

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2025-26 Budget Estimates

Melbourne – Wednesday 4 June 2025

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Jade Benham

Michael Galea

Mathew Hilakari

Lauren Kathage

Aiv Puglielli

Meng Heang Tak

Richard Welch

WITNESSES

Ben Carroll MP, Minister for WorkSafe and the TAC;

Chris Barrett, Secretary,

Camille Kingston, Deputy Secretary, Commercial, and

Tracey Slatter, Chief Executive Officer, Transport Accident Commission, Department of Treasury and Finance; and

Ashley West, Chief Executive Officer, WorkSafe Victoria.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee.

I ask that mobile telephones please be turned to silent.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2025–26 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside of this hearing may not be protected by this privilege.

All evidence given today is being recorded by Hansard and is broadcast live on the Parliament's website. The broadcast also includes automated captioning. Members and witnesses should be aware that all microphones are live during the hearings, and anything said may be picked up and captioned, even if you say it very quietly.

As Chair I expect that committee members will be respectful towards witnesses, the Victorian community joining the hearing via the live stream today and other committee members.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome the Deputy Premier and Minister for WorkSafe and TAC as well as officials from the Department of Treasury and Finance. Minister, I am going to invite you to make an opening statement or presentation of no more than 5 minutes, after which time committee will ask you some questions. Your time starts now.

Ben CARROLL: Thank you, Chair and committee. Can I begin by acknowledging the traditional owners of the land on which we are meeting and pay my respects to elders past, present and emerging and Aboriginal elders of the communities who may be here today.

I am very pleased to be here today for my very first meeting of the Public Accounts and Estimates Committee as the minister for WorkSafe and the Transport Accident Commission. As the Minister for WorkSafe and the TAC I am jointly responsible for overseeing the Transport Accident Commission with the Minister for Roads and Road Safety. You will be aware the TAC is responsible for promoting road safety and providing support to those who are injured on Victoria's roads.

Visual presentation.

Ben CARROLL: In 2023–24 the TAC provided over \$1.8 billion in funding for support services and compensation to help close to 45,000 Victorians who were injured on our roads get their lives back on track. This support helps 72 per cent of the TAC's clients to become independent of the scheme within 12 months, with over 1000 of the TAC's most seriously injured clients returning to work in 2023–24. In relation to the support the TAC provides, I would like to just highlight a few outcomes and activities in 2023–24. Pleasingly, over 94 per cent of all the TAC's claims decisions were found to be high quality, and over 70 per cent of the TAC's less seriously injured clients returned to work within six months. The TAC also launched its *Make Every Day Matter* strategy, setting the organisational direction to 2030 to achieve better outcomes for clients and the community more broadly. The TAC provided \$240,000 to community projects to support Victorians living with a disability. The protocols optimisation program was launched in collaboration with the TAC,

Australian Lawyers Alliance and the Law Institute of Victoria. The TAC committed to scaling up the restorative justice program to provide healing and closure for families affected by road trauma, and I have seen firsthand how that program works. We all want to see – it goes without saying – people, Victorians, get home safely. The TAC invests in grants and partnerships to help influence the behaviour of road users and encourage them to be safe on our roads.

In 2023–24 the TAC invested just under \$6 million in community partnerships with a range of organisations and community groups right across our state. The TAC also invested \$2.5 million to address local road safety initiatives in 2023–24, providing \$600,000 to local sporting clubs, and invested over \$588,000 in value-based healthcare innovation projects. The TAC remains in a strong financial position, recording an operating profit after tax of \$1 billion. The performance from insurance operations was over \$1.1 billion. The TAC's insurance funding ratio was 151.6 per cent at 30 June 2025.

As Minister for WorkSafe and the TAC I am also responsible for overseeing WorkSafe. As you will be aware, that is Victoria's workplace safety regulator and provider of the Victorian workers compensation scheme. WorkSafe's new five-year strategy aims to reduce workplace deaths by 30 per cent and injuries by 20 per cent while strengthening return-to-work pathways.

WorkSafe's compliance and enforcement activity continues to play a critical role in reducing injuries, illness and deaths in Victorian workplaces. In 2023–24 WorkSafe conducted more than 50,000 workplace visits and issued more than 13,000 improvement notices. In terms of the support WorkSafe provides when someone is injured at work, WorkSafe has supported more than 104,000 injured workers and made \$3.4 billion in total scheme payments.

Early indications suggest that the WorkCover scheme modernisation reforms are operating as intended. This has allowed the average premium rate to remain at 1.8 per cent in 2025–26. The Allan Labor government, alongside WorkSafe, is also taking action to prevent risk to workers' mental health and promote psychologically safe workplaces, including committing to introducing new psychological health regulations by the end of this year, something that has been very welcomed. When a worker gets injured we know that getting back to work plays an important role in rehabilitation and promoting a speedy recovery. That is why we established Return to Work in April 2024 to bring a renewed focus on supporting more workers to return to work in a safe and supportive environment.

The CHAIR: Thank you, Minister. The first 7 minutes are going to go to Mr Welch.

Richard WELCH: Thank you, Chair. Thank you, Minister. Minister, can I refer you to page 21 of budget paper 5. The table at the top is titled 'Dividends by entity' and discloses that no dividend is proposed to be taken from the WorkCover scheme this financial year. Can you confirm the government will not seek dividends from the WorkCover scheme over the forward estimates?

Ben CARROLL: Thank you, Mr Welch, for your question, and I might ask the Secretary to supplement my answer. What I can say is, through the reforms that we have provided to WorkSafe I think it might be across one or two years now, we have returned WorkSafe to be in a profit situation, and we will continue to support injured workers' return to work. We did make the commitment that, once WorkSafe returned to financial sustainability, any savings, Mr Welch, would go back into supporting workers and lowering premiums for business. Many businesses have reached out to say thank you for keeping the premium rate where we have, at 1.8 per cent, for a third year. That has been greatly appreciated and strongly welcomed by groups. In relation to your specific question, I might ask the Secretary if he could supplement my answer.

Chris BARRETT: I can confirm for you, Mr Welch, as it says on page 21 of budget paper 5, no dividends are expected to be paid by WorkSafe Victoria in the budget year and across the forward estimates.

Richard WELCH: Thank you very much. Can I also confirm, Minister: is there any unallocated support or state funding for WorkSafe in this budget over the forward estimates? I mean in contingencies or Treasurer's advances.

Ben CARROLL: I will ask the Secretary again to supplement my answer. We are getting on with putting in place the psychological health regulations by the end of this year. We all know that the return-to-work initiative, getting people back at work, is so vitally important. Although WorkSafe's investment in establishing

Return to Work will get them back to work and there soon, keeping premiums lower is fundamental. Can I say, Mr Welch, there has been a lot of hard work to get WorkSafe to where it is at. You are probably mindful of the work going on in New South Wales as well at the moment. It is in a financially sustainable position at the moment. You would appreciate too that investments, tariffs and overseas factors can provide all that, but I might ask the Secretary if he wants to –

Richard WELCH: Yes, but do you have contingencies and Treasurer's advances? Are they –

Chris BARRETT: Is this in relation to WorkSafe or the TAC or both, Mr Welch?

Richard WELCH: This is WorkSafe.

Chris BARRETT: So, nothing for WorkSafe in particular. You would be aware that in some of the years where WorkSafe performance was a problem there was some supplementation from the budget, but no, nothing of that nature. There is of course some appropriation to Treasury for some of the matters that Ms Kingston can expand on, if you like, in terms of psych health and those other areas. But they are much smaller than obviously what was given to WorkSafe.

Richard WELCH: So we will not be drawing on Treasurer's advances or contingencies to fund any of that?

Chris BARRETT: No, that is not the plan.

Richard WELCH: Thank you, Secretary. Minister, in your media release on 27 May you noted the government would not increase the premium from the current 1.8 per cent rate, which represented a 42 per cent increase from when your government last increased the premium. Can you advise how much additional revenue WorkSafe has received as a result of that premium increase?

Ben CARROLL: Thank you, Mr Welch. Look, if I can just spend a little bit of time – we did make vital changes to WorkCover to put it on a sustainable footing, and we will continue to support injured workers. We did make that commitment that once WorkCover returned to financial sustainability any savings would go back into the scheme to ensure better outcomes for workers as well as keeping premiums low for business. I mentioned some of the peaks. So Tim Piper, the head of the Australian Industry Group, said the premium freeze for a further year is positive for industry and will help both big and small companies, although we are also making those vital investments in Return to Work. We are making sure workers do get back and they get all the health benefits of being back at work. But I might ask Ms Kingston, did you want to supplement my answer on that?

Camille KINGSTON: Certainly, Deputy Premier. I think it would be fair to say that, firstly, WorkCover's WorkSafe reports are provided in their annual report, which obviously gets released later in the year after the end of the financial year. So in terms of the full year effect of any premium revenue, it becomes reported at that point. I would probably also note that WorkSafe's results for the six months to 31 December 2024 did show that WorkSafe's financial position is improving. WorkSafe specifically recorded a net surplus after tax of \$455 million, but I would note there that that was driven by stronger than expected investment returns and reduced claims expenses following scheme modernisation. So to be able to disaggregate the effect of premium revenue as part of their results, I would suggest that the annual report at the end of this financial year would be the place to obtain that information.

Richard WELCH: Right. Thank you. Minister, in 2023–24 WorkCover premium revenue increased to \$5 billion, a \$2 billion increase from the previous year. However, claim expenses also increased to \$6 billion, resulting in a \$1 billion deficit. This is despite your government's last 42 per cent premium increase. Minister, how is the scheme financially sustainable if claim expenses continue to outstrip revenue?

Ben CARROLL: Thank you, Mr Welch, for your question. The government is currently considering the appropriate premium rate for 2026–27 to ensure the scheme remains fair, competitive and fully funded. An announcement on that will take place in due course, but at the outset we have it in a sustainable position. A lot of hard work has gone in there. We are seeing New South Wales about to go through a period where they are going to try and modernise their program.

Richard WELCH: But if it is in deficit, how is it sustainable? And if you are going to make an announcement on it, doesn't that reflect the fact that it is not sustainable?

Ben CARROLL: No, it is sustainable. In fact for the first time in 2023–24 we increased the average WorkCover premium rate to 1.8 per cent of remuneration, the first increase in 20 years. We have maintained the rate for three years in a row, which by its definition shows that the scheme is working as intended and is in a sustainable position.

The CHAIR: Thank you, Minister. We are going to go to Mr Galea.

Michael GALEA: Thank you, Chair. Good morning again, Minister. Good morning, officials. Minister, your presentation referred to the implementation of the psychological health regulations. I know you did not have a great deal of time to go through it then, but I am curious about the implementation of that, specifically how it is supported through this budget and the impacts that will have for reducing the mental injury toll on workers.

Ben CARROLL: Thank you, Mr Galea. Shortly after I became the new minister for WorkSafe I was proud to announce that our government will introduce psychological health regulations by the end of this year. This is a really important measure. Other states have done it. These changes have come about by the Boland review, the Royal Commission into Victoria's Mental Health System and the Productivity Commission inquiry into mental health, and they will strengthen employers' duties to manage risks to psychological health. As we treat physical injuries in the workplace – in the year 2025 we had a royal commission on this – we need to look at what we do around psychosocial hazards and make sure that they are treated equally as physical injuries. These regulations will focus on risk management. They will ensure that our workplaces, which are unique, do control psychosocial hazards, that they put prevention programs in place. And what we will do going forward – we implement these by the end of this year – is promote them and promote how at the heart of a healthy workplace is mental health. So we will do everything we can through our statutory and non-statutory agencies, guidelines and templates to support a compliance code to help employers with practical guidance on how they can meet their duties under these regulations.

There will also be targeted consultation, Mr Galea, to make sure we continue to work with a very important reference group that will comprise unions, employers and peak bodies as well as legal bodies. I can say, you know, as one of the state's biggest employers, the state budget allocated \$2.1 million funding over three years to help public sector departments prepare for the implementation of these psychological health regulations. I am really proud of them. Psychological hazards impact mental wellbeing; they do impact productivity. It is very close to everything we are doing as a Labor government, and it makes sense to do what we can to prevent psychological hazards and mental injuries in the workplace.

Michael GALEA: Thank you, Deputy Premier. As you are probably aware, in my former life I was a union organiser dealing with these sorts of cases for members, and over a 10-year period I saw the proportion of mental health injuries increase as a total, as a proportion of those claims, as well. Knowing, of course, that employers already do have a duty to provide a safe and healthy workplace under the 2004 OHS Act, how will the regulations be supporting employers as well to best implement and best look after their workers in the workplace?

Ben CARROLL: Thank you, Mr Galea. Look, every worker deserves a safe workplace, and that does include psychologically safe workplaces. Mental health and wellbeing is a priority. That is why we are implementing the recommendations from the royal commission. And, you know, you go to the heart of it from your previous working life. A great example of a Victorian mental health workplace framework has been developed in response to recommendation 16 of the royal commission, delivering a statewide framework to support mentally healthy workplaces – putting the framework in place, putting the templates in place and putting the strategies in place to have those evidence-based, embedded frameworks across our workplaces as well.

I am really proud of the work that WorkSafe has done around the WorkWell program. There is a WorkWell toolkit, a free online tool to help employers prevent mental injuries. There are the WorkWell learning networks, connecting experts with employers to share knowledge on how they can implement a range of initiatives to create safe and mentally healthy workplaces. There is the WorkWell Mental Health Improvement Fund, which

will invest in programs and support workers who are at risk of mental injury. The WorkWell toolkit, in particular, provides user-friendly, step-by-step approaches to help employers identify possible hazards in their workplace, to better prevent mental injuries and promote safe and healthy workplaces. Employers want a safe workplace, both physically and mentally, and this toolkit that is available on the WorkSafe website has also been translated into a number of languages. It supports people from culturally and linguistically diverse backgrounds, and it will ensure that we can get that reach far and wide on what it means to be a safe workplace, both mentally and physically.

Michael GALEA: Thank you, Minister. It is really good to have that context on the WorkWell program too – the augmenting and the extra parts of that work that go into it. I would also like to touch upon another thing that is very important in terms of workplace health and safety, especially for service-driven industries, and that is the increasing trend we have seen around customer abuse and violence. Now, we are seeing some exciting legislation coming through in a separate portfolio. But you have been involved with the launch of a WorkSafe campaign, Don't Cross the Line, which has had advertising on TV and the internet recently as well. Could you talk a little bit about that program?

Ben CARROLL: Yes, I can, Mr Galea. Don't Cross the Line is a really important initiative. Interestingly I was listening to a UK podcast the other morning and Don't Cross the Line came on, so I am going to commend WorkSafe on their advertising and their getting out to all the different mediums on that messaging. But you know, what it shows is that young people in particular can have lifelong effects, whether they are a retail worker, who I have met, or whether they are a ticketing agent or an inspector. It is a reminder to us all that that person behind the counter is someone's daughter, someone's son, someone's aunty or uncle or someone's father. There is no excuse for crossing the line when that person behind the counter is just trying to help you get home or get your groceries through the checkout. It is a really important campaign by WorkSafe. I think they should be proud of it. I know it has been welcomed by a range of both employers and unions and frontline workers.

Michael GALEA: It certainly has. Thank you, Minister.

The CHAIR: Thank you, Mr Galea. We are going to go to Ms Benham.

Jade BENHAM: Thank you, Chair. Minister, again, going back to budget paper 5, page 21, and that table 'Dividends by entity', the table indicates that no dividend will be taken from the TAC for 2025–26. Is that correct?

Chris BARRETT: Yes.

Ben CARROLL: The Secretary has just said to me he can talk to this, Ms Benham, so if it is okay I will –

Jade BENHAM: No, just a yes. That is correct, though – no dividend?

Chris BARRETT: Not a dividend, correct. I can expand if you like, because it is not a dividend, but there are other –

Jade BENHAM: It may come out in the line of questioning that we are going down. In last year's budget, at page 20 of budget paper 5, it indicated for the 2024–25 year the government would take \$300 million from the TAC, then in 2025–26 the government would gouge another \$600 million. That is a total of \$900 million in two years. Can you confirm if the government will be taking \$600 million from the TAC in 2025–26, as was indicated previously?

Chris BARRETT: Ms Kingston will have all of the details that she can lay out for you, because as I indicated, it is a little bit complex between dividends, grants, capital repats et cetera. I might ask Ms Kingston to just expand on that.

Camille KINGSTON: Certainly. One of the things is when the TAC makes a payment to the state, consistent with any government business enterprise, we have to apply accounting standards, and the accounting standards determine whether that payment is taken as a dividend, whether it is taken as a grant or whether it is taken as a capital repatriation. Sometimes what you see is a change in the classification in accordance with the accounting standards, so some of the changes I think that you are referring to reflect changes in the assessment,

which we can only make at the end of a given financial year. What you see in the budget papers for any budget that gets handed down is our understanding and forecast at that time about what we expect the classification to be over the forward estimates for those payments, but they can change, as I say, depending on what the actual financial performance of the TAC or any other government entity is. The reason why you can see here the change from, say, last year's budget – and you would also see it with the budget update from last year – and this year's budget is because of the application of the classification and the standards.

Jade BENHAM: So will there be a \$600 million withdrawal this year, even if it is not classified as a dividend?

Camille KINGSTON: I can confirm that the TAC is expected to make a payment to the state comprising dividends of \$1.13 billion in 2024–25.

Jade BENHAM: Okay.

Ben CARROLL: I should say, just to supplement that, Ms Benham, that payments that the TAC is forecast to pay government will have no impact on the financial sustainability of the scheme, nor on the ability of the scheme to perform its core operations, including TAC's investment in road safety initiatives to keep Victorians safe on our roads.

Jade BENHAM: Okay. If we go to page 231 of budget paper 5, in the table titled 'Dividends by entity' again, it states that in fact an incredible \$1.13 billion was gouged out of the TAC. That is more than triple what last year's budget papers said. Why has the government been gouging more than a billion dollars from the TAC?

Ben CARROLL: Ms Kingston.

Camille KINGSTON: I am happy to take that one. That is a number that I was just referring to before. I think, like all government business enterprises, when they have excess capital or surplus capital, consistent with financial policy, that surplus capital can be returned to the state, obviously for the government to decide how to best utilise those available funds. As the Deputy Premier noted, it really is important to understand that when DTF provides advice to the Treasurer and then consultation occurs with the Deputy Premier as the relevant minister and with the chair of the TAC board, we take into account the financial and capital adequacy of the TAC to make that payment. You may have noted during the Deputy Premier's comments in his presentation that the financial health of the entity is very, very strong at the moment. We use something called an insurance funding ratio to make that assessment. We have a preferred range, and the TAC is above that preferred range at the moment. They definitely have the financial ability to make that payment this financial year.

Chris BARRETT: Just for completeness, that insurance funding ratio, as at 30 June 2024, was 151.6. The preferred range is 100 to 145.

Jade BENHAM: Okay. So with that surplus then, or that withdrawal to the state, are there any stipulations that that has to go into roads maintenance funding or road trauma prevention, as it should if it comes from the TAC? Does that go into roads maintenance, as it should given the state of Victoria's roads at the moment?

Chris BARRETT: I might just jump in there. The dividend is actually on top of the investments that the TAC makes in road safety. Ms Slatter might be able to speak to some of those, but effectively the amount that is paid is after they have made that contribution.

Jade BENHAM: So if there is so much, and they are large surpluses, does this mean that motorists are paying excessive TAC premiums?

Camille KINGSTON: I am happy to take it.

Ben CARROLL: Yes.

Camille KINGSTON: I think probably one particular relevant factor here for the TAC's financial performance over recent times is its investment returns. It invests a significant amount of its funds through the Victorian Funds Management Corporation. I think you had the CEO here yesterday, during the Treasurer's appearance, taking some questions. The TAC has experienced very strong investment returns, particularly over

the last two financial years, averaging over 9 per cent, so that is a significant contributor to its current financial position.

Jade BENHAM: The TAC's 2023–24 annual report states it delivered the surplus of \$1.04 billion. When we talk about surpluses and dividends, dividends are what are being paid to the state?

Camille KINGSTON: Yes

Jade BENHAM: Okay, just for clarity, and I understand that Mr Barrett said this can be quite complex, there was a \$1.04 billion surplus but \$1.3 billion was taken out of the TAC, so the dividend payment was more than the surplus.

Ben CARROLL: Ms Benham, TAC dividends and payments to the state have been a feature of the TAC since it was established. We always strive to keep our premiums low and make sure that all the investments that we make are going to preventing road crashes and road trauma. I outlined all of those in my presentation.

The CHAIR: Thank you, Minister. We are going to go straight to Ms Kathage.

Lauren KATHAGE: Thank you, Chair, Deputy Premier and officials. Deputy Premier, in your presentation you got up to information around Return to Work Victoria, saying that it was established last year. That is what I want to ask about – but more about its role and functions.

Ben CARROLL: Thank you, Ms Kathage. We know that any injury that occurs is an injury we do not want to occur. Where workers compensation is established through the workers compensation scheme, we want to make sure that we do everything we can to support people returning to work, because the facts are, Ms Kathage, the longer a person remains off work, the harder it becomes for them to return to work. That just does not have an impact on themselves; it of course impacts their quality of life, and it can have family impacts, not to mention the business impact as well. That is why the Allan government is committed to Return to Work. It has been operational since last year. It is led by the executive director Jason Lardelli. He is supported by WorkSafe staff. It is a really important measure that centralises claims. It helps support recovery and return-to-work functions within a single business unit, enabling more targeted support and intervention. When a worker has been injured, we should not forget that they still have a big, significant contribution to make to work and indeed to the economy, and we know the dignity of work means so much to so many Victorians.

An initial program of \$50 million over three years to 2027 has been allocated to Return to Work. It will be an important investment, and it will make sure that we can do those tailored, personalised treatments. It will also, though, work to identify new innovative measures and strategies, but also it will have grants and pilots, and we can trial new programs as well. Return to Work is focused on promoting effective occupational health and safety for injured workers, encouraging employers to provide suitable job opportunities for workers who have been injured and identifying innovative injury prevention and return-to-work strategies. It is in line with our commitment, and we are very committed to it. I know the WorkSafe board, employer representatives and unions are all committed to this initiative as well.

Lauren KATHAGE: You mentioned trialling new approaches or pilots. Are you able to share details around those?

Ben CARROLL: Certainly. There is a range of programs, some of them more broad, some of them more targeted. The broader ones are the worker support hotline, where workers can access early intervention mental health support for work-related issues. There is the more targeted mentally healthy workplaces initiative, where SMEs – small and medium-sized enterprises – access tailored support to build their capacity to create more mentally healthy workplaces. We do work, Ms Kathage, at some of those high-risk areas of mental injury. Often it can be in health care, social care, retail – some of the things that were identified by the committee earlier. The employee assistance program we all know in the public sector is available for everyone, but we wanted to make sure that those sorts of EA programs are not just in the public sector, where we try to model world's best practice, but are in those SMEs as well. Eligible workers accessing up to four sessions of free, confidential support through telehealth or online is really important too.

Lauren KATHAGE: Thank you. It also says here in the presentation that there are grants and that the focus is on early intervention for mental injuries. What is the status of that grant?

Ben CARROLL: Round 1, Ms Kathage, was launched in March with a focus on early intervention for mental injuries. This area of focus was selected based on data showing that 40 per cent of workers with a mental injury are back at work. We need to improve on that. That is four in 10 workers with a mental injury returning to work. We need to do everything we can to try and get more workers with mental injuries back. I said 40 per cent – for physical injuries it is above 70 per cent, so we have got a lot more work to do, and grants of up to \$500,000 are available for initiatives that improve workers' return-to-work outcomes. But having said that, there is the role of education and training programs. There are treatment and support initiatives promoting recovery at work. Applications for this particular initiative, Ms Kathage, concluded on 5 May, and I understand Return to Work will be making some announcements on this range of programs in the coming months. Pleasingly, there is a second round of grants that will be available in the second half of this year.

Lauren KATHAGE: These pilots and the grants, they are on top of or separate from existing initiatives that we traditionally think of, so how are you making sure they complement each other?

Ben CARROLL: That is a good question that I might ask the Acting Chief Executive Officer Mr Ashley West to comment on, if I can. Thanks.

Ashley WEST: Thanks, Deputy Premier. They are absolutely over and above the normal services that WorkSafe offer in this space. These are grants that are available to organisations or representative groups to better improve the mental health outcomes and mental health prevention in their workplaces for organisations that they look after. What is really important here is that they are fully coordinated. In bringing together Return to Work Victoria, as the Deputy Premier has said, we have actually created a central business unit that looks after all of these initiatives to ensure better coordination of all of these tasks.

Across our organisation we have got a number of mental health initiatives that take place. WorkWell, which we have mentioned, is one of those, which is also around early intervention. There are some early intervention pieces in terms of the Return to Work Victoria piece, and there will also be some really important return-to-work aspects about getting people back to work after they have had a mental injury. We know that mental injury return-to-work rates are much lower than physical rates, and so there will be a lot of effort put into ensuring that those workers are able to return to work in a more acceptable timeframe. Those grants and those initiatives that are in place under Return to Work Victoria will be targeted at that and, as I said before, very heavily coordinated to ensure that they all work together across all aspects of WorkSafe.

Lauren KATHAGE: So it sounds like bringing it together into one business unit has made benefits across the board.

Ashley WEST: Yes, absolutely – really highlighted the visibility and the coordination of the work that we do in this space.

The CHAIR: Thank you. We are going to go to the Deputy Chair.

Nick McGOWAN: Thank you very much. I was intrigued by some of those answers I was listening to before, particularly in terms of how much the TAC has invested. So if it is receiving such a healthy return of 9 per cent, what is the quantum that is invested that receives that return?

Chris BARRETT: In grants and programs?

Nick McGOWAN: No, the money they have invested, so the TAC funds that are invested.

Chris BARRETT: I might see if Ms Slatter can answer that. I do not have that number off the top of my head. It would be the assets –

Tracey SLATTER: It does fluctuate from time to time according to the different investment returns that are being achieved, but I think it is in the order of \$18 billion.

Nick McGOWAN: Sorry, say that again.

Tracey SLATTER: \$18 billion.

Nick McGOWAN: \$18 billion.

Tracey SLATTER: I would have to confirm that number.

Chris BARRETT: The TAC is an insurance business, so it has an asset management side and it manages liabilities against that, but we can provide –

Nick McGOWAN: But just to be clear, it has \$18 billion invested, upon which it received last financial year a 9 per cent return. Did I hear that correctly?

Chris BARRETT: So in 2023–24 the return was 9.24 per cent. It was 9.48 per cent in 2022–23. I have in front of me – I think you might have said 2024–25; well, actually, no – last year it was 9.24.

Nick McGOWAN: Okay. How are we tracking for this year? What is projected? Is it a similar rate? It seems like a healthy rate. It is not a criticism.

Chris BARRETT: I could not tell you exactly where it will land this year. It is managed by the VFMC, Victorian Funds Management Corporation, who were here yesterday, but they do tend to outperform benchmarks, yes.

Nick McGOWAN: I know that even last year the previous minister – Minister Pearson, that is – gave some assurances in terms of the new regulations and the new rules to protect workers and their mental health. Now we are a year on from that, and I am not sure we are any closer to having those psychological hazard regulations in place. Do we have a date when those will come into effect?

Ben CARROLL: I was very proud to take them through cabinet, and they have been announced. We are now working very closely with our unions, with our employers and with our key stakeholders. They will be in place by the end of this year. Ms Kingston, did you want to –

Camille KINGSTON: Certainly. As the Deputy Premier said, the government announced its intention to have the regulations in place by the end of the year. DTF is working really closely with WorkSafe and bringing those regulations together to be made. The intention is that they will be made around October, which will give stakeholders approximately two months to finalise their preparations once they commence before the end of the calendar year.

Nick McGOWAN: Before 1 January.

Camille KINGSTON: We are intending to have them in December.

Nick McGOWAN: In December, but that was the same thing the last minister said a year ago. But we are confident this will now happen?

Camille KINGSTON: We are absolutely on track, yes.

Ben CARROLL: We are on track.

Nick McGOWAN: Okay. Perhaps I can come to Mr West for a moment. There was a lot of discussion in the last couple of years in fact, including some critique from Trades Hall, in respect to the changes to the WorkCover scheme. I think they referred to it as the ‘long tail’. How many individuals have been severed from their mental health claims as a consequence of that policy decision?

Ashley WEST: Thanks for your question, Mr McGowan. The legislation that was enacted was done late last year, and there have been a range of changes that have been made. They are still in progress of being implemented, so at this point in time we would say it is probably still too early to tell exactly the impacts of those schemes. The reason I say that is because these impacts are as people approach that 130 week mark. There are a number of people going through that process at the moment. The other thing is that there are a number of those still in dispute, so they are still at the Workplace Injury Commission, which hears those disputes. So at this point in time it is actually too hard to be able to tell and put an exact number on that. There will probably be another six months of passage before we start to see some real numbers flow out of there.

Nick McGOWAN: Thank you for the answer. Perhaps I can break that down: do we have a finite number for those cases that have been settled – that is, they no longer receive the support because they are either at

130 weeks or they do not equal the 20 per cent impairment up to this financial year – and then what do you project going forward? That is really two questions.

Ashley WEST: It is very hard for us to project what that number is going to be, because everyone's circumstances are different. At this point in time I do not have a figure that I can give you that answers the question directly, due to the fact that there are still a lot of those things awaiting conciliation and the backlog is still being flown through.

Nick McGOWAN: But I am sure there were projections that the last minister gave us, obviously, and they were the basis for the policy decisions in terms of the economic savings. For this financial year coming, there must be some sums or assumptions or forecasts in terms of how many cases they think were finalised past the 130-week checkpoint.

Ashley WEST: I think what we can see is that the impact of that is largely as was anticipated. In terms of the financial impacts that we are seeing and the fact that the scheme is now starting to come back onto a more stable footing, the impacts of the legislation reform are being largely as intended. But I am unable to just give you an exact number on what that looks like at the moment for the reasons that I have spoken about earlier.

Nick McGOWAN: But how can you quantify that? Can you quantify that, if not by people then by the savings?

Ashley WEST: That is right, So the actuarial savings that were –

Nick McGOWAN: Can you provide a figure for those savings last financial year and projected for this financial year?

Ashley WEST: We can certainly take that on notice.

Nick McGOWAN: Okay. Thank you. One of the things that stood out to me is what a poor employer the state government is. The greatest attribution for claims came from government employees for different agencies. Can you give us a breakdown by the agencies or the authorities?

Ashley WEST: Yes, we can, and that has been published previously. We can talk to the agencies and the data of those. As I said, that has been published previously. The organisations that we are seeing with the highest number of mental injury claims are those that we have spoken about before that have a number of frontline workers. It is important to acknowledge that the work that is being undertaken by those organisations is really front line and front-facing, so Victoria Police, the Department of Education, Ambulance Victoria and the department of justice are the ones that are at the top of the list in terms of mental injury claims. As I said before, that is published information that we have put previously. They are also the subject of a number of the return-to-work innovations that we are working through at the moment, the grants and the work that we are doing with early intervention and returning people to work in those industries, because it is a real focus area for us.

Ben CARROLL: Mr McGowan, on the government as an employer, I personally chair the public sector occupational health and safety leadership group, and we are committed to doing everything we can to provide healthy workplaces across the public sector.

The CHAIR: Thank you, Minister. We will go straight to Mr Tak.

Meng Heang TAK: Thank you, Chair, Minister, Secretary and officials. Your presentation referred to WorkSafe's new five-year strategy. Could you please provide more information for the committee about WorkSafe's goal for the next five years and how it will achieve it?

Ben CARROLL: Thanks, Mr Tak, and thank you for your question on the five-year strategy. It was launched in February of this year, and it does ensure WorkSafe remains at the forefront of workplace health and safety, which is paramount. But more than that, the strategy does set benchmarks in harm reduction but also makes sure we strengthen pathways for injured workers to re-enter the workforce, and we have got a lot more work to do in there. Importantly, too, it is okay to have a strategy, but you have got to have the targets. The clear and ambitious targets outlined in the strategy are to reduce deaths by 30 per cent, reduce injuries by 20 per cent and get more injured workers back to work, measured through improving return-to-work rates by 10 per

cent. Over the next five years WorkSafe will work with others to drive improvements in safety and support. We will continue to make sure that the scheme is financially sustainable and socially sustainable in the long term, and we are very committed to maintaining premiums at nationally competitive levels.

We also want to ensure WorkSafe is an organisation itself where people get to maximise their potential, and that it is a really good opportunity to showcase how you can make a difference in the workplace around worker health and safety. It will, though, also focus on those high-risk areas, those injuries and workplaces where safety is a concern. We are really keen to drive safety as a culture out in workplaces, influence behaviours and do what we can to reduce workplace harms. I am confident the new strategy will ensure Victoria continues to be nation leading in the workplace and that Victorian injured workers are supported when they need it most after an injury.

Meng Heang TAK: Thank you, Minister, and also good to hear in your answer previously that the leaflet or document is translated into other languages, which is a good measure. Minister, your presentation also details a range of regulatory activity undertaken by WorkSafe in 2023–24, including prosecutions, workplace visits and improvement notices. Could you please provide the committee with further details about WorkSafe activity to ensure employers are complying with health and safety law?

Ben CARROLL: Another good question, Mr Tak. WorkSafe is the key regulator and enforcer as well of occupational health and safety. So we have got all the laws that we need to enforce, but more than that too, it goes back to prevention as well. We have got to reduce work-related incidents, injuries, with a focus on prevention, making sure our inspectors target the unsafe workplaces, but we want to make sure too that our laws are up to date, that they target all of those areas – occupational health and safety, dangerous goods, equipment, secure health and safety for employees and eliminating risks, involving employers and employees. I have been out and seen WorkSafe on the ground and the great work our inspectors do, Mr Tak. I do not know if Mr West or Ms Kingston want to supplement my comments, but just in the last financial year WorkSafe completed 178 occupational health and safety prosecutions, with a nearly 90 per cent – 89 per cent – success rate. That just shows you the work that they are doing. The number of WorkSafe workplace visits has continued to increase over the past four financial years. Indeed visits were up by 13 per cent compared to the previous year. The WorkSafe inspectorate is focusing on targeting the most prevalent causes of fatalities – construction, agriculture, health care and social assistance. Every worker should be made to feel safe, and that is the first priority in any workplace. Mr West, do you want to supplement my answer?

Ashley WEST: I think the other thing to just mention is that, as the Deputy Premier said, our visits have been up by 13 per cent, but importantly our improvement notices have been up by over 20 per cent. So what that is also telling us is we are actually targeting the right areas. When we are going to visit those workplaces we are actually targeting the right workplaces to visit. We are targeting those workplaces we have identified as potentially being unsafe workplaces, and what we are finding when we go there is that we do have the ability to issue improvement notices or prosecutions, as the case may be. So the strategies around using our data to target those workplaces is certainly working for us in that aspect.

Meng Heang TAK: Thank you, Deputy Premier. In talking about high-risk industry, the ban on engineered stone is very important.

Ben CARROLL: Yes.

Meng Heang TAK: It benefits workers certainly in my electorate in the south-east.

Ben CARROLL: Yes.

Meng Heang TAK: Deputy Premier, can you update the committee on how WorkSafe is helping implement and enforce the ban on the use of engineered stone, a nation-leading industry reform introduced by the Allan Labor government.

Ben CARROLL: Yes. Thanks, Mr Tak. Look, the science is clear: working with engineered stone can be a death sentence, and my predecessors, in particular Minister Hennessy, did so much work in this area to make sure we had a fully implemented ban on engineered stone from 1 July last year so young Victorian families are not torn apart literally because of a benchtop that is in a new house. The evidence is clear. This is a really important reform. The data shows the disease, the death sentence, that silica stone has impacted – it is really,

really shocking, some of the data. We have also, though, I should say, worked with the Commonwealth very closely. With the importation as well we need to always be vigilant in promoting the hazards, the dangers. This is a ban that does apply right across the board. It is really important that employers and their staff but also your home renovators know: when you are going for a kitchen benchtop, make the right choice not only for you but for the people that are making it.

The CHAIR: Thank you, Minister and Mr Tak. We will go straight to Mr Puglielli.

Aiv PUGLIELLI: Thank you, Chair. Hi, everyone. Minister, I would like an assessment from you. What is the maximum number of workers that the WorkCover scheme can support to keep the scheme sustainable?

Ben CARROLL: Thanks, Mr Puglielli. Look, we have a target of zero. We do not want workers injured, so prevention is very much the area that is front of mind. As I said in the outset in my presentation, the scheme is financially viable. It has had a lot of work go in through the modernisation. It has changed a lot; I spoke about mental health injuries. It would be fair to say when WorkCover was developed 30 years ago very much the premise was physical injuries, but we have got now really different changes in workplaces. For myself, as a public sector, a government, you have got police, ambulances, those frontline workers that are at the forefront.

In relation to support and what could the numbers be: since July 2024 we have supported more than 102,000 injured workers. I might ask the Secretary or someone to supplement my answer. So you have got more than 100,000 injured workers being supported and the scheme being financially sustainable. I think that is the heart of your question: how many workers could you support? I could say, since July more than 102,000, but I should say too, out of that 102,000 I think about 22,000 we have actually been able to support back to work. So we are managing hundreds of thousands of people and then also those supporting them to return to work where they can and are able to.

Aiv PUGLIELLI: To clarify one of those remarks you just put, is there any modelling that the department has on the impact that the recent legislative changes have had to WorkCover that can be provided to the committee?

Chris BARRETT: I think, Mr Puglielli, that would go to the actuarial work that Mr West was referring to earlier. I do not know if you want to expand on that at all?

Ashley WEST: I think the important point there to note is that there was a regulatory impact statement that was done as part of the implementation of those scheme reforms, and what was found in that was that employers duties in terms of providing a safe workplace and ensuring that those mental injury claims do not occur in the first place were actually a net positive benefit to the economy. The primary reason for these psychological regs coming into place, in particular, was to ensure that those claims do not come through, because people are working in safe workplaces. And the overwhelming evidence on that was that that will be a net positive outcome.

Aiv PUGLIELLI: Thank you. Can I ask: in the data what is the proportion of WorkCover claims that we are seeing from health care and social assistance industries? Is that information disaggregated anywhere?

Ben CARROLL: Maybe, Mr Puglielli. Can we take that on notice? It is a fair question, and I do know health care, social care, those sorts of industries, because of the nature of their work, are predominant in the data. So if we can take that on notice, we will and will provide you with what we can.

Chris BARRETT: Yes.

Aiv PUGLIELLI: Thank you; that is appreciated. Now, wait times for disputes have reportedly blown out. Unions are reporting that these wait times have blown out since the changes were implemented in March 2024, meaning workers are having to access super or to go back to work, risking reinjury. Can I ask: what is the budgetary impact of those wait times and how is this going to be resolved?

Ben CARROLL: Mr West, did you want to?

Ashley WEST: Yes. Thank you. We are aware of the impacts of the dispute process, which I mentioned earlier. We are working very closely with the Workplace Injury Commission on reducing those wait times. We

understand that they are not currently acceptable and they need to be reduced significantly to ensure that those people continue to receive support.

It is important to note that anybody that lodges a claim through that process is eligible for 13 weeks of payment to support them through that time. So while their dispute is going through and being heard, they have got the ability to continue with that 13 weeks of payment. There is no particular economic impact on the scheme as a result of those delays. But we are obviously aware of the impact on individuals, and we are working very hard with the Workplace Injury Commission to reduce those wait times.

Aiv PUGLIELLI: Thank you. The WorkSafe annual report, the latest one, refers to contracts between WorkSafe and VFMC which require WorkSafe to contribute additional future capital totalling almost \$2 billion. Where will WorkSafe acquire this capital from?

Ben CARROLL: I might ask the Secretary.

Chris BARRETT: Actually we had a brief chat about VFMC yesterday, Mr Puglielli. VFMC has a number of clients from across government where you have large pools of assets that need to be managed. The decision was made about 30 years ago to consolidate those because you could get greater professionalism and better returns. I think that might be the requirement that you are referring to, which is that WorkSafe is required to invest that kind of asset management pool with the VFMC. I could not speak to the exact number. Where WorkSafe gets their assets from is of course a combination of premiums versus payouts et cetera, and that would fluctuate over time.

Aiv PUGLIELLI: So are you saying WorkSafe acquires the capital from the VFMC?

Chris BARRETT: No. The VFMC manages WorkSafe's assets on their behalf, effectively. That is the way it works. And then the way those assets would build up over time is the way they would build up in any insurer – you would have premium income coming in, and then you would also have any retained profits obviously.

Aiv PUGLIELLI: Okay. Just further from that, do the contracts between WorkSafe and VFMC allow WorkSafe to access funds from its investment portfolio?

Chris BARRETT: Yes, absolutely. And I know that VFMC works very closely with WorkSafe and indeed the other insurers during the year to know if they need money suddenly for liquidity reasons that they can access that easily. So yes, they are able to access the funds when they need them.

Aiv PUGLIELLI: Thank you. I understand in 2024 WorkSafe paid the VFMC the best part of \$65.5 million in investment expenses.

The CHAIR: Apologies, Mr Puglielli. We are going to go straight to Mr Hilakari.

Mathew HILAKARI: Thank you, Minister and officials, for your attendance this afternoon. I am probably going to be concentrating on the TAC and how we support people in Victoria who have had accidents or are injured on our roads. You mentioned in your presentation that there were 45,000 people supported by the TAC in 2023–24. I am just hoping you can talk through what supports we provide to those Victorians.

Ben CARROLL: Yes. Thank you, Mr Hilakari. As the presentation showed, 44,989 Victorians were injured in a transport accident. TAC worked very diligently and hard to help them get their lives back on track, and it is a range of supports that are provided. I have actually been down to the TAC's headquarters and listened in to the supports, the clients and the feedback. Often it can take a village to get someone back. But essentially the TAC have helped pay for medical treatment and services needed as a result of an accident, support services to help with recovery, income support if the injured client is unable to return to work, return-to-work support for both the injured client and their employer and a lump sum payment if eligible for compensation. For longer term injuries, the TAC works with the client support team to plan goals and coordinate ongoing treatment and services. The work they do out at head office is really important and the support they give. Everyone loves working, getting people back on their feet, particularly when it has been quite a horrific injury. Ms Slatter, did you want to supplement my answer?

Tracey SLATTER: Yes. Thank you, Deputy Premier. The Deputy Premier is correct that the TAC people are a very caring people. Our goal to make every day matter is really about making sure that we do everything

we can to, in the first instance, save lives on Victorian roads. But when people are traumatically and tragically injured on our roads, we do everything we can to provide the services to those people to get their lives back on track. That includes providing services for their health but also services for returning to work. Indeed many, unfortunately, of our clients require services, some of them for the entirety of their lives. We were mentioning before about the investments that the TAC has made, and that is because the liabilities that we have reflect the services that we may need to and probably will need to provide to those clients for the rest of their lives. It is very important to the scheme's viability that we have enough funds invested to pay those costs into the future so that our clients can be confident that we will always be there to support them into the future. I can give some case studies on things that we are doing to improve the scheme, if that is of interest.

Mathew HILAKARI: I think it is important to bring to life you know, the services that are done, because the budget can be just a lot of numbers, but it is actually real people at the end of the process.

Tracey SLATTER: Yes. Well, an example that the Deputy Premier mentioned in his opening remarks is the restorative justice program. This is a really important program for our clients. The TAC committed to scaling up the restorative justice program from a pilot to a full rollout in partnership with RMIT University to provide healing and closure for clients affected by road trauma, because while the TAC provides the services and supports to get people's lives on track, there is still a healing emotional process, and that is where we are seeing this program being really effective. It is a voluntary, non-legal process to support recovery. The program offers TAC clients an opportunity to share their experience, engage in communication with others involved where that is appropriate and seek acknowledgement for the harm caused – to enable them to contribute to road safety and accident prevention policy as well. Following the evaluation of the original pilot, TAC entered into an agreement with RMIT in May 2023 to formally launch the program, with funding secured now right through until January 2027.

Mathew HILAKARI: I was really interested to see that in the presentation earlier – because usually when we are talking about restorative justice, it is with the Attorney-General or one of the justice ministers – and to see it rolled out, so I really appreciate you expanding upon that.

We did have some really solid figures through the presentation around clients who have been returned to work – those people who are achieving independence from the scheme. I am just hoping you can talk to those metrics and also to what the TAC is doing to improve the clients' experiences and their outcomes. I really appreciate the empathetic approach that I can hear from Ms Slatter as well.

Ben CARROLL: Thanks, Mr Hilakari. It goes without saying that empathy and innovation in client support is what we are trying to do at the TAC and WorkSafe. But on those metrics, in the last financial year the TAC continued its investment in getting outcomes for clients. This resulted in 70 per cent of clients who achieved back-to-work outcomes within six months of their accident. A further 1031 seriously injured clients achieved back-to-work outcomes. Seventy-two per cent of all clients who were supported in the previous 12 months achieved full independence outcomes and no longer required support from the TAC – a great statistic.

Ninety-four per cent of all decisions made on support requests were found to be high quality – that is, the approved support was an entitled support, reasonable in cost and duration and clinically justified given the nature of the injury and the outcome focus. Of the some 172,000 calls received, call quality measures rated close to 90 per cent as high quality, upholding the TAC's values to make every conversation count. Some 3655 clients were put on a personalised care plan; 1352 clients had their common-law settlements resolved under the TAC's world-leading legal protocols. The TAC is committed to making sure that we do everything we can to support clients and look at better ways to support them in the future.

The CHAIR: Thank you, Minister. Deputy Premier and officials, thank you very much for taking the time to appear before the committee this morning. The committee will follow up on any questions taken on notice in writing, and responses are required within five working days of the committee's request.

The committee is going to take a break before beginning its consideration of the portfolio for economic growth and jobs at 12:45 pm. I declare this hearing adjourned.

Witnesses withdrew.