insurers about payment decisions (see below).

The IRO received 704 WC complaints about requests for documents, up 45 per cent from 2019/20. These complaints were often resolved with the insurer providing the documents after IRO inquiry. There were also 830 general case management complaints up 39 per cent from 2019/20. The IRO's ability to resolve these types of complaints efficiently, prevents the need for miscellaneous applications to the Commission, reducing unnecessary impacts on the injured worker and overall costs of the scheme.

Enquiries are more likely to be of a general nature. In 2020/21 the most common type of WC enquiry was how to make a claim (29 per cent), followed by WC benefits (15 per cent) and general case management (15 per cent).

Table 3: Top 3 number and type of WC complaints received 2018/19 – 2020/21

Complaint type	2019/20		2018/19		2017/18	
	No.	%	No.	%	No.	%
Delay in determining liability	2271	28%	2178	28%	1427	30%
Delay in payment	1470	18%	1665	21%	524	11%
Weekly benefits	879	11%	1164	15%	1283	27%

Notes:

The above data is categorised as one issue per complaint. Where complaints have multiple issues, the primary issue is recorded.

IRO undertook substantial changes to its issue categories from 1 July 2019 to reflect reforms in the broader WC scheme including for work capacity decisions and pre-injury average weekly earnings calculations. These changes limit comparisons between issue types in periods prior to 1 July 2019.

CTP

The IRO received 317 complaints and 136 enquiries about CTP insurers from 1 March to 30 June 2021. Twenty-five (25) per cent of these complaints related to issues about the injured person's treatment and care, and commonly raised a concern about the timeliness of the insurer's decision-making.

Table 4: Top 3 number and type of CTP complaints received from 1 March 2021 – 30 June 2021

Complaint type	2020/21	
	No.	%
Treatment and care	80	25%
Claim payments	51	16%
Claim liability	34	11%

Notes: The above data is categorised as one issue per complaint. Where complaints have multiple issues, the primary issue is recorded. Categorisation is consistent with SIRA's approach.

Early interventions

In addition to finding fast and fair solutions to complaints, the IRO also identifies ILARS-funded matters that may be appropriate for intervention to prompt early solutions. Most commonly, where grant funded matters relate to claims to which the insurer has not responded, the IRO will raise the matter with the insurer to prompt a decision. These are classified as no response to claim (NRTC) matters. Early interventions support just, quick and inexpensive solutions to workers compensation disputes. In 2020/21 the IRO identified 1020 matters suitable for early intervention and resolution.

Table 5: IRO early intervention matters 2018/19 – 2020/21

	No. IRO early intervention matters
2020/21	1020
2019/20	975
2018/19	1231

Note: An early intervention matter is one that is the subject of an ILARS grant of funding, where the injured worker has legal representation and where it may be appropriate for the IRO to intervene to prompt early solutions.

The below case studies relate to an intervention matters, where the injured workers have legal representation and where the IRO was able to intervene to prompt early solutions:

Case study: Quick solution to whole person impairment claim

An Approved Lawyer sought an extension of funding to proceed to the Commission on behalf of a worker with an unresolved claim for whole person impairment. The worker's medical specialist had assessed 28 per cent whole person impairment (WPI) with respect to a lumbar spine injury while the insurer had made an offer reflecting their Independent Medical Examiner's (IME) assessment of 25 per cent WPI. Given the relatively small difference between the claim and the insurer's offer, the matter was identified as one suitable for resolution between the parties. After the IRO's intervention the insurer provided their reasons for preferring the opinion of their IME and agreed to increase their offer to 26 per cent WPI to include 1 per cent scarring not assessed by their IME. The worker accepted this offer, and the claim was settled.

Case study: NRTC

An Approved Lawyer requested funding to proceed to the Commission with respect to their client's claim for shoulder surgery. The insurer had denied liability for this treatment. The Approved Lawyer had sought an internal review of the decision pursuant to section 287A of the 1998 Act, providing a recent IME report in support, without receiving a response within the statutory timeframe. Following the IRO's enquiries the insurer promptly reviewed its decision, approved the proposed surgery and notified the worker and other relevant parties.

Timely solutions

A key element of the IRO’s service is to find early and quick solutions to complaints and disputes.

In 2020/21 approximately 97 per cent of workers compensation complaints and 99 per cent of CTP complaints were finalised within 15 days of receipt.

Of the 1020 early intervention matters, 88 per cent closed and resolved within seven days and 90 per cent of cases closed within 15 days.

Fair solutions

The IRO works to ensure fair solutions for injured workers and insurers. The IRO assists injured people who make enquiries by providing expert information about the operation of the WC and CTP schemes. This can include providing information about making a claim and referring the injured persons elsewhere when the IRO is not the agency to assist.

For those injured workers who made complaints or where the IRO intervenes following a grant application, 83 per cent of matters finalised were resolved in 2020/21. There were 2392 cases (or 26 per cent) where the worker received a benefit (for example, approval of treatment or payments of compensation) and 1532 cases (or 17 per cent) resulting in additional action by the insurer (for example, arranging or moving a medical appointment) (see below).

Table 6: Complaints WC and early intervention matters outcomes 2020/21

Outcomes achieved	No. of matters (complaints and early intervention matters)	% of all outcomes
Resolved – action	1532	17%
Resolved – benefit	2329	26%
Resolved – information	3635	40%
Referred	778	9%
Not resolved	352	4%
No action/ other	488	5%

Note: see data dictionary

The IRO finalised 303 CTP complaints in 2020/21. Some complaints could not be progressed as the injured person had not attempted to solve the complaint with the insurer first. Of the 203 matters (64 per cent) we solved, 36 per cent (73 matters) resulted in a benefit to the injured person, and another 36 per cent in additional action by the insurer.

Complaints made but not dealt with in 2020/21

As required by the annual reporting provisions of the PIC Act we provide details of the number and type of complaints made but not dealt with in 2020/21. There were 120 WC and 14 CTP complaints made during 2020/21 but remaining open as at 1 July 2021. (See Appendix.)

Early Solutions Observations

The implementation of a consistent IRO complaints handling approach across WC and CTP provides a single complaints handling protocol for the personal injury schemes with consistent complaint solution and investigation processes, and a consistent benchmark (‘fair and reasonable’) to assess insurer responses. The reform promotes achievement of shared goals including early solutions to claims and fast and fair solutions to complaints. A single dataset is being created and consistent reporting framework adopted. This will allow for comparisons between the schemes in the future.

CTP early observations

The IRO’s early observations in dealing with CTP complaints are that injured persons complain for similar reasons across both schemes. In particular, delays by insurers in deciding claims and requests, errors in weekly payments and case management concerns are consistent reasons why injured people complain, and the issues can have real impacts on their wellbeing and recovery.

The following case studies illustrate common concerns by persons in motor accidents or their representatives, and the IRO's interventions to achieve fair and speedy solutions.

Case study: Delay in determining liability for weekly payments

An injured person complained to the IRO in April 2021 about the difficulties and delays they had faced in obtaining payment for a period of lost earnings following their motor accident. The injured person had already completed a successful merit review to determine their pre-accident weekly earnings (PAWE). The injured person had attempted on multiple occasions to have the insurer agree that they should be compensated for the full period of incapacity.

After IRO intervention, the insurer conceded the injured person should be compensated for the full period of incapacity and agreed to make a further top-up adjustment when the final PAWE decision was received.

Case study: Liability post-26 weeks – delay and no evidence in support of decision

A lawyer complained that the insurer had issued a post-26 weeks liability decision in which the contributory negligence of their client (a pedestrian) was assessed at 50 per cent because they were affected by alcohol when struck by a motor vehicle. The consequence of this decision is that it reduces a claimant's weekly benefits payment. The decision stated that the insurer relied on internal legal advice that was not provided with the decision or after several requests. An amended liability decision of the insurer instead referred to a police report and CCTV footage which were also not provided. After further requests the insurer provided these documents which made no reference to intoxication. The insurer also stated that the reference to "internal legal advice" was an administrative error, and this was not relied upon in making the decision.

After IRO intervention the insurer further amended their liability decision, referring to an ambulance report and hospital record that evidenced alcohol use, and these records were provided with the amended decision. The insurer advised that feedback had been provided to the claims team regarding the requirement to include all evidence relied upon when making a decision.

Case study: Failure to comply with DRS medical assessment

The injured person's lawyer complained to the IRO that an insurer was not abiding by a determination of the Dispute Resolution Service (DRS) in October 2020. The DRS medical assessor had found that the injured person sustained a non-minor psychological injury as a result of a motor vehicle accident. The insurer had subsequently issued cessation letters for treatment and weekly payments in May 2021 based on new medical evidence received after a further medical examination.

In response to IRO enquiries the insurer advised that they considered that the legislation and Motor Accident Guidelines did not provide that a DRS medical assessment was binding on the parties and stated that an insurer could rely on a medical report obtained after an assessment to make a new decision. However, the insurer agreed to reinstate weekly benefits and treatment expenses on a without prejudice basis while they prepared an application to the Commission.

The IRO made further enquiries of the insurer who advised this was a once-only incident and not a systemic issue of insurer non-compliance with Commission/DRS determinations.

Workers Compensation Observations

Delay in determining liability

Delays by insurers in determining liability for workers' claims for compensation are consistently the most common issues of complaints to the IRO. In June 2021, the IRO completed an Inquiry into the causes of these complaints and recommendations for improvement (see Inquiries).

An insurer's delay in determining whether to accept or dispute liability for an injured worker's compensation claim can result in poorer outcomes for the worker and the workers compensation scheme.

Case study: Six month delay to determine surgery request

A union representative telephoned the IRO in March 2021 on behalf of an injured worker who had requested approval for hip replacement surgery in September 2020, to complain about the insurer's delay in making a decision.

After the IRO's intervention the insurer approved the surgery in three days. The insurer acknowledged the significant delay in making the decision and stated this was due to collection of additional medical information, including an Independent Medical Examiner (IME) report in November.

Case study: Delay in deciding claim after factual investigation

An Approved Lawyer complained to WIRO in February 2021 about the delay in a liability decision with respect to their client's claims for weekly benefits and medical treatment. The worker was injured in December 2019 and the claim was reasonably excused in May 2020 due to lack of information. The worker had subsequently participated in an IME, and two factual investigations were completed. A request for surgery approval had been made in August 2020.

After WIRO intervention the insurer responded by accepting liability for the injury because there was insufficient evidence to dispute the claim. The request for surgery was accepted and the insurer confirmed that weekly benefits would be paid from February 2020, resulting in a back payment of over \$40,000.

The IRO will monitor the response to recommendations made in the Inquiry and any impact this has on reducing these complaints.

Weekly benefits complaints

Complaints about weekly benefits have reduced by 25 per cent to 879 (11 per cent of all complaints) in 2020/21. There were 155 fewer complaints about weekly benefits where the payment had changed and 137 fewer complaints where payment had stopped.

This may be partly attributable to improvements in initial notification (reasonable excuse) letters and provisional liability templates by insurers. Based on WIRO's feedback during 2019/20, the nominal insurer developed and implemented new templates, improving the clarity of decisions for injured workers.

Errors by employers in weekly payments

'Error in weekly payment' complaints include complaints where a worker is entitled to receive weekly compensation payments and the employer delays making the payment or does not pass on the correct payment. There were 323 complaints in 2020/21 about errors in weekly payments due to action or inaction of the employer.

Employers are required to pass on compensation monies owed to workers as soon as practicable and keep and maintain records of all wages paid to workers.²

Errors in weekly payments create inefficiencies in the workers compensation system. Delays in resolving these complaints can impact on the trust between the worker and their employer and insurer, potentially impacting the speed and success of the worker's return to work.

Case study: Employer does not pass on workers compensation payments

A worker certified as having no work capacity complained to the IRO that while they had been paid their annual leave entitlements when on three weeks annual leave between January and February 2021, they had not received workers compensation payments for this period. The worker advised that they had raised the matter with the insurer who had been trying to resolve the issue with the employer, but 11 weeks had passed without a solution.

Following the IRO's enquiries the insurer reported that weekly compensation payments had been paid by the insurer to the employer, who had not passed them on. The insurer advised that it clarified that the employer needs to pass on weekly payments in addition to paying annual leave to the worker and reminded the employer of the importance of timely payments. The employer paid the worker the outstanding sum (more than \$3,300 gross) in the next pay run.

In line with SIRA guidance, insurers are required to seek evidence on the claim file that the worker is receiving the correct weekly payments and is being paid on time.³ Where this does not occur errors can go undetected and continue for substantial periods.

Case study: Employer wrongly deducts superannuation and redundancy fund payments

The worker complained to the IRO that their employer had not paid them correctly for the period between May 2019 and June 2020, reporting that they had deducted superannuation and redundancy fund payments from their weekly compensation. The worker had advised their insurer of this and provided payslips as proof, but the error had not been corrected.

In response to WIRO inquiries, the insurer advised that they had requested the employer to review payments and fix any errors within one week. The insurer advised that they would consider paying the worker directly and seek reimbursement from the employer if there was no resolution by this time.

Neither the IRO nor the worker were advised of any solution after two weeks, and the IRO therefore escalated the matter to a more senior officer at the insurer, reminding them of their responsibility to ensure the injured person received weekly payments in a timely manner even when the employer had taken over payments. The insurer agreed to review payslips provided by the worker and made payments of more than \$4,000 directly to the worker for amounts wrongly deducted by the employer.

Given the prevalence of the issue of errors in weekly payments over a number of years, the IRO is conducting an Inquiry into these complaints and will report during 2021/22.

2. Sections 264(3) and 69(1)(c), 1998 Act. Section 174, 1987 Act and Clause 166, 2016 Regulation.

3. Benchmark, SIRA Insurer Claims Management Audit Guide July 2020, Weekly payments



GRANTS OF LEGAL FUNDING

Grants Of Legal Funding

The IRO administers the Independent Legal Assistance and Review Service (ILARS) to ensure injured workers have access to lawyers who are expert at WC law and practice to advise, assist and represent them in accessing entitlements. From 1 March 2021, ILARS became a legislated IRO function under Schedule 5 to the PIC Act.

The core elements of ILARS include:

- simple, clear and accessible processes for lawyers to be approved to make applications for grants of funding
- fast, consistent and fair decision making on applications for grants and extensions of funding by expert IRO team members, so that external Approved Lawyers can provide high level services to injured workers
- early intervention in some ILARS-funded matters to seek quick solutions for injured workers (see above)
- collection of information to identify systems issues that may warrant review.

Key Data

Applications for grants of funding

The IRO received 21,350 grant applications in 2020/21. This represents a 22 per cent increase in demand, with 3873 more grant applications received by the IRO in 2020/21 compared to the previous financial year (see below).

Table 7: Number of new ILARS Grant applications 2018/19 – 2020/21

Financial Year	No. ILARS grant applications
2020/21	21,350
2019/20	17,477
2018/19	11,558

The majority of all approved grants are for a primary physical injury, making up 57 per cent (or 11,654) of all applications approved (see below). This includes traumatic injuries to workers' backs, shoulders and limbs.

In 2020/21 3845 grants were approved for workers to pursue an industrial deafness claim (for permanent impairment lump sum compensation and/or for the initial provision of hearing aids). This is an increase of 69 per cent from the previous year, and at least partly due to a funding policy change effective 1 July 2020 to remove a previous policy that discriminated against older workers claiming hearing aids for industrial deafness. This change arose from the SIRA review into work-related hearing loss in the NSW WC system.

In 2020/21 there was a 23 per cent increase in the number of grants concerning a primary psychological injury – 3786 grants were approved. This follows a 91 per cent increase (1462) in the number of grants concerning a primary psychological injury in 2018/19. Grants concerning primary psychological injury claims have risen 230 per cent in the past two years.

Table 8: ILARS grants approved by year by Primary injury (claim) type

Primary injury (claim) type	2020/21	2019/20	2018/19
Physical	11,654	10,247	7428
Industrial Deafness (Hearing loss)	3845	2278	1387
Psychological	3786	3063	1601
Both Physical and Psychological	877	796	351
Death	232	207	11

Timely decisions

Provided the application is made by an Approved Lawyer, and the injured worker is one whose rights and entitlements to benefits under NSW workers compensation legislation are affected by the 2012 reforms to the legislation, then generally initial funding, to provide comprehensive advice or investigate the worker's claim, will be approved. In 2020/21 96 per cent of all grant applications for an initial grant of funding were approved. When funding was not approved, the most common reason was that the application concerned a matter where funding was already in place for the worker.

More than 90 per cent of initial applications for a grant of funding were processed within five (5) business days, with the average assessment being conducted within three (3) days of receipt.

Fair outcomes

The IRO is focused on facilitating fast and fair solutions for disagreements or disputes and avoiding delay in achieving an outcome of a dispute. ILARS encourages Approved Lawyers to adopt the same practical approach and to harness the services and resources of the IRO in this regard.

In 2020/21, 15,627 ILARS grants were finalised, an increase of 25 per cent (or 3113 matters) from the previous year. Most grants are finalised with a decision or agreement – in 2020/21 8,413 or 54 per cent of all ILARS grants were finalised in this way (see below).

In other grants where there is no final outcome, the worker may have received comprehensive legal advice about their workers compensation injury and entitlements, have been assisted to lodge a claim or internal review request with the insurer, or have had their claim investigated and no further action could be taken.

One reason for the increase in grants finalised where there is no outcome is a change to the ILARS Funding Guidelines in 2019, enabling Approved Lawyers to obtain grants at an earlier stage to assist workers with comprehensive advice, increasing access by injured workers to expert legal assistance.

Table 9: Outcome type for all finalised ILARS grants 2018/19 – 2020/21

Year	2020/21		2019/20		2018/19	
	Final Outcome	No Final Outcome	Final Outcome	No Final Outcome	Final Outcome	No Final Outcome
	8413	7214	7665	4849	8868	3442
	54%	46%	61%	39%	72%	28%
Grants finalised	15627		12514		12310	

Notes: 'Pre-proceedings' include funded matters where early solutions are achieved with the assistance of the IRO.

'No Final Outcome' includes all matters where the worker does not advance a claim or dispute including where comprehensive legal advice is provided, where the worker ceases to instruct a lawyer, where a lawyer advises a worker not to proceed, where a lawyer has lost contact with a worker or where a claim is investigated (including by obtaining specialist medical evidence) but the relevant impairment threshold or pre-requisites to pursue a claim are not met. In these grants the 'matter' does not proceed to any outcome.

Where grants resulted in a final outcome, the clear majority (7941 grants or 94 per cent) resulted in the worker improving their position – see table 10.

Most grants with a final outcome (4534 grants or 54 per cent) were finalised without the need for the injured worker to refer a dispute to the Commission. This includes matters resolved by direct negotiation after investigation of a worker's claim and those matters where the IRO successfully intervened at an early stage to prompt a solution or resolution of a dispute.

3879 grants were finalised in 2020/21 after a decision of the Commission (or a Court where the matter is appealed); the injured worker improved their position in 3407 of these matters (or 88 per cent).

Table 10: Finalised ILARS grants by result achieved 2018/19 – 2020/21

Year		2020-21			2019-20			2018-19		
Resolution achieved		Position improved	Position not improved	Total	Position improved	Position not improved	Total	Position improved	Position not improved	Total
Pre- Proceedings	No.	4534	-	4534	3768	-	3768	4595	-	4595
	% of Total			54%			49%			52%
Commission/ Court	No.	3407	472	3879	3288	609	3897	3318	955	4273
	% of Total	88%	12%	100%	84%	16%	100%	78%	22%	100%
	% of Total			46%			51%			48%
				8413			7665			8868

Notes: Table 10 shows the results where a grant has concluded with a final resolution and outcome.

Matters are only resolved pre-proceedings with the agreement of the injured worker and insurer. Where the parties cannot agree, the matter either proceeds to the Commission or is not continued by the worker. Where the matter is not continued by the worker, the grant is recorded as having no final outcome.

'Position improved' includes matters resolved by direct negotiation after investigation of a worker's claim and those matters where the IRO successfully intervened at an early stage to prompt a solution or resolution of a dispute. All matters that were resolved at pre-proceedings represent an improved position.

'Position not improved' includes all matters where matters proceed to a final result where the injured worker does not improve their position, (i.e. the worker's dispute before the Commission is determined in favour of the insurer).

Approved Lawyers

As at 30 June 2021, there were 836 lawyers approved to apply for grants of funding under the ILARS. To be approved, a lawyer must demonstrate that they have sufficient and contemporary experience in dealing with workers compensation claims to be able to provide expert assistance to injured workers. The IRO maintains a geo-mapped list of Approved Lawyers on its website so that injured workers can identify a lawyer to approach for assistance in a location convenient for them. In addition, there were 181 barristers approved by the IRO to undertake advocacy for injured workers.

Funding paid in 2020/21

ILARS paid approximately \$46.5M in professional fees and \$28.7M in disbursements during 2020/21. This is an increase of 25 per cent and 16 per cent from 2019/20 where \$37.1 M and \$24.8M were paid in professional fees and disbursements respectively. Grants generally are paid at finalisation, and the increased ILARS expense reflects the substantial increase (25 per cent) in ILARS grants finalised during 2020/21.

Observations From Grant Applications

Increase in ILARS applications

There has been a substantial increase in ILARS applications over the past several years, with 2020/21 seeing a 22 per cent increase in demand, after a 50 per cent increase in 2019/20. This led to a substantial increase in open matters.

At an aggregate level, workers' need for legal assistance is substantially influenced by what is occurring in the broader WC system. Examples of this include:

- where workers have reduced opportunities for work and return to work (such as during an economic downturn or during the COVID-19 pandemic), their WC payments may be reduced and cause financial hardship, which may result in workers seeking legal assistance to ensure they are receiving the correct entitlements

- higher incidence of mental health issues in the community and in workplaces may result in increased psychological injury claims, which may be complex and contested, and where injured workers may need the assistance of an expert lawyer
- the complexity of WC laws, recently described by the Hon Robert McDougall QC as 'Byzantine in their elaboration and labyrinthine in their detail', and that '[result] in a level of confusion, inconsistency and complexity that does nothing to assist the schemes to achieve their policy objectives'⁴, meaning injured workers are more likely to need assistance to understand their rights and obligations
- the performance of workers compensation insurers in promoting worker recovery against measures such as return-to-work rates may impact on a worker's need for legal assistance in both the short and long term; this is reflected in the increase in ILARS applications correlating with the increase in workers with significant injuries⁵.

Other reasons for increased applications – outlined above – are changes to the ILARS funding policy from September 2019 which have resulted in Approved Lawyers making funding applications earlier, and the withdrawal of the discriminatory ILARS Hearing Aids and Hearing Loss Claims Policy on 1 July 2020, arising from the SIRA review of work-related hearing loss in the NSW Workers Compensation System.

The IRO has been assisted by KPMG during 2021 to develop an ILARS demand and expenditure forecasting model to better estimate demand for ILARS Grants and ultimate costs of ILARS grants. Our current view, informed by this work, is that expenditure for ILARS grants will continue to grow in 2021/22.

4. *icare and State Insurance and Care Governance Act 2015 Independent Review, April 2021 (McDougall review), at section 29.2*

5. *a workplace injury where the worker will have an incapacity for work (whether total or partial) for a continuous period of more than seven days.*

Clarifying the law through funding appeals

The IRO provides grants of funding to enable injured workers to challenge or defend decisions of the Commission. Where the worker is defending a decision in their favour, these grants are generally provided without condition. Where the worker seeks to challenge a decision, advice from an Approved Barrister about the prospects of success that supports the appeal is generally required. Conditions for these appeals may include that payment of legal costs will only be made in the event of a successful outcome.

Funding to support appeals in appropriate circumstances is not only important to the individual worker concerned but is often vital to clarify contentious legal issues that arise due to the complexity of the workers compensation legislation.

Theoret v Aces Incorporated [2021] NSWCA 3, a case determined by the NSW Court of Appeal, is a recent and important matter where the worker's Approved Lawyer was funded via an ILARS grant.

The matter related to the statutory interpretation of section 82A of the 1987 Act, which deals with the indexation of weekly payments. The Court of Appeal found that the injured worker was entitled to indexing of her pre-injury average weekly earnings (PIAWE) to the date of her first entitlement in 2003, many years before the 2012 amendments to the NSW workers compensation legislation. Those amendments changed the method of indexing PIAWE in order to account for factors such as wage growth and inflation from the first period after the amendments came into force, 1 October 2012. As a result of those changes a worker's pre-injury average weekly earnings (PIAWE) is adjusted on 1 April and 1 October each year after their entitlement to weekly benefits arises. The insurer had argued that indexing should only apply after the October 2012 amendments and not be applied retrospectively. The Court of Appeal found that section 82A entitled the worker to have PIAWE indexed historically from the time she first became eligible to receive weekly payments.

The outcome of this case may benefit a substantial number of workers injured before 2021 through retrospective indexing to PIAWE for the calculation of weekly payments.

Commutation cases

Both the McDougall review and the 2020 Review of the Workers Compensation Scheme by the Standing Committee on Law and Justice (SCLJ review) highlighted concerns about limited options for workers to reach agreement with insurers to settle their workers compensation claim and exit the scheme, despite general support for such arrangements.

The IRO supports workers who wish to explore the option of exiting the scheme through the existing commutation mechanism in WC legislation by funding Approved Lawyers to assist workers to negotiate such agreements.⁶ There were 37 grants sought to explore commutation of an injured worker's future rights finalised in the 2020/21 FY. Twenty workers successfully commuted their rights with an Agreement registered in the Commission. The case studies below demonstrate matters where agreements were, and were not, reached.

Case Study: Commutation case

The worker sustained a serious injury to the neck and back resulting in a 41 per cent WPI. The worker received an offer from the insurer to commute their full future workers compensation rights. The worker sought legal advice and instructed their lawyer to negotiate with the insurer to increase the offer. The lawyer negotiated a sum 56 per cent higher than the original offer (a difference of \$140,000). The insurer applied to SIRA to approve the commutation. The commutation was approved by SIRA and the agreement registered by the Commission.

Case Study: Commutation case

A worker in their 70s was receiving weekly compensation under the 1926 Workers Compensation Act in respect of injury to their back sustained in the early 1980s. The insurer made an offer to commute the worker's full future workers compensation rights including a continuing entitlement to weekly payments and ongoing medical and treatment expenses. The worker sought the assistance of a lawyer who negotiated a 17 per cent increase in the offer which was accepted by the worker. The commutation was approved by SIRA and the agreement was registered by the Commission.

Case Study: Commutation case no agreement reached

The worker engaged a lawyer to engage with the lawyers for the insurer to explore an offer to consider a commutation of their workers compensation rights. The worker had recently resolved a claim for permanent impairment lump sum compensation for a 25 per cent WPI. The worker was concerned to protect their valuable future medical and treatment expenses. After an exchange of offers and counter offers the worker was not prepared to accept the final offer of the insurer and instructed their lawyer to withdraw from negotiations. The worker remains on benefits.

The IRO also published new Guidelines for approval as an IRO Approved Lawyer, revised Practice Standards for IRO Approved Lawyers and updated agreements to be an IRO Approved Lawyer and Approved Barrister.

IRO Guidelines are published on the NSW Legislation website maintained by the Parliamentary Counsel's Office, and subject to disallowance by either House of the NSW Parliament.

In April and May 2021 IRO conducted sessions with Approved Lawyers to support the implementation of the Guidelines, standards and agreements.

New ILARS Guidelines

The IRO published new ILARS Funding Guidelines (Guidelines) after consultation with the legal profession and other stakeholders. The Guidelines came into effect on 1 March 2021 and are authorised under Schedule 5 to the PIC Act. The Guidelines replaced the WIRO Funding Policy issued on 2 September 2019.

The Guidelines included improvements:

- to make more transparent and accountable the arrangements for the review of IRO funding decisions
- to clarify the requirements for approval of funding and payment for grants completed at Stage 1, and to make clear that there is only one grant of funding at this stage even where more than one lawyer may be involved
- to clarify the merit test that must be met to qualify for an extension of funding to Stage 2
- to limit Stage 4 non-conditional funding for worker-initiated appeals to only those matters where the appeal has reasonable prospects and where there is an important question of law to be decided.

SYSTEM OVERVIEW

System Overview

Continuous Improvement in the Workers Compensation and CTP Systems

The IRO has a role in contributing to improvements in the workers compensation and CTP schemes. The IRO draws on its complaints, enquiries and applications for ILARS grant funding data to identify opportunities to promote continuous improvement in the schemes. The IRO uses the data to look at trends and patterns to help identify issues in the schemes that may need to be improved.

Participation in system reviews

During 2020/21, the IRO provided submissions and/or engaged with a number of reviews including the following:

- The Independent Review Officer appeared at the SCLJ review in August 2020. The IRO also provided a written submission highlighting the areas for improvement in the WC system and to increase the independence of the WIRO. The SCLJ review report was tabled in Parliament on 30 April 2021.
- The IRO was consulted in November 2020 as part of the McDougall Review, and provided data and information in response to requests.
- The IRO provided feedback to the SIRA Review of Legal Support for Injured People in the NSW CTP Scheme in November 2020. The IRO suggested key principles for the review include: that legal support frameworks should promote access to justice and respond to the barriers faced by some claimants to make claims and resolve issues; and that providers of legal support (i.e., independent lawyers) should be fairly remunerated for the assistance they provide.
- In May 2021, the IRO provided a submission to the SIRA consultation on injury insurance arrangements for food delivery riders in the gig economy. The IRO emphasised support for a system that: ensures any person injured at work has access to necessary treatment, rehabilitation, income support and compensation; and provides certainty and consistency for workers and platform providers about the personal injury compensation arrangements applicable.
- Throughout 2020/21 the IRO has participated in the SIRA Hearing Claims Review, as part of an ongoing working group with other system participants. The IRO has provided information and feedback on proposed changes including to claims forms and amended our own ILARS Hearing Claims Policy in response to the Review.

Complaints that identify systemic issues

Sometimes a single complaint can evidence a potential systemic issue. Where the IRO identifies an issue which may impact on multiple workers, we make inquiries to understand the extent of any concerns and steps taken to remediate the impacts. The following examples demonstrate the IRO's impact in identifying and ensuring the rectification of issues in the scheme.

Case study: Superannuation accounts created in error

An injured worker complained to WIRO that a superannuation account had been opened in their name by the insurer without their consent and in breach of their privacy.

After WIRO's enquiry to the insurer it was established that there was an error with the insurer's external payroll provider that had resulted in a superannuation account being opened in the injured worker's name. After the worker's complaint, the account was deleted and an apology offered to the worker.

WIRO made further inquiries with the insurer about any other workers who may have been impacted by this issue. The insurer advised that more than 100 other workers were impacted, and for each of these the superannuation account had been subsequently cancelled and the worker contacted to provide information about the error and the steps taken to remediate the matter. WIRO considered the insurer had adequately dealt with the systemic concerns.

Contributing to the COVID-19 response

Since March 2020, the IRO has recorded details of every complaint, enquiry and ILARS funding application with a COVID-19 related issue to track the impact of the virus on injured workers and to inform policy and system responses to COVID-19.

The IRO received 30 complaints, 26 enquiries and 53 grant application matters with a COVID-19 issue from 1 July 2020 - 30 June 2021. There were very few complaints and enquiries in 2021 until an increase in June, coinciding with the outbreak of the virus in Sydney and related Public Health Orders restricting movements and activities at this time. The IRO will continue to monitor and report on the impacts of COVID-19 throughout 2021/22.

IRO Inquiries

Clause 6 of Schedule 5 to the PIC Act provides for the Independent Review Officer to inquire into and report to the Minister on such matters arising in connection with the operation of the workers compensation and CTP schemes. The IRO has developed a program of inquiries as part of its 2022 Direction.

In 2020/21 the IRO completed its first inquiry into complaints by injured workers about insurer delays in determining liability. The final report was provided to the Minister on 30 June 2021.

The inquiry included an analysis of 100 complaints and consultation with insurers and SIRA. The inquiry established that common causes of these complaints include poor case management and communication by insurers. There are also some claims where more information is required by insurers, and decisions may take longer than statutory time frames.

The IRO made three (3) recommendations focused on sharing good case management practice, improving data about the timeliness of decisions and improving regulatory standards and guidance notes. The IRO will continue to monitor this issue and follow up the inquiry recommendations with insurers and SIRA before the end of 2021.

The IRO has commenced a second inquiry focused on the application of section 59A of the *Workers Compensation Act 1987* (1987 Act), which imposes time limits on the payment of compensation for medical, hospital and rehabilitation expenses.

IRO Education and Publications

Education for workers compensation practitioners

The IRO held its Sydney seminar '*Personal Injury Compensation - a system in transformation*' on 17 June 2021. The Sydney seminar is the ninth event since the Office's inception (in 2012) and the first IRO-hosted event. This year:

- almost 200 delegates attended the event in person at the UTS Aerial Conference Centre
- over 300 delegates accessed the seminar online via live stream and more than 250 persons have since viewed the recorded presentations available on the IRO website

The seminar included perspectives from key system participants including The Honourable Victor Dominello MP, Minister for Customer Service and The Honourable Judge Gerard Phillips, President, Personal Injury Commission, about the impact of recent reforms and the next steps in transformation of the personal injury system.

Feedback from participants demonstrate a high level of satisfaction with the seminar, with over 85 per cent of respondents agreeing the content was current, informative and high quality. Regional seminars are planned for early 2022.

Publications with updates on cases and reforms

The IRO Bulletin is published at least monthly and sent directly to over 2000 subscribers, with 28 bulletins published in 2020/21. The Bulletin provides an analysis of recent and relevant decisions from the Commission and Courts, and information about amendments to legislation, regulations and Fees Orders. The Bulletin is an important resource for those engaged daily in determining or advising upon the rights and entitlements of injured workers.

The IRO Alerts (formerly published as WIRO Wires) are newsletters with up to date information impacting on practitioners in the personal injury system. Twenty-four (24) IRO Alerts were published in 2020/21. During the establishment of the IRO regular updates were provided, including announcements about consultations and new guidelines.

Corporate Performance

Nous external assessment

WIRO commissioned the Nous Group to undertake an Assessment of our complaints handling and grants management functions in early 2020. The purpose of the Assessment was both to benchmark IRO services and provide a roadmap for continuous improvement.

Nous provided the final report including key findings and proposed areas for action in August 2020. The Assessment identified that WIRO (and now IRO) provides a valued service, with recognition by stakeholders of expertise and accessibility of staff. The report provides a solid foundation for continuous improvement.

The areas of focus for the future in the Nous Report strongly align with the IRO's Direction 2020-22 (Direction). All of the recommendations have been accepted and integrated into plans to implement the Direction over the coming two (2) years.

Direction 2020/22

The IRO Direction 2020-22 encompasses sets out the Mission, Priorities and underlying Strategies for transformation and improvement for the Independent Review Officer until December 2022. There are 4 Priorities – related to early solution, system impact, our people and our operations – where we are implementing action plans to deliver on the Direction.

Early solutions

A key priority of the Direction is to increase the IRO's impact through finding early solutions. As part of delivering on this priority, in 2020/21 the IRO reviewed our Complaint Handling Protocol (Protocol) which sets out the procedures used for dealing with complaints and enquiries.

The Protocol was implemented on 1 March 2021 following IRO consultation with system participants, including representatives from insurers, the Law Society of NSW, SIRA, and other external dispute resolutions bodies.

A key reform in the Protocol was a new investigations procedure for hard-to-solve complaints. The approach is an exception, and undertaken where, after initial inquiries, the IRO is concerned that a fair and reasonable solution has not been reached. The investigation enables all relevant information to be requested and reviewed, and all options to solve the complaint explored.

In the first four (4) months of operation the IRO commenced two (2) investigations. Both were able to be discontinued after the insurer made a fair offer to solve the complaint. The below case study shows how IRO investigation resulted in a fair and fast solution.

Case study: IRO investigation

A worker complained to the IRO that they had been overpaid approximately \$5000 in error and the insurer was seeking repayment that they could not afford. The overpayment occurred as a result of the worker commencing a period of employment during which weekly workers compensation benefits were not reduced.

Following enquiries with both the worker and the insurer the IRO was unable to reach an agreed solution and we decided to investigate the complaint. We requested information and documents to determine the steps taken by the insurer to prevent or reduce any overpayment, including the actions when advised by the worker about their employment. We also sought information from the insurer about the decision to recover the overpayment.

The insurer provided a full and timely response and, after a further review, decided to waive the recovery of the overpayment, acknowledging that more could have been done to obtain relevant information from the worker, properly communicate with them and consider their individual circumstances before deciding to attempt to recover the payment. We assessed this response as a fair and reasonable solution to the complaint and discontinued our investigation.

System impact

The IRO has developed a program of inquiries as part of its 2022 Direction; information on this work is outlined above. The IRO has also appointed a Senior Communications Advisor to support external communications. This will assist us engaging more effectively with the community and those who have an interest in our work. IRO regularly participates in bilateral meetings with both icare and SIRA to collaborate on system improvements.

Our people

During 2020/21, the IRO increased workplace flexibility to support the wellbeing of IRO staff in responding to COVID-19. All staff were provided with learning and development opportunities including training to support the implementation of new complaint handling and unreasonable conduct policies. General training on the Microsoft Office suite, including Word, Excel and OneNote, was also provided.

Our effectiveness and efficiency

On 1 March 2021 the IRO formally commenced operation as a new NSW public sector agency. To continue to increase our effectiveness, and as part of work to consolidate the establishment of the IRO, we have been implementing improvements to the IRO's governance and performance management systems (see Corporate Governance).

We are continually improving our technology systems and process design to increase the efficiency of IRO services. We commenced an end-to-end business process review in June 2021, with ambitious targets to improve the quality and efficiency of our case and grant management. We also continued a rolling plan of improvements to our case management system, including improved workflows, new templates and increased process automation.

Table 11: Performance against IRO Direction 2020/22

Priority	Supporting activities during 2020/21	Key success measure	Status for 2020/21
Increasing our impact in finding early solutions	<ul style="list-style-type: none"> Established new function to deal with complaints by persons injured in motor vehicle accidents Revised IRO Complaint Handling Protocol to improve our capability to investigate and solve intractable complaints 	<p>> 90% achievement of performance measures (timeliness, quality)</p> <p>> 80% satisfaction with IRO services (accessibility, timeliness, fairness, expertise)</p>	On track
Increasing our impact in improving statutory compensation schemes	<ul style="list-style-type: none"> Developed IRO Inquiry program Completed first IRO systemic Issue report: Delay in determining liability Inquiry Appointed senior communications advisor Implemented use of Power BI to improve data analysis and sharing 	At least two Systemic Issue reports issued each calendar year	On track
Improving the well-being and development of IRO people and our workplace	<ul style="list-style-type: none"> Implemented increased flexibility in workplace to support the well-being of IRO team members in responding to and recovering from COVID-19 Trained staff in key areas including complaints and unreasonable conduct 	> 80% staff engagement as measured by People Matters Survey	On track
Increasing the effectiveness and efficiency of IRO operations	<ul style="list-style-type: none"> Established the IRO as a separate Public Sector agency Re-established ILARS as a statutory function of the IRO Implemented Resolve improvements Initiated business processes review 	> 80% satisfaction with IRO services (accessibility, timeliness, fairness, expertise)	On track

Corporate Governance

The Independent Review Officer is appointed by the Governor. The IRO is a statutory office and is recognised as a separate public sector agency under Part 3 of Schedule 1 to the *Government Sector Employment Act 2013*. The Independent Review Officer is responsible for ensuring that the IRO and its staff operate in accordance with all legislative and government sector requirements.

In our first months of operation as an agency, we have put in place a range of governance and operational arrangements to support our work and strengthen our independence, including establishing:

- a Memorandum of Understanding (MoU) with the Department of Customer Service relating to corporate services. In particular, the MoU outlines the services and support that DCS will provide including Finance, Human Resources, Information and Communication Technology, and Infrastructure. This saves costs and enables us to leverage off the substantial capability of expert DCS services.
- a MoU with SIRA, to enable the exchange of information between both agencies. This includes periodic information sharing and notification of a significant matters to the regulator, as permitted under the PIC Act. A joint privacy impact assessment was also carried out prior to the implementation of the MoU.
- a suite of relevant internal governance documents, guidance and policies – including an IRO Code of Ethics and Conduct – as part of our governance uplift program to support our independent agency arrangements.
- an Audit and Risk Committee, chaired by Bruce Turner AM, and an internal audit program for 2021-22 administered by DCS.

The IRO has in place an Executive Committee (including IRO Directors and the Executive Officer) and People Leaders Group (including all IRO Managers) to oversee the activities of the agency.

A suite of governance policies and procedures is also being progressively developed in key identified areas, primarily related to work health and safety, finance and audit and risk management. The IRO has also been able to adopt DCS policies (for areas such as ICT, conflict of interests, procurement) where appropriate.

For the current reporting period:

- **Internal Audit and Risk Management** – the IRO is in ‘transitional arrangements’ to become compliant with the eight core requirements set out in the Internal Audit and Risk Management Policy for the NSW Public Sector. This is further described in the attached Internal Audit and Risk Management Attestation Statement for 2020/21 for the IRO (see Appendix).
- **Cyber Security** – the IRO has relied on the cyber incident response plan and Information Security Management System (ISMS) of DCS. We have managed cyber security risks, in conjunction with DCS, in a manner consistent with the Mandatory Requirements, as set out in the NSW Government Cyber Security Policy. IRO’s Cyber Security Annual Attestation Statement for 2020/21 has been prepared as part of the DCS Cluster report.



APPENDIX

Appendix

Additional IRO Data 2020/21

Data from the following tables is extracted from our Resolve case management system.

Early Solutions

Table 1a: Workers Compensation (WC) Complaint and Enquiry Issues for matters opened during 2020/21

Issue	Complaint Number	%	Enquiry Number	%
Complaint about Service Provider		0%	67	1%
Delay in determining liability	2387	27%	260	3%
Delay in payment	1558	17%	97	1%
Denial of liability	841	9%	768	9%
Employer Complaint		0%	264	3%
General Case Management	1028	12%	1239	15%
How to make a Claim		0%	2376	29%
ILARS Lawyer Complaint		0%	198	2%
IME/IMC	350	4%	243	3%
Non-Insurer Complaint	285	3%	3	0%
Privacy Surveillance		0%	15	0%
Query about leave entitlements		0%	67	1%
Query about WC benefits		0%	1264	15%
Request for Documents	726	8%	108	1%
Weekly Benefits	978	11%	521	6%
Who is the insurer?		0%	115	1%
Work Capacity Decision	444	5%	271	3%
Workplace Injury Management	268	3%	429	5%
Escalation or Investigation - Secondary Issue Only	39	0%		0%
Total	8904	100%	8305	100%

Note: A case may have more than one issue

Table 1b: Compulsory Third Party (CTP) Complaint and Enquiry Issues for matters opened 1 Mar – 30 Jun 21

Issue	Complaint Number	%	Enquiry Number	%
Complaint about Service Provider		0%	2	1%
Delay in determining liability		0%	2	1%
Delay in payment		0%	2	1%
Denial of liability		0%	27	20%
General Case Management		0%	29	21%
How to make a Claim		0%	27	20%
Non-Insurer Complaint		0%	6	4%
Query about WC benefits		0%	1	1%
Request for Documents		0%	1	1%
Weekly Benefits		0%	8	6%
Who is the insurer?		0%	1	1%
Investigations	3	1%		0%
Income support/weekly payments	39	11%	1	1%
Claim Payments	56	15%	1	1%
Claim Liability	36	10%	1	1%
Treatment and care	90	25%	2	1%
Minor Injury	11	3%	6	4%
Query About CTP Benefits		0%	15	11%
Domestic Assistance	10	3%		0%
Settlement	5	1%		0%
Case Manager	35	9%	1	1%
Examination	5	1%		0%
Claim Lodgement	13	4%		0%
Insurer internal reviews	4	1%		0%
Common Law	7	2%		0%
Dispute Handling	18	5%		0%
Report	2	1%		0%
Fees	6	2%		0%
Property Damage	17	5%		0%
Third Party/Service Provider management	2	1%		0%
Injury management		0%	1	1%
Earning Capacity		0%	1	1%
Certificate of Capacity/Fitness	1	0%		0%
Return to work management	1	0%		0%
Fault		0%	3	2%
Fault Status	1	0%		0%
Contributory Negligence	1	0%		0%
Total	363	100%	138	100%

Note: A case may have more than one issue.

IRO commenced dealing with CTP complaints and enquiries from 1 March 2021

Table 2a: Source of WC complainants and enquiries

Issue	Number	%
Lawyer	8714	54%
Web search	3561	22%
Word of Mouth	1238	8%
icare/SIRA	942	6%
Government Department	647	4%
Insurer	256	2%
Doctor	196	1%
Other source	158	1%
Union	142	1%
Rehabilitation Provider	64	0%
Employer	29	0%
Workers Compensation Commission	27	0%
Advertising	24	0%
WIRO Campaign	19	0%
Total	16017	100%

Note: IRO records the source of complaints and enquiries as reported by injured person or their representative. The high incidence of lawyer reflects that many complainants and enquirers came to IRO after their lawyers obtained ILARS grants.

Table 2b: Source of CTP complainants and enquiries 1 Mar – 30 Jun 21

Issue	Number	%
Web search	130	29%
Lawyer	106	23%
Other source	89	20%
Government Department	39	9%
icare/SIRA	39	9%
Word of Mouth	31	7%
Insurer	8	2%
Doctor	5	1%
Rehabilitation Provider	3	1%
Commission	1	0%
Advertising	1	0%
Union	1	0%
Total	453	100%

Table 3a: How WC complaints and enquiries are received

How Received	Number of Cases
WC Complaint	8065
Email	2667
ILARS	196
In Person	4
Letter	5
Telephone	3828
Website	1365
WC Enquiry	7952
Email	832
ILARS	21
In Person	2
Letter	2
Telephone	6859
Website	236

Table 3b: How CTP complaints and enquiries are received

How Received	Number of Cases
Complaint	317
Email	144
Telephone	136
Website	37
Enquiry	136
Email	30
Telephone	105
Website	1

Table 4a: WC Complaint timeliness – How long to close a WC complaint in 2020/21

Issue	Same day	Next day	2 to 7 days	8 to 15 days	16 to 30 days	More than 30 days	Total
Delay in determining liability	193	177	1399	430	77	3	2279
Delay in payment	121	103	899	287	52	6	1468
Denial of liability	274	44	324	106	21		769
General Case Management	249	69	373	119	18		828
IME/IMC	48	20	155	61	6		290
Non-Insurer Complaint	186	20	38	4			248
Request for Documents	87	85	437	87	5		701
Weekly Benefits	96	47	469	220	60	5	897
Work Capacity Decision	76	24	176	98	25	1	400
Workplace Injury Management	51	16	109	37	4		217
Total	1381	605	4379	1449	268	15	8097

Table 4b: CTP Complaint timeliness – How long to close a CTP complaint 1 March - 30 June 2021

Issue	Same day	Next day	2 to 7 days	8 to 15 days	16 to 30 days	Total
Investigations	1			2		3
Income support/weekly payments	6	1	13	8		28
Claim Payments	4	3	33	9		49
Claim Liability	5	4	19	2	2	32
Treatment and care	15	3	45	13		76
Minor Injury	4	1	3			8
Domestic Assistance	1	2	6			9
Settlement	2		1	1		4
Case Manager	10	3	9			22
Examination	1		4			5
Claim Lodgement	3	1	3	4	2	13
Insurer internal reviews	1	1	1			3
Common Law	1		4	2		7
Dispute Handling	6		9			15
Report			2			2
Fees	1	2	2	1		6
Property Damage	15	1	1			17
Third Party/Service Provider management	2					2
Fault Status			1			1
Contributory Negligence			1			1
Total	78	22	157	42	4	303

Table 5a: WC Complaints outcomes - complaints finalised in 2020/21

Outcome	Other Insurer including Not Provided	Scheme agent	Self-insured	Specialised insurer	TMF	Total
Complaint Declined – Out of Jurisdiction	1	1				2
Complaint Rejected	12	198	20	24	46	300
Delay in determining liability	14	1546	223	154	290	2227
Domestic Assistance	2	112	7	9	22	152
ADL approved	1	39	4	4	12	60
Claim not made in accordance with 60AA	1	13			2	16
Entitlement exhausted		10		1		11
Declined after IRO Complaint		5			2	7
Accepted after IRO Complaint		45	3	4	6	58
Initial Notification	1	109	24	16	17	167
Initial notification incomplete		3	2			5
Initial notification not received		7	2		4	13
No response provided and outside timeframes		5				5
Provisional liability inside timeframes		14	6	2	1	23
Provisional liability outside timeframes		7		5		12
Reasonable excuse applied in time	1	65	13	9	12	100
Reasonable excuse defective		8	1			9
Recurrence / Whole claim	1	166	23	24	26	240
Claim accepted inside timeframes		9	2		2	13
Claim accepted outside timeframes		35	7	2	3	47
Claim denied inside timeframes		22	3	7	4	36
Claim denied outside timeframes		26	4	5	2	37
Insurer not on risk	1	15			1	17

Outcome	Other Insurer including Not Provided	Scheme agent	Self-insured	Specialised insurer	TMF	Total
No decision and inside timeframes		27	3	5	8	43
No decision and outside timeframes		11	2	5	3	21
Recurrence not determined		6			1	7
Request not received		15	2		2	19
Section 287A (WIMA)		28	6	4	7	45
Claim accepted inside timeframes		1			1	2
Claim accepted outside timeframes		2		1		3
Claim denied inside timeframes		2			2	4
Claim denied outside timeframes		7	2	1	3	13
Insurer not on risk		3				3
No decision and inside timeframes		5	1		1	7
No decision and outside timeframes		5	3	1		9
Request not received		3		1		4
Section 66 (WCA)	3	75	16	4	21	119
Claim accepted inside timeframes		3			3	6
Claim accepted outside timeframes		14	3		6	23
Claim denied inside timeframes		6			1	7
Claim denied outside timeframes		11		1	1	13
Claim not duly made		1	1			2
Insurer not on risk		6	1	1		8
No decision and inside timeframes		20	5	2	4	31
No decision and outside timeframes	2	9	4		5	20
Request not received	1	5	2		1	9
Weekly Benefits / Medical Treatment	7	1056	147	97	197	1504
Claim accepted inside timeframes		137	10	8	17	172

Outcome	Other Insurer including Not Provided	Scheme agent	Self-insured	Specialised insurer	TMF	Total
Claim accepted outside timeframes	2	318	40	31	75	466
Claim denied inside timeframes		93	13	9	13	128
Claim denied outside timeframes		200	25	22	23	270
Insurer not on risk	1	23	1	2	3	30
No decision and inside timeframes	3	114	19	12	25	173
No decision and outside timeframes	1	69	17	7	17	111
Request not received		102	22	6	24	154
Delay in payment	6	961	153	115	178	1413
COD / Settlement	3	178	44	40	51	316
Centrelink and/or Medicare delay		66	8	13	14	101
Decision being appealed		1				1
Insurer admin error	2	22	9	9	11	53
Insurer within timeframes and not paid		13	2	2	3	20
Interest Obtained	1	2	2		1	6
Interpretation of terms dispute		14	2		2	18
Lawyer hasn't provided all documents required		10	1	2	7	20
Correct amount paid after IRO Complaint		50	20	14	13	97
Medical/Travel	2	277	57	30	67	433
Claim already paid		23	4	6	4	37
Claim disputed		17	3	2	6	28
Claim not received		12	7	1	4	24
Insufficient information / Invoices not provided	1	48	10	7	6	72
Insurer not on risk		5				5
Insurer within timeframes		11		2	7	20
Correct amount paid after IRO Complaint	1	161	33	12	40	247

Outcome	Other Insurer including Not Provided	Scheme agent	Self-insured	Specialised insurer	TMF	Total
Weekly benefits	1	506	52	45	60	664
Employer error making payments		70	8	4	9	91
Employer error where insurer takes over payments		57		4	3	64
Insurer admin error		205	24	25	27	281
Irregular payments		29	4	2	5	40
No apparent error with payments	1	63	10	2	6	82
No COC		55	5	5	4	69
No EFT/TFN details		17		2	5	24
PID Certificate - no entitlement		10	1	1	1	13
Denial of liability	5	522	75	35	106	743
Defective form changed and reissued		3	3		1	7
Defective form withdrawn		1	1		1	3
Insurer maintains denial on review		79	13	1	15	108
Insurer overturns decision after PI	1	38	7	3	15	64
Matter referred for review or legal	4	368	49	30	69	520
Section 59A Applied		25	1	1	3	30
Section 59A Overturned		8	1		2	11
General Case Management	18	524	57	45	134	778
Insurer notified of complaint		255	32	27	80	394
Referred to insurer	11	167	20	10	40	248
Referred to SIRA, Icare or other	7	102	5	8	14	136
IME/IMC		171	30	16	49	266
Appointment cancelled-information from treating doctors received		10		2	5	17

Outcome	Other Insurer including Not Provided	Scheme agent	Self-insured	Specialised insurer	TMF	Total
Appointment cancelled-referral procedure not followed		11	1		5	17
Appointment maintained		98	15	8	21	142
Appointment rescheduled		29	13	5	11	58
Location changed		8	1	1	2	12
Travel organised		5			1	6
Choice of 3 IMEs provided after IRO Complaint		10			4	14
Non-insurer complaints	28	109	22	15	40	214
Employer Complaint	24	37	9	6	19	95
Referred to Fair Work or IRC	3	13	3	2	5	26
Referred to Other	15	8	5	2	9	39
Referred to SIRA/Safework	6	16	1	2	5	30
ILARS Lawyer Complaint		32	4	5	8	49
Refer worker to OLSC, Law Firm or Other		19	3	3	3	28
Updated the IRO Principal Lawyer		3		1	1	5
Updated the WIRO Principal Lawyer		10	1	1	4	16
Privacy/Surveillance		3	1	1		5
Referred to IPC		2				2
Referred to Other		1	1	1		3
Service Provider	4	37	8	3	13	65
Referred to Other	3	26	3	1	10	43
Referred to SIRA	1	11	5	2	3	22
Request for Documents	4	483	73	57	66	683
Liability Accepted	4	321	44	29	46	444
Docs not provided	2	34	14	2	9	61
Docs provided after PI	1	256	23	23	30	333

Outcome	Other Insurer including Not Provided	Scheme agent	Self-insured	Specialised insurer	TMF	Total
Docs provided to third party		10	1		1	12
Request not received	1	21	6	4	6	38
Liability Disputed		162	29	28	20	239
Docs not provided		23	5	6		34
Docs provided to third party only		4				4
Privilege Claimed			2		3	5
Docs provided after IRO Complaint		135	22	22	17	196
Weekly Benefits	2	641	79	38	107	867
Overpayment		37	7		15	59
Insurer or employer presses with recovery		20	4		9	33
Insurer stops recovery		17	3		6	26
Payments changed	1	301	36	18	49	405
Change of entitlement period		22	1		3	26
Employer not passing on correct payment		85	18	6	12	121
Indexation applied after PI	1	9			3	13
Legislative reduction in PIAWE		7	2	1	2	12
No apparent error with payments		138	14	10	23	185
Payments increased after PI (stat rate or 95%)		33	1	1	4	39
WCD or Section 40 assessment		7			2	9
Payments have not started	1	32	4	4	5	46
Insurer maintains reasonable excuse	1	11	2	1	3	18
Reasonable excuse applied within time		9		2		11
Reasonable excuse withdrawn after IRO Complaint		12	2	1	2	17
Payments stopped		271	32	16	38	357

Outcome	Other Insurer including Not Provided	Scheme agent	Self-insured	Specialised insurer	TMF	Total
Correct rate applied		4		2		6
Employer error where insurer takes over payments		5		1	3	9
Employer not passing on weekly payments		34		1	3	38
Insurer admin error		97	8	4	9	118
No apparent error with payments		40	10	3	13	66
Non-attendance at IME		2				2
Section 119 non-attendance IME applied		5	1	1		7
Section 119 non-attendance IME overturned		6	1		1	8
Section 39 limit applied		28	1	1	4	34
Section 39 overturned		4	1			5
Section 48A / 57 suspension applied		7	3			10
Section 48A / 57 suspension overturned		5	3			8
Section 52 retirement age applied		9			2	11
Section 52 retirement age overturned			1		1	2
WCD or Section 40 assessment		8	1	1		10
Weekly benefits declined		17	2	2	2	23
Work Capacity Decision	3	287	28	19	56	393
PIAWE	1	133	16	11	24	185
Insurer maintains decision	1	46	6	3	12	68
Not obvious error referred for review		40	5	3	7	55
PIAWE increased and back payment provided		37	5	4	4	50
PIAWE reduced where notice period not applied		2		1		3

Outcome	Other Insurer including Not Provided	Scheme agent	Self-insured	Specialised insurer	TMF	Total
PIAWE reduced where notice provided		8			1	9
Work Capacity Decisions (non-PIAWE)	2	154	12	8	32	208
Incorrect notice provided		5	1			6
IW referred to ALSP	2	104	10	7	26	149
New WCD issued		7				7
Stay not applied		1		1	1	3
WCD under review		21			3	24
WCD withdrawn		16	1		2	19
Workplace Injury Management	3	118	30	13	47	211
IMP		15	5		7	27
IW not compliant		5	3		1	9
No current IMP		4				4
IMP amended after IRO Complaint		6	2		6	14
Rehabilitation	1	33	10	2	12	58
Case conference cancelled		2	1			3
Case conference organised	1		2			3
Referred to IMC		2				2
Rehab not required		8	2	1	2	13
Rehab provided s41A		4		1	1	6
Rehab provider changed		17	5		9	31
Return to Work	2	70	15	11	28	126
Duties not provided by employer		18	4	4	13	39
Duties not suitable	1	4	3		5	13
Rehabilitation Allocated		7	2	1	3	13
RTW plan amended		6	2	3	2	13
Section 53 / JCPP Approved		7		1		8

Outcome	Other Insurer including Not Provided	Scheme agent	Self-insured	Specialised insurer	TMF	Total
Section 53 / JCPP Declined		10	2	1		13
Vocational Program Approved		7			1	8
Workplace assessment required	1	7		1	3	12
Duties provided by employer after IRO Complaint		4	2		1	7
Total	96	5561	790	531	1119	8097

Workers Compensation Act 1987 (WCA), Workplace Injury Management and Workers Compensation Act 1998 (WIMA)

Table 5b: CTP Complaints outcomes 1 Mar – 30 Jun 21

Outcomes	CTP Insurer	Other Insurer including Not Provided	Total
Complaint Rejected	81	19	100
Resolved Action	73		73
Resolved Benefit	73		73
Resolved Information	37		37
Resolved Referred Elsewhere	20		20
Total	284	19	303

Table 6a: Number and type of WC complaints finalised after 30 June 2021

Issues	Number of cases
Delay in determining liability	37
Delay in payment	28
Denial of Liability	4
General Case Management	13
IME/IMC	5
Request for Documents	11
Weekly Benefits	14
Work Capacity Decision	5
Workplace Injury Management	3
Total	120

Table 6b: Number and type of CTP complaints finalised after 30 June 2021

Issues	Number of cases
Claim Liability	2
Claim Payments	2
Dispute Handling	1
Income support/weekly payments	3
Insurer internal reviews	1
Settlement	1
Treatment and care	4
Total	14

Grants of Legal Funding

Table 7: Amounts paid

Payment Type	Total Amount (\$)	Number of Payments	% of Disbursements	Average Amount (\$)
Professional fees	45,953,531	15,081		3,047
Medico-legal	17,234,236	13,439	60%	1,282
Barrister Fees	3,825,586	2,286	13%	1,673
Clinical Notes	3,006,947	29,202	10%	103
MRP Service Fee	1,902,917	23,809	7%	80
Treating Specialist Report	989,753	2,173	3%	455
NTD Report	779,135	1,621	3%	481
Travel	429,826	1,780	1%	241
Interpreter	327,046	949	1%	345
Complexity Uplift	312,942	224	1%	1,397
Appeal	250,700	109	1%	2,300
Other	116,468	369	0%	316
Non-attendance fee	68,550	170	0%	403
Barrister Country Loading	28,331	44	0%	644
Solicitor Loading	11,789	15	0%	786
Meal Allowance	4,396	111	0%	40
Total	75,242,151	91,382		
Total Professional Fees	\$ 46,517,172		62%	
Total Disbursements	\$ 28,724,979		38%	

Note :* Other includes Court filing fees, ancillary expenses associated with court proceedings or unregulated expenses. The amounts paid are for the grants approved and processed for period 1 Jul 2020 - 30 Jun 2021, and are extracted from our Resolve case management system. There may be discrepancies between financial management system data (SAP) and case management system due to time lag.

Table 8: Types of Body System for ILARS Grants applications received 2020/21

Injury location	Percentage
Cardiovascular system	0%
Chronic Pain	0%
Digestive systems	0%
Ear, nose, throat and related structures	1%
Haematopoietic system	0%
Hearing	19%
Lower extremity	13%
Not provided	2%
Nervous system	0%
Psychiatric and psychological disorders	19%
Respiratory system	0%
The endocrine system	0%
The skin	1%
The spine	21%
The visual system	0%
Upper extremity	23%
Urinary and reproductive systems	0%
Total	100%

Table 9: Types of Injury for ILARS Grants applications received 2020/21

Injury location	Percentage
Psychological system	19%
Ear	19%
Back	15%
Shoulder	7%
Multiple -Trunk and limbs	6%
Knee	6%
Hand, fingers and thumb	3%
Upper limb - multiple locations	3%
Neck	2%
Ankle	2%
Multiple -Other	2%
Wrist	2%
Multiple -Neck and shoulder	1%
Lower limb - multiple locations	1%

Injury location	Percentage
Foot and toes	1%
Death	1%
Multiple -Upper and lower limbs	1%
Lower leg	1%
Hip	1%
Trunk - multiple locations	1%
Elbow	1%
Head - multiple locations	1%
Abdomen and pelvic region	1%
Upper arm	1%
Multiple -Neck and Trunk	1%
Eye	0%
Cranium	0%
Forearm	0%
Respiratory system	0%
Multiple -Head and other	0%
Unspecified locations	0%
Face	0%
Mouth	0%
Ribs	0%
Upper leg	0%
Genitourinary system	0%
Nervous system	0%
Nose	0%
Circulatory system	0%
Digestive system	0%
Other and multiple systemic conditions	0%
Unspecified systemic conditions	0%
Total	100%

Table 10: Nature of Injury for ILARS grant applications received 2020/21

Nature of Injury	Percentage
Intracranial injuries	1%
Fractures	2%
Wounds, lacerations, amputations and internal organ damage	3%
Burn	0%
Injury to nerves and spinal cord	16%
Trauma to joints and ligaments	17%
Trauma to muscles and tendons	17%
Joint diseases (arthropathies) and other articular cartilage diseases	0%
Spinal vertebrae and intervertebral disc diseases	3%
Diseases involving the synovium and related tissue	0%
Diseases of muscle, tendon and related tissue	0%
Other soft tissue diseases	0%
Mental disorders	19%
Digestive system diseases	0%
Skin and subcutaneous tissue diseases	0%
Nervous system and sense organ diseases	19%
Respiratory system diseases	0%
Circulatory system diseases	0%
Infectious and parasitic diseases	0%
Neoplasms (cancer)	0%
Other diseases	0%
Other claims	0%
Death	1%
Other injuries –Poisoning, Electrocutation, heat stress etc	0%
Total	100%

Table 11: ILARS Outcomes for ILARS grant applications received 2020/21

Outcome	Other outcome	Grant achieved desired outcome
ILARS Funding Withdrawn	270	
Administrative reason	7	
Consolidated with other grant	44	
Duplicate grant	98	
Lawyer request	76	

Outcome	Other outcome	Grant achieved desired outcome
Matter resolved in other jurisdiction	2	
No Response to ILARS Follow Up	8	
Not eligible for funding	35	
Instructions withdrawn	1087	
File transferred to new ALSP	1	
Instructions withdrawn	362	
Worker retained new Lawyer	724	
Not proceeding after preliminary grant	2927	2204
Below Threshold (Threshold issue)	64	
Commutation negotiations failed	17	
Lawyer Advice to Worker		2210
Lost contact with Worker	582	
Medical evidence not supportive	357	
Not MMI	124	
Not viable	113	
s66 Below WPI threshold	768	
Worker instructions	902	
Resolved prior to Commission	5	2728
Advice given not to proceed	5	
Agreement with Insurer		56
Insurer Accepts Claim		888
Insurer withdraws Notice		75
Over threshold by agreement		12
Resolved after IRO enquiry or Internal Review.		176
Resolved by complying agreement after claim made		1521
Resolved prior to Commission	7	1805
Advice given not to proceed	6	
Agreement with Insurer		32
Insurer Accepts Claim		739
Insurer withdraws Notice		49
Over threshold by agreement		12
Resolved after IRO enquiry or Internal Review.		98
Resolved after WIRO enquiry or Internal Review.		9

Outcome	Other outcome	Grant achieved desired outcome
Resolved by complying agreement after claim made		866
Resolved in Commission	141	1972
Commutation		20
Registered		20
Expedited Assessment	2	76
Consent Direction		52
Direction made by Commission		21
Direction not made by Commission	2	
Not Recorded		1
Recommendation made		2
Medical Assessment	106	565
Above threshold		24
COD s66 TOD		21
COD s66 WPI		472
Discontinued post MAC no COD	5	
Discontinued pre MAC no COD	1	
MAC Below Threshold Hearing Aids only		36
Not MMI MAC (s66 claim)		5
Not MMI MAC (threshold issue)		7
Not MMI MAC refused (threshold issue)	1	
Not reached threshold (threshold issue)	6	
s66 Not reached threshold	93	
Resolved at Arbitration by Arbitrator - Employer	33	
Resolved at Arbitration by Arbitrator - Worker		242
Death Benefits		64
Medicals		68
Weeklies		20
Weeklies & Medicals		51
WPI		29
WPI & Medicals		3
WPI & Weeklies		3
WPI, Weeklies & Medicals		4
Resolved at Conciliation - settled by consent		493

Outcome	Other outcome	Grant achieved desired outcome
Closed Period		34
Death Benefits		23
Medicals		65
Not Recorded		2
Weeklies		42
Weeklies & Medicals		167
WPI		72
WPI & Medicals		17
WPI & Weeklies		13
WPI, Weeklies & Medicals		34
Wrap Up		24
Resolved at settlement during Arbitration		44
Death Benefits		5
Medicals		9
Weeklies		5
Weeklies & Medicals		11
WPI		8
WPI & Medicals		2
WPI & Weeklies		1
WPI, Weeklies & Medicals		3
Resolved TC - settled by consent		532
Closed Period		17
Death Benefits		17
Medicals		103
Not Recorded		4
Weeklies		42
Weeklies & Medicals		93
WPI		190
WPI & Medicals		26
WPI & Weeklies		11
WPI, Weeklies & Medicals		22
Wrap Up		7
Resolved in Commission	112	1277
Commutation		12
Registered		12

Outcome	Other outcome	Grant achieved desired outcome
Conference		324
Closed Period		22
Death Benefits		6
Medicals		47
Not Recorded		2
Weeklies		39
Weeklies & Medicals		92
WPI		47
WPI & Medicals		8
WPI & Weeklies		3
WPI, Weeklies & Medicals		40
Wrap Up		18
Expedited Assessment	1	53
Consent Direction		31
Direction made		17
Direction not made	1	
Not Recorded		1
Recommendation made		4
Following Hearing – COD SOR Employer	13	
Following Hearing – COD SOR worker		146
Death Benefits		28
Medicals		52
Weeklies		13
Weeklies & Medicals		22
WPI		22
WPI & Medicals		3
WPI & Weeklies		2
WPI, Weeklies & Medicals		4
Medical Assessment	98	436
Above threshold		9
COD s66 TOD		19
COD s66 WPI		373
Discontinued post MAC no COD	10	
Discontinued pre MAC no COD	1	
MAC Below Threshold Hearing Aids only		28

Outcome	Other outcome	Grant achieved desired outcome
Not MMI MAC (s66 claim)		4
Not MMI MAC (threshold issue)		2
Not MMI MAC refused (threshold issue)	1	
Not reached threshold (threshold issue)	10	
Not Recorded		1
s66 Not reached threshold	76	
Resolved TC - settled by consent		263
Closed Period		16
Death Benefits		7
Medicals		66
Weeklies		18
Weeklies & Medicals		66
WPI		55
WPI & Medicals		8
WPI & Weeklies		8
WPI, Weeklies & Medicals		13
Wrap Up		6
Settlement during Hearing		43
Death Benefits		7
Medicals		5
Weeklies		3
Weeklies & Medicals		13
WPI		7
WPI & Weeklies		5
WPI, Weeklies & Medicals		3
Appeals	90	123
Court of Appeal	1	
By the employer in favour of Employer	1	
Medical Appeal Panel	28	46
By the employer in favour of Employer	6	
By the employer in favour of Worker		11
By the worker in favour of Employer	22	
By the worker in favour of Worker		35
Non-presidential member to President	5	6
By the employer in favour of Worker		4

Outcome	Other outcome	Grant achieved desired outcome
By the worker in favour of Employer	5	
By the worker in favour of Worker		2
Resolved after appeal from Arbitrator to President	10	9
By the employer in favour of Worker		6
By the worker in favour of Employer	10	
By the worker in favour of Worker		3
Resolved after appeal from decision of Arbitrator to President	8	7
By the employer in favour of Worker		5
By the worker in favour of Employer	8	
By the worker in favour of Worker		2
Resolved after appeal to Court of Appeal	1	5
By the employer in favour of Worker		2
By the worker in favour of Employer	1	
By the worker in favour of Worker		3
Resolved after appeal to Supreme Court	5	2
By the employer in favour of Employer	2	
By the employer in favour of Worker		2
By the worker in favour of Employer	3	
Resolved after Medical Appeal Panel	32	46
By the employer in favour of Employer	3	
By the employer in favour of Worker		21
By the worker in favour of Employer	29	
By the worker in favour of Worker		25
Supreme Court		2
By the employer in favour of Worker		2
Discontinued from Commission - No result	51	
Discontinued from Commission - No result	78	
Resolved in common law claim		33
Total	4768	10142

Note: Matters with primary outcomes Resolved prior to WCC, Resolved after WIRO enquiry or Internal Review, Resolved in WCC and Discontinued from WCC - No result are for cases closed between 1 July 2020 and 28 February 2021.

Matters with primary outcomes Resolved prior to Commission, Resolved after IRO enquiry or Internal Review, Resolved in Commission and Discontinued from Commission - No result are for cases closed between 1 March 2021 and 30 June 2021.

All other primary outcomes refer to matters closed between 1 July 2020 and 30 June 2021.

Table 12: No Response to Claim (NRTC)

Outcome	Former NSW Insurer	Scheme agent	Self-insured	Specialised insurer	TMF	Total
S287A (WIMA)		100	46	14	14	174
Claim accepted after enquiry		15	6	2	1	24
Claim accepted before enquiry		4			3	7
Claim denied after enquiry		35	21	5	7	68
Claim denied before enquiry		16	9	2		27
Insurer inside timeframes		1				1
Insurer outside timeframes		20	6	4	2	32
Request not received		9	4	1	1	15
S60/ Weekly Benefits (WCA)		192	41	18	28	279
Claim accepted after enquiry		78	16	6	8	108
Claim accepted before enquiry		10	3	1	2	16
Claim denied after enquiry		43	10	3	8	64
Claim denied before enquiry		18	2	2	1	23
Insurer inside timeframes		5	2	1		8
Insurer not on risk		1				1
Insurer outside timeframes		26	2	3	2	33
Request not received		11	6	2	7	26
S66 (WCA)	1	386	78	37	65	567
Claim accepted after enquiry		38	4	4	5	51
Claim accepted before enquiry		8			2	10
Claim denied after enquiry		94	18	11	19	142
Claim denied before enquiry		43	4	4	3	54
Counter offer issued after enquiry		71	12	4	5	92
Counter offer issued before enquiry		8	4	2	3	17
Insurer inside timeframes		52	9	2	10	73
Insurer not on risk		3			2	5
Insurer outside timeframes		39	20	6	10	75
Request not received	1	30	7	4	6	48
Total	1	678	165	69	107	1020

Note: No Response to Claim (NRTC) matters are claims where the insurer has not responded within the required time frame. Workers Compensation Act 1987 (WCA), Workplace Injury Management and Workers Compensation Act 1998 (WIMA)

Insurer Data

Table 13a: WC matters received by Insurer

Insurer	Complaint	Enquiry	ILARS	NRTC	Total
Scheme agent	5534	3591	12132	678	21935
Allianz 701	56	40	101	8	205
Allianz Australia Workers Compensation (NSW) Ltd	379	200	675	50	1304
CGU Workers Compensation (NSW) Ltd	6	8	40		54
EML 701	2440	1730	5784	241	10195
EML 702	869	469	1493	167	2998
Employers Mutual NSW Limited	165	171	531	27	894
Gallagher Bassett Services Pty Ltd		2	32		34
GIO 701	55	29	133		217
GIO General Limited	1468	876	2074	179	4597
Icare-Workers Care	5	22	615		642
Insurance and Care NSW (Icare)	4	1	473		478
QBE Workers Compensation	12	20	128		160
Uninsured Liabilities	53	21	21	6	101
QBE 701	22	2	31		55
Self-insured	792	565	1716	165	3238
3M Australia Pty Ltd	1		2	1	4
Aldi Stores	6	6	11		23
ANZ Banking Group Limited	7	2	11	2	22
Ausgrid Management Pty Ltd	10	9	30	2	51
Australian Unity Limited	6	5	11		22
BHP Group Limited	5		13	4	22
Blacktown City Council	7	9	39		55
Bluescope Steel Ltd	11	11	85	2	109
BOC Limited	2	3	5		10
Boral Limited	6	6	36	2	50
Brambles Industries Limited	1	1	4		6
Brickworks Ltd			2	1	3
Campbelltown City Council	9	6	11	3	29
Canterbury Bankstown Council	4	1	15	1	21
Central Coast Council	1	6	29	1	37

Insurer	Complaint	Enquiry	ILARS	NRTC	Total
City of Sydney Council	7	1	21	3	32
Coca-Cola Amatil	5	1	4		10
Coles Group Ltd	125	80	151	28	384
Colin Joss & Co Pty Limited	4	3	4		11
Commonwealth Steel		1			1
CSR Limited	4	3	3	1	11
DAC Finance Pty Ltd (trading as Opal Aged Care)	7	2	4		13
Endeavour Energy	7	3	10		20
Estia Investments Pty Ltd		2	3		5
Fairfield City Council		1	4	1	6
Fletcher International Exports Pty Ltd.	7	1	2	1	11
Hawkesbury City Council		1	8		9
Healius Limited	2	8	16	1	27
Holcim (Aust) Holdings Pty Limited	1		13	2	16
Infrabuild (Manufacturing) Pty Limited (Formerly GFG Alliance and formerly Arrium)	10	8	26	7	51
Inghams Enterprises Pty Ltd	5	1	7	3	16
ISS Facility Services	4	2	7		13
ISS Property Services Pty Ltd	8	7	24	3	42
JELD-WEN Australia Pty Ltd	2	2	5	1	10
Joss Injury Management Department			4		4
Lake Macquarie City Council	3	1	15	1	20
Liverpool City Council	1	2	9	1	13
MARS Australia Pty Ltd	1	1	5		7
McDonald's Australia Holdings Limited	2	3	3	1	9
Myer Holdings Ltd	7	6	14		27
Newcastle City Council	3	8	12	1	24
Northern Beaches Council	12	14	7	1	34
Northern Co-Operative Meat Company Limited	3	2	11	2	18
NSW Trains	12	7	6	1	26
OneSteel Trading Pty Ltd (Moly-Cop)		1	7	1	9
Pacific National (NSW) Pty Ltd			7	2	6

Insurer	Complaint	Enquiry	ILARS	NRTC	Total
Persol Australia Pty Ltd	11	22	22	3	58
Qantas Airways Limited	31	40	226	11	308
Rail Corporation NSW	1	7	8	5	21
Randstad	4	3	7		14
RGF Staffing Melbourne One Pty	11	6		1	18
Sutherland Shire Council			3	2	5
Shoalhaven City Council	2	2	14		18
Southern Meats Pty Ltd.	1		1		2
Sydney Trains	58	46	21	13	138
The Star Entertainment Group Ltd	16	16	13	2	47
Tomago Aluminium			4		4
Transgrid					0
Toll Holdings Ltd	20	20	82	3	125
Transport for NSW Workers Compensation Services	27	7	68	2	104
Transport Service of NSW (State Transit Group)	15	9	81	3	108
UGL Rail Services Pty Limited	2	2	6		10
Unilever Australia (Holdings) Pty Limited		2	6		8
University of New South Wales	5	6	6		17
University of Wollongong	7	3	2		12
Ventia Australia Pty Ltd - formerly Broadspectrum (Australia) Pty Ltd	70	20	36	6	132
Veolia Environmental Services (Australia) Pty Ltd	8	1	9	1	19
Wesfarmers Limited	26	9	70	3	108
Westpac Banking Corporation Ltd	7	9	19	2	37
Wollongong City Council	1	1	11	3	16
Woolworths Group Ltd	151	96	289	24	560
Life Without Barriers		1			1
Specialised insurer	527	288	723	69	1607
Catholic Church Insurance Limited	272	101	196	28	597
Coal Mines Insurance Pty Limited	36	39	14	2	91
Guild Insurance Ltd	37	27	65	7	136

Insurer	Complaint	Enquiry	ILARS	NRTC	Total
Hospitality Employers Mutual	70	49	135	13	267
Racing NSW Insurance Fund	39	24	47	6	116
StateCover Mutual Ltd	73	48	266	13	400
TMF	1119	837	1797	107	3860
Allianz TMF	295	286	576	32	1189
Employers Mutual NSW Ltd - TMF	388	264	441	19	1112
QBE TMF	436	287	780	56	1559
Other Insurers including not provided	93	2671	4052	1	6824
Total	8065	7952	20423	1020	37460

Table 13b: CTP Complaints & Enquiries received by Insurer 1 March – 30 June 2021

Insurers	CTP Complaint	CTP Enquiry	Total
Other Insurer including Not Provided	19	40	59
CTP Insurer	298	96	394
GIO	53	14	67
NRMA	117	32	149
QBE	77	24	101
AAMI	23	9	32
Allianz	28	16	44
Youi		1	1
Total	317	136	453

Corporate Reporting Information

Accessing IRO information

Privacy (PPIP Act)

There were no internal reviews conducted under the Privacy and Personal Information Protection Act 1998 (PPIPA) in 2020/21.

During the reporting period, we have provided staff with training on privacy awareness, participating in 2021 Privacy Awareness Week and appointing privacy champions. IRO has also been working on developing our IRO Privacy Management Plan. In 2021/22, the IRO will implement its own Privacy Management Plan.

Right to Information (GIPA Act)

IRO adopts a proactive approach to the release of information where possible. During 2020/21, IRO proactively released information including the Complaints and Enquiries Handling Policy, IRO Direction 2022, IRO structure and statistical information about business operations.

During the 2020/21 reporting period we received 4 formal GIPA applications. Two (2) applications were requests by individuals for their own information. The full details of the applications we received under the Government Information (Public Access) Act 2009 (NSW) (GIPA Act) are set out below.

Table A: Number of applications by type of applicant and outcome

Applicant type	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm / deny information held	Application withdrawn
Media								
Member of parliament								
Private sector business								
Non-for profit organization or community group								
Members of public (application by legal representative)								
Member of public (other)	3	1					1	

Note: More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

Table B: Number of applications by type of application and outcome

Applicant type	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm / deny information held	Application withdrawn
Personal information applications	3							
Access applications (other than personal information applications)		1						
Access applications that are partly personal information applications and partly other								

Note: personal information application is an access application for personal information (as defined in clause 4 to the Act) about the application (the applicant being an individual)

Table C: Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act

Reason	Number of times consideration used
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0

Care and protection of children	
Ministerial code of conduct	
Aboriginal and environmental heritage	
Information about complaints to Judicial Commission	
Information about authorised transactions under Electricity Network Assets (Authorised Transactions) Act 2015	
Information about authorised transactions under Land and Property Information NSW (Authorised Transaction) Act 2016	

Note: More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of Act

Reason	Number of occasions when application not successful
Responsible and effective government	
Law enforcement and security	
Individual rights, judicial processes and natural justice	1
Business interests of agencies and other persons	1
Environment, culture, economy and general matters	
Secrecy provisions	
Exempt documents under interstate Freedom of Information legislation	

Table F: Timelines

Timeframe	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	4
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	4

Table G: number of applications reviewed under Part 5 of the Act (by type of review and outcome)

Review type	Decision varied	Decision upheld	Total
Internal review	0	1	1
Review by information Commissioner	0	0	0
Internal review following recommendation under s93 of Act	0	0	0
Review by NCAT	0	0	0
Total		1	1

Note: The Information Commissioner does not have the authority to vary decisions but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table H: Applications for review under Part 5 of the Act (by type of applicant)

Applicant	Number of applications for review
Applications by access applicants	1
Applications by persons to whom information the subject of access applications relates (see section 54 of the Act)	0

Table I: Application transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

Type of transfer	Number of applications transferred
Agency initiated transfers	0
Applicant initiated transfers	0

Public Interest Disclosure

The DCS Fraud and Corruption Internal Reporting Policy outline for staff the support and protections available under the *Public Interest Disclosures Act 1994* for a person making a public interest disclosure (PID). IRO has formally adopted the DCS policy.

The policy was widely available on the DCS intranet and included details of the nominated officers who are authorised to receive a disclosure.

PID resources were available to staff on the DCS intranet and highlighted during induction training.

There were no public interest disclosures during the 2020/21 reporting year.

Consultants

Consultant	Business Unit	Category	Purpose	Amount (\$)
The Burrow Group	Strategy Policy & Systems	Management Service	Brand & Website Design	\$25,995
Contractors	Office of IRO	Management Service	Project to implement Schedule 5 of the PIC Act	\$152,645
KPMG	ILARS	Accounting/Tax	ILARS Review	\$90,000
Total				\$268,640

Consumer Response

The IRO is committed to maintaining, and where possible improving, the quality of the services we provide to the people who use our services. In September 2020 we implemented the IRO Complaints and Compliments Policy. The best source of information about the quality of our services is from the people who use them. This can be in the form of complaints, feedback or compliments.

The IRO received 16 complaints from September 2020 to 30 June 2021 and two (2) requests for internal review of decision. Twenty-five compliments (25) were also recorded over the same time period. The complaints have assisted us in identifying areas for improvement in our procedures and service delivery.

IRO complaint received by outcome and type from September 2020 – 30 June 2021

		Complaint type			
		Practice, policy or procedure	Aspect of our service	Staff behaviour or conduct	Total
Complaint outcome	Complaint sustained	-	1	2	3
	Complaint sustained in part	1	4	2	7
	Complaint not sustained	2	4	-	6
	Total	3	9	4	16

Employment and Senior Executive Statistics

Senior executives and salaries by band for 2020/21

During the reporting period the IRO had four (4) senior executive positions – one of which was held by a woman. The details of the levels of the IRO executive positions and corresponding remuneration are shown below. The Independent Review Officer is paid in accordance with determinations of the Statutory and Other Officers Remuneration Tribunal.

Employment Category	Female	Male	Range \$	Average Range \$
Band 3	0	1	\$345,551.03 - \$440,942.63	393,246.50
Band 2	0	0	0	0
Band 1	1	2	\$192,600.33 - \$251,646.91	\$223,123.50
Total	1	3		

Employee Relations Policies and Practices

Human resources

As at 30 June 2021 there were 56 people working for IRO either full time or part time on an ongoing basis.

Number of Employees by employment category

Employment Category	Number of Employees
Grade 11/12	30
Grade 9/10	2
Grade 7/8	12
Grade 5/6	12

No exceptional movements in wages, salaries or allowances were made in the first year of operation. A personnel service arrangement between DCS and IRO has been established under a Memorandum of Understanding.

IRO adopts DCS employee relations policies and practices, including the DCS Positive and Productive Workplace policy which assists employees to manage conflicts and grievances in the workplace. The policy focuses on maintaining a harmonious workplace by addressing conflicts as quickly and as close to the source as possible. This is done by utilising three separate pathways from informal through to formal processes.

COVID-19 related policy

IRO has adopted the Public Sector Policy and Principles to apply Pandemic Special Leave during the COVID-19 response.

The Flexible Working Hours Agreement was varied to provide for extended bandwidth and suspension of core working hours. This change allows for staff to work their hours in a more flexible pattern over a longer band of time to help balance working and other responsibilities.

Risk Management and Insurance Activities

Business risk insurance

During 2020/21, IRO insurance coverage was provided through icare.

Liability management performance

The IRO is currently completing a project of work, with the assistance of KPMG, to develop a model to forecast ILARS demand and expenditure, and to calculate the contingent liability for all ILARS Grants. Based on this work, the contingent liability amount is \$118.4M as at 30 June 2021.

Account payable performance

IRO aims to pay all its invoices within 30 days unless legislatively required to pay more quickly. The IRO also adopted the use of purchase cards for the payment of low dollar-value transactions, using purchase cards for a number of expense categories where the transaction was \$10,000 or less in value and not subject to a contractual requirement for a Purchase Order.

The majority of businesses that invoice IRO are small businesses. For example, many of the law firms that employ lawyers funded under ILARS grants are small businesses.

During 2020/21 there were no instances where penalty interest was paid for the late payment of invoices although not all payments were made on time.

Please note the below data only relates to the last two quarter of 2020/21, as IRO only became an agency and subject to reporting requirements from 1 March 2021.

Aged analysis at the end of each quarter:

Quarter	Current	Less than 30 days overdue	Between 30 and 60 days overdue	Between 61 and 90 days overdue	More than 90 days overdue	Total
All suppliers						
Sep 20	-	-	-	-	-	-
Dec 20	-	-	-	-	-	-
Mar 21	\$3,577,736.72	\$1,927,501.40	\$54,036.10	\$31,113.33	\$71,065.22	\$5,661,452.77
Jun 21	\$18,159,337.23	\$5,567,831.20	\$741,289.51	\$61,287.55	\$111,062.69	\$24,640,808.18
Small business suppliers						
Sep 20	-	-	-	-	-	-
Dec 20	-	-	-	-	-	-
Mar 21	\$3,390,876.01	\$1,909,680.70	\$51,881.10	\$14,133.33	\$46,645.22	\$5,413,216.36
Jun 21	\$17,677,903.48	\$5,565,526.20	\$741,289.51	\$61,287.55	\$111,062.69	\$24,157,069.43

Note: A small business is defined as a NSW business with less than 20 employees that supply to participating NSW Government agencies. (www.smallbusiness.nsw.gov.au/what-we-do/our-work/faster-payment-terms)

Accounts due or paid within each quarter

All suppliers

Measure	Sep 20	Dec 20	Mar 21	Jun 21
Number of invoices due for payment	-	-	1,162	4,528
Number of invoices paid on time	-	-	882	3,872
Percentage of invoices paid on time (based on number of invoices)	-	-	76%	86%
Amount due for payment	-	-	\$5,661,453	\$24,640,808
Amount paid on time	-	-	\$3,577,737	\$18,159,337
Actual percentage of accounts paid on time (based on \$)	-	-	63%	74%
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on late accounts	-	-	-	-

Small business suppliers

Measure	Sep 20	Dec 20	Mar 21	Jun 21
Number of invoices due for payment	-	-	1,136	4,510
Number of invoices paid on time	-	-	866	3,859
Percentage of invoices paid on time (based on number of invoices)	-	-	76%	86%
Amount due for payment	-	-	\$5,413,216	\$24,157,069
Amount paid on time	-	-	\$3,390,876	\$17,677,903
Actual percentage of accounts paid on time (based on \$)	-	-	63%	73%
Number of payments for interest on overdue accounts	-	-	-	-

Note: The report does not include payments made to employees, payments related to payroll and superannuation. All numbers are reported as at 30 days from receipt of a correctly rendered invoice.



INDEPENDENT AUDITOR'S REPORT

Office of the Independent Review Officer

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Office of the Independent Review Officer (the Office), which comprises the Statement by Independent Review Officer, the Statement of Comprehensive Income for the period ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the period then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Office's financial position, financial performance and cash flows

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Office in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Independent Review Officer's Responsibilities for the Financial Statements

The Independent Review Officer is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The Independent Review Officer's responsibility also includes such internal control as the Independent Review Officer determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Independent Review Officer is responsible for assessing the Office's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Office carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Weini Liao
Director, Financial Audit Services

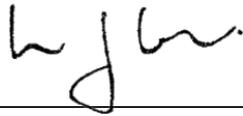
Delegate of the Auditor-General for New South Wales

29 October 2021
SYDNEY

STATEMENT BY INDEPENDENT REVIEW OFFICER

Pursuant to Section 7.6 (4) of the *Government Sector Finance Act 2018* ('the Act'), I state that these financial statements:

- have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the Act, the Government Sector Finance Regulation 2018 and the Treasurer's directions, and
- present fairly the Office of the Independent Review Officer's financial position, financial performance and cashflows from its inception as at 1 March 2021 to 30 June 2021.



Simon Cohen
Independent Review Officer

Date: 29 October 2021

Office of The Independent Review Officer
STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 March 2021 to 30 June 2021

		For the Period 1 March 2021 to 30 June 2021
		\$
Continuing Operations	Notes	
Expenses excluding losses		
Employee related expenses	2(a)	3,244,656
Operating expenses	2(b)	2,581,130
Grants and Subsidies	2(c)	30,325,844
Total expenses excluding losses		36,151,630
Revenue		
Grants and contributions	3(a)	35,825,253
Other revenue	3(b)	326,377
Total revenue		36,151,630
Operating Result		-
Net result		-
Other comprehensive income		-
TOTAL COMPREHENSIVE INCOME/(LOSS)		-

The accompanying notes form part of these financial statements.

Office of the Independent Review Officer STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		Actual 30 June 2021
	Notes	\$
ASSETS		
Current assets		
Cash and cash equivalents	4	2,708,733
Receivables	5	3,266,550
Total current assets		5,975,283
Non-current assets		
Total non-current assets		-
Total assets		5,975,283
LIABILITIES		
Current liabilities		
Payables	6	5,072,138
Provisions	7	889,879
Total current liabilities		5,962,017
Non-current liabilities		
Provisions	7	13,266
Total non-current liabilities		13,266
Total liabilities		5,975,283
Net assets		-
EQUITY		
Accumulated funds		-
Total equity		-

The accompanying notes form part of these financial statements.

Office of the Independent Review Officer
STATEMENT OF CHANGES IN EQUITY

For the period from 1 March 2021 to 30 June 2021

	Accumulated funds \$	Total equity \$
Balance at 1 March 2021 (date of inception)		
Net result for the period	-	-
Other comprehensive income	-	-
Total comprehensive income for the period	-	-
Balance at 30 June 2021	-	-

The accompanying notes form part of these financial statement

Office of the Independent Review Officer STATEMENT OF CASH FLOWS

For the period from 1 March 2021 to 30 June 2021

	Notes	For the Period 1 March 2021 to 30 June 2021 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Payments		
Employee related		1,683,778
Suppliers for goods and services		1,319,438
Grants & Subsidies		26,966,703
Other		233,348
Total payments		30,203,267
Receipts		
Grants and contributions		32,912,000
Total receipts		32,912,000
NET CASH FLOWS FROM OPERATING ACTIVITIES	8	2,708,733
CASH FLOWS FROM INVESTING ACTIVITIES		-
NET CASH FLOWS FROM INVESTING ACTIVITIES		-
CASH FLOWS FROM FINANCING ACTIVITIES		-
NET CASH FLOWS FROM FINANCING ACTIVITIES		-
NET(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
Opening cash and cash equivalents		-
CLOSING CASH AND CASH EQUIVALENTS	4	2,708,733

The accompanying notes form part of these financial statements.

Office of the Independent Review Officer NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2021 to 30 June 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting entity

The Office of the Independent Review Officer (OIRO) is a NSW Government entity and is controlled by the State of New South Wales, which is the ultimate parent. The OIRO is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

The OIRO is established under Schedule 5 to the *Personal Injury Commission Act 2020 (PIC Act)*. The OIRO commenced operations on 1 March 2021.

The Independent Review Officer is the head of agency of the OIRO.

The financial statements cover the period from 1 March 2021 to 30 June 2021 and are the first financial statements prepared by the OIRO. As such no comparatives are presented. These financial statements for the period ended 30 June 2021 have been authorised for issue by the Independent Review Officer on 29 October 2021.

b) Basis of Preparation

Prior to 1 March 2021, the Independent Review Officer's functions were established in the *Workplace Injury and Workers Compensation Act 1998*. The Workers Compensation Independent Review Office (WIRO) was established to enable the Independent Review Officer to exercise the Officer's functions. The WIRO was not a public sector agency and was not required to prepare Financial Statements.

OIRO financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- Applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- The requirements of the Government Sector Finance Act 2018 (GSF Act) and the Government Sector Finance Regulation 2018 and Treasurer's Directions issued under the GSF Act.

Financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

The financial statements are prepared on the assumption that OIRO is a going concern as at 30 June 2021 and will continue its normal operating activity for the foreseeable future. Reasons for this include:

- The OIRO's functions are provided for in Legislation.
- Legislation also provides for the remuneration of the Officer and OIRO staff, and the costs incurred in exercising functions, to be met from the Workers Compensation Operational Fund (WCOF) and the Motor Accidents Operational Fund (MAOF).

As the OIRO's budgeted financial statements were not presented to Parliament, the OIRO's financial statements are not required to disclose Budgetary Reporting in accordance with AASB 1055 Budgetary reporting.

Judgements, key assumptions, and estimations that management have made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest dollar and are expressed in Australian currency, which is OIRO's presentation and functional currency.

c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

Office of the Independent Review Officer NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2021 to 30 June 2021

d) Accounting for Goods and Services Tax

Revenues, expenses, and assets are recognised net of the amount of goods and services tax (GST), except that the:

- amount of GST incurred by the OIRO as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or part of an item of expenses;
- receivables and payables are stated with the amount of GST included, and;
- cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

e) Equity - Accumulated Funds

The category 'Accumulated Funds' includes all current retained funds. There is no prior year retained funds as OIRO was established on 1 March 2021.

f) Changes in accounting policies, including new or revised Australian Accounting Standards

i) Effective for the first time in 2020-21

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) applied for the first time, however AASB 1059 does not have an impact on the financial statements of the Office.

ii) Issued but not yet effective

NSW public sector entities are not permitted to adopt new Australian Accounting Standards early unless NSW Treasury determines otherwise. The OIRO has assessed the potential impact of the new standards and interpretations issued but not yet effective and determined they are unlikely to have a material impact on the financial statements.

g) Impact of COVID-19 on Financial reporting for 2020-21

The primary area of heightened risk from COVID-19 is to OIRO's workforce, where all roles are office-based. As a result, significant focus has been placed on managing work health and safety (WHS) risks, including physical, mental and social impacts. Office-based staff have moved to working from home arrangements, and OIRO has acted to reduce any adverse impact on staff arising from these work arrangements. All staff have also been provided with guidance in relation to hygiene, travel, illness prevention and flexible working. OIRO continues to support the health and safety of its staff.

A further assessment on the offices liquidity risk, credit risk, taking into account relevant assumptions and estimates has been performed resulting in no impact being identified as a result of COVID-19, therefore, there is no uncertainty about the offices ability to continue as a going concern at 30 June 2021.

Office of the Independent Review Officer NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2021 to 30 June 2021

2. EXPENSES EXCLUDING LOSSES

(a) Employee related expenses

	For the Period 1 March 2021 to 30 June 2021 \$
Salaries and wages (including annual leave, & Fringe Benefit Tax)	2,549,662
Long Service Leave assumed by Crown	326,377
Other Long Service Leave on costs	17,667
Payroll tax	135,633
Superannuation – defined contribution plans	215,317
Total	<u>3,244,656</u>

(b) Other operating expenses

	For the Period 1 March 2021 to 30 June 2021 \$
Auditor's remuneration amount *	20,400
Computer related expenses	621,099
Contractors	409,550
Consultants	268,640
Corporate Allocation	958,951
Conference fees	27,400
Legal services	5,124
Other fees	185,472
Printing & Stationery	34,052
Telephone	12,485
Training	37,957
Total	<u>2,581,130</u>

* The full amount of the 2021 audit fee is \$75,000

Recognition and Measurement

Insurance

The Group's insurance activity are conducted through the NSW Treasury Management Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

Corporate Allocation

This includes corporate services provided to OIRO by the Department of Corporate Service. Some of the functions provided include, finance, rental expenses, procurement, workplace & Facilities, governance, risk & Performance, Information security, cluster ICT, people & culture, brand, digital & Communication, and the office of the secretary.

Office of the Independent Review Officer NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2021 to 30 June 2021

(c) Independent Legal Assistance and Review Service (ILARS) Grants

	For the Period 1 March 2021 to 30 June 2021
	\$
Disbursements	12,213,809
Approved Lawyer Professional Fees	<u>18,112,035</u>
Total	<u>30,325,844</u>

Grants and Subsidies per SOCI.

ILARS Grants

ILARS is a scheme administered by the OIRO which provides funding for legal and associated costs for injured eligible workers under the workers compensation legislation seeking advice regarding decisions of insurers, and to provide assistance in finding solutions for disputes between workers and insurers.

Approved Lawyers (AL) make applications to the OIRO for grants of funding to assist injured eligible worker clients.

The applications are assessed by OIRO staff to determine whether a grant should be approved in accordance with the ILARS Funding Guidelines.

Funding will be approved (whether at the time of initial application or by way of an extension request made by the Approved Lawyer) to Stage 1 (including the provision of comprehensive legal advice), Stage 2 (further investigation), Stage 3 (Personal Injury Commission proceedings) or Stage 4 (Appeals). Each of the Stages corresponds to an assessment of the work an Approved Lawyer is required to do to best assist their client.

In some matters the OIRO will directly intervene with insurers to attempt to achieve early solutions without the need for extensive funding.

Legal costs (including professional fees and disbursements (for expenses such a medical report fees and barristers)) are generally invoiced by and paid to Approved Lawyers at the conclusion of the work conducted under a grant and following an assessment and approval by the OIRO.

Office of the Independent Review Officer NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2021 to 30 June 2021

3. REVENUE

(a) Grants and contributions

	For the Period 1 March 2021 to 30 June 2021
	\$
Grants from WCOF	35,554,141
Grants from MAOF	271,112
Total	<u>35,825,253</u>

The operations of OIRO are funded by the Workers Compensation Operational Fund and the Motor Accidents Operational Fund. These funds are administered by the State Insurance Regulatory Authority.

Recognition and Measurement

Income is recognised in accordance with the requirements of AASB 1058 Income of Not-for-Profit Entities.

(b) Other Revenue

	For the Period 1 March 2021 to 30 June 2021
	\$
Long Service Leave accepted by Crown	326,377
Total	<u>326,377</u>

4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2021
	\$
Cash at bank	<u>2,708,733</u>
Closing Cash	<u>2,708,733</u>

5. CURRENT ASSETS - RECEIVABLES

	2021
	\$
GST receivable	353,297
Supplementary ILARS Funding (funded from the WCOF)*	<u>2,913,253</u>
	<u>3,266,550</u>

*At 30 June 2021, OIRO had a deficit of funds of \$2,913,253 in its Statement of Comprehensive income and has requested an increase of funds from the State Insurance Regulatory Authority (SIRA) to fund this deficit.

The agreement between OIRO and SIRA ensures that OIRO is entitled to sufficient funds to manage its operations and any variances between the funds received and expenses are reported in the Statement of Financial Position as either a receivable or payable. As any surplus funds may have to be returned to SIRA and additional funding may be required for any deficits.

Office of the Independent Review Officer NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2021 to 30 June 2021

6. CURRENT LIABILITIES - PAYABLES

	2021
	\$
Accrued salaries, wages, and on-costs	331,356
Sundry accruals	375,773
ILARS accruals	3,359,141
Trade Creditors	1,005,054
Corporate credit card	814
Total	<u>5,072,138</u>

Recognition and Measurement

Payables represent liabilities for goods and services provided to OIRO. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised net result when the liabilities are derecognised as well as through the amortisation process.

ILARS accruals include:

- the actual value of invoices received from Approved Lawyers and Medical Report Providers by the OIRO that were processed but not paid prior to 30 June 2021
- the estimated value of invoices received from Approved Lawyers by the OIRO prior to 30 June 2021 that were neither processed nor paid
- the estimated value of services provided by Medical Report Providers where no invoice had been received by the OIRO based on the average payment of the prior two months' invoice amounts.

7. CURRENT / NON-CURRENT LIABILITIES – PROVISIONS

	2021
	\$
Current	
Annual Leave provision on-costs	755,749
Long Service Leave provision on-costs	134,130
Total	<u>889,879</u>
Non-current	
Long Service Leave provision on-costs	13,266
Total	<u>13,266</u>
Aggregate employee benefits on-costs	
Provisions – current	889,879
Provisions – non-current	13,266
Total	<u>903,145</u>
Provisions expected to be settled within 12 months from reporting date	
Annual leave provision on-costs	637,967
Long service leave provision on costs	-
Total	<u>637,967</u>
Provisions expected to be settled in more than 12 months from reporting date	
Annual leave provision on-costs	117,782
Long service leave provision on costs	147,396
Total	<u>265,178</u>

Office of the Independent Review Officer NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2021 to 30 June 2021

Employee benefits and related on-costs **Salaries and wages, annual leave and sick leave**

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 8.4% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the entity does not expect to settle the liability within 12 months as the entity does not have an unconditional right to defer settlement.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

Long service leave

The Agency's liabilities for long service leave and defined benefit superannuation are assumed by the Crown. The Agency accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown of employee benefits and other liabilities".

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 21-03) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

8. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2021
	\$
Net cash flows from operating activities	2,708,733
(Increase)/decrease in receivables and prepayments	3,266,550
(Decrease)/Increase in provisions	(903,145)
(Decrease)/Increase in payables	(5,072,138)
Net result	<u>-</u>

9. CAPITAL COMMITMENT

OIRO has no outstanding capital commitments at balance date

Office of the Independent Review Officer NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2021 to 30 June 2021

10. FINANCIAL INSTRUMENTS

OIRO's principal financial instruments are outlined below. These financial instruments arise directly from OIRO's operations or are required to finance OIRO's operations. OIRO does not enter or trade financial instruments, including derivative financial instruments, for speculative purposes.

OIRO's main risks arising from financial instruments are outlined below, together with OIRO's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout the financial statements.

OIRO has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by OIRO, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by OIRO on a continuous basis.

a) Financial instrument categories

Class	Note	Category	2021
Financial Assets			
Cash and cash equivalents	4	Amortised cost	\$2,708,733
Receivables ¹	5	Amortised cost	\$2,913,253
Financial Liabilities			
Payables ²	6	Financial liabilities measured at amortised cost	\$4,962,443

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- the entity has transferred substantially all the risks and rewards of the asset; or
- the entity has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control.

When the entity has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the entity has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the entity's continuing involvement in the asset. In that case, the entity also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

Office of the Independent Review Officer NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2021 to 30 June 2021

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result

a) Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to OIRO. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of OIRO, including cash at bank and receivables. No collateral is held by OIRO. OIRO has not granted any financial guarantees.

OIRO considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the OIRO may also consider a financial asset to be in default when internal or external information indicates that OIRO is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the OIRO.

OIRO manages its risk by obtaining enough funds from the State Insurance Regulatory Authority (SIRA) to support its operations and ensuring expenses are contained within budget.

Cash and cash equivalents

Cash comprises bank balances. OIRO does not earn interest on its daily bank balances.

b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

There was no effect on OIRO's results due to possible change in Market variables.

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

OIRO did not have exposure to interest rate risk as it did not have funds invested earning interest.

d) Liquidity risk

Liquidity risk is the risk that when OIRO will be unable to meet its payment obligations when they fall due. OIRO will manage risk through monitoring future cash flows to ensure it has sufficient cash to pay its debts when they fall due.

During the current year, there was no default or breach on any loans payable. No assets have been pledged as collateral. OIRO's exposure to liquidity risk is deemed insignificant based on current assessment of risk.

Based on management's assessment on natural disasters (including COVID-19), there was no change to the underlying terms and conditions of our financial liabilities. OIRO has chosen to reduce the payment period on our all our creditors and other payables to assist with struggling businesses during the COVID-19 period. This has not affected our ability to settle and pay for all debts as and when they arise.

In 2015-16, Treasury introduced cash management reforms that now apply to OIRO. Under the reforms, OIRO will not earn interest from Treasury on its financial assets.

Office of the Independent Review Officer NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2021 to 30 June 2021

The table below summarises the maturity profile of the entity's financial liabilities based on contractual undiscounted payments, together with the interest rate exposure.

	Weighted Average Effective Int. Rate %	Nominal Amount ¹	Interest rate exposure			Maturity dates		
			Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 year	1 to 5 years	> 5 years
2021 Payables ²	N/A	\$4,962,443	-	-	\$4,962,443	\$4,962,443	-	-

¹ The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. These amounts include both interest and principal cashflows and therefore will not reconcile to the amounts disclosed in the statement of financial position.

² The amounts disclosed here exclude statutory payables and unearned revenue (not within scope of AASB 7).

Fair Value Measurement

i. Fair value compared to carrying amount

OIRO does not hold financial assets and financial liabilities where the fair value differs from the carrying amount.

ii. Fair value recognised in the statement of financial position

Management assessed that cash at bank and trade payables recognised at their fair values.

OIRO recognises associated leave liability and payables.

11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	2021
	\$
Contingent Liabilities – ILARS Grants	118,371,000
Total	118,371,000

As at the 30th June there were 25,991 open cases, and a contingent liability of \$118,371,000 was estimated excluding any accruals recognised in the financial statements.

The contingent liability has been estimated utilising a demand and expenditure forecasting model developed by OIRO with the assistance of KPMG and utilising case management data from the RESOLVE system. The contingent liability estimation has been based on historical ILARS grant data from 2014-2021 financial years grouped by the high level primary injury category and outcome mix. The cost estimate is based on the historical proportions between different outcomes. The model uses the average cost to finalise per outcome less average cost already spent based on the case mix on open cases. The indexation has been applied for the forecast rate for both disbursements and professional fees.

12. RELATED PARTY DISCLOSURES

Key management personnel

	2021
	\$
Short-term employee benefits:	
Salaries	332,030
Non-monetary allowances	-
Other long-term employee benefits	-
Post-employment benefits	29,495
Termination benefits	-
Total remuneration	361,525

Office of the Independent Review Officer NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2021 to 30 June 2021

The above is for the period 1 March 2021 to 30 June 2021.

The OIRO did not enter into any transactions with key management personnel, their close family members, and controlled or jointly controlled entities of key management personnel.

Other related party transactions

OIRO has entered into transactions with other entities that are controlled/jointly controlled/significantly influenced by the NSW Government. These transactions in aggregate are a significant portion of the OIRO's activities.

These transactions include:

- Grants and contributions received from SIRA, \$35.8m.
- Long Service Leave assumed by Crown.
- Transactions relating to the Treasury Banking System.
- Payments for the provision of personnel and corporate services to DCS.
- Payments into the Treasury Managed Fund for workers' compensation insurance and other insurances.
- Payments for rental charges and other Customer Services support charges, \$1m.

13. EVENTS AFTER THE REPORTING PERIOD

There are no known events after the reporting period which would give rise to a material impact on the reported results or financial position of the OIRO as at 30 June 2021.

END OF AUDITED FINANCIAL STATEMENTS

Compliance Checklist

Compliance requirement	Section in the annual report
Access	Cover page
Aims and objectives	About IRO
	Corporate performance – Strategic priorities
Annual report production cost and online availability	About this report
Charter	About IRO
Consultants	Consultants
Consumer response	Consumer response
Cyber Security Policy attestation	Corporate governance
Disability inclusion action plans	N/A
Disclosure of controlled entities	N/A
Disclosure of subsidiaries	N/A
Financial statements	Financial statements
Funds granted to non-government community organisations	N/A
<i>Government Information (Public Access) Act 2009</i>	Accessing IRO information
Human resources	Employment and senior executive statistics
	Employee relations policies and practices
Identification of audited financial statements	Financial statements
Internal audit and risk management policy attestation	Risk management, attestation and insurance activities
Land disposal	N/A
Legal change	Legislative changes
Letter of submission	Letter of submission
Management and activities	About IRO
	IRO Snapshot 2020/21
	Solutions
	Grants of Legal Funding
	System Overview
	Corporate performance
	Corporate governance
Management and structure	About IRO
Multicultural policies and services program	N/A - triennial reporting

Compliance requirement	Section in the annual report
Numbers and remuneration of senior executives	Employment and senior executive statistics
Payment of accounts	Accounts payable performance
Privacy and Personal Information Protection Act 1998 (PIIPA)	Accessing IRO information
Promotion	N/A
Public interest disclosures (PID)	Public interest disclosures
Requirements arising from employment arrangements	Corporate governance
	Employment and senior executive statistics
Research and development	N/A
Risk management and insurance activities	Corporate governance
	Risk management and insurance activities
Summary review of operations	IRO Snapshot
	Corporate performance
Work health and safety (WHS)	N/A - triennial reporting
Workforce diversity	N/A - triennial reporting

Data Dictionary

Commission

Commission in this report refers either to the Workers Compensation Commission (for proceedings and decisions prior to 1 March 2021) and the Personal Injury Commission (for proceedings and decisions on or after 1 March 2021)

Complaint

A Complaint is an expression of dissatisfaction or grievance made to the IRO about an insurer where a response or resolution is explicitly or implicitly expected.

Sections 27 and 27A of the 1998 Act provide that one of the functions of the Independent Review Officer is to deal with complaints about the acts or omissions of insurers that affect a worker's rights, entitlements or obligations under workers compensation legislation.

Enquiry

An Enquiry is a request for information which does not require referral to an insurer.

Early intervention matter

An early intervention matter is one that is the subject of an ILARS grant of funding, where the injured worker has legal representation and where it may be appropriate for the IRO to intervene to prompt an early solution.

Outcomes of Complaints and early intervention matters:

Resolved - Benefit

to prompt the acceptance of a claim which had not previously been determined, an increase in the value of an existing benefit (for example, increased weekly payments) or the insurer to overturn a decision to dispute liability.

Resolved - Action

to prompt the insurer to take action to progress a claim, for example to amend an injury management plan or to arrange a medical examination.

Resolved - Information

to provide information to the injured worker, for example to confirm correct advice was provided by the insurer after independent examination by the IRO or ensure access to information the worker is entitled to.

Referred

to refer the injured worker to another entity (such as a IRO Approved Lawyer) or organisation who is best able to assist them.



Independent
Review Office

Independent Review Officer

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