

CORRECTED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2004–05 budget estimates

Melbourne – 16 June 2004

Members

Mr W. R. Baxter	Ms D. L. Green
Ms C. M. Campbell	Mr J. Merlino
Mr R. W. Clark	Mr G. K. Rich-Phillips
Mr L. A. Donnellan	Ms G. D. Romanes
Mr B. Forwood	

Chair: Ms C. M. Campbell
Deputy Chair: Mr B. Forwood

Staff

Executive Officer: Ms M. Cornwell

Witnesses

Mr R. Hulls, Minister for WorkCover;
Mr S. Grant, chief executive officer, Transport Accident Commission;
Ms H. Silver, deputy secretary economic and financial policy division, Department of Treasury and Finance;
Mr G. Tweedly, chief executive officer, Victorian WorkCover Authority; and
Mr J. MacKenzie, chair, Victorian WorkCover Authority and Transport Accident Commission.

The CHAIR — I welcome the new crew to the second session.

Mr HULLS — I welcome everybody here. It is a big crowd. I think its because they do not trust me!

Overheads shown.

Mr HULLS — The first slide is a summary of the schemes. The Victorian WorkCover Authority, as I said last year, is broadly responsible for the provision of a workers compensation scheme and for workplace health and safety regulation programs. The Transport Accident Commission manages the compulsory third-party transport accident insurance scheme in Victoria. Both schemes are in a strong financial position and both reported sound financial results for the half year ended December 2003.

The next slide shows WorkCover's key performance indicators over the past six half-yearly reporting procedures. The red line represents WorkCover's funding ratio — that is, the ratio of WorkCover's net assets compared to net claims liabilities. The yellow column represents WorkCover's performance from insurance operations, or PFIO. That measure indicates whether premiums charged for a given reporting period are adequate to cover claims for that period. WorkCover has now delivered six consecutive positive half-yearly PFIO results, demonstrating I think fundamental improvements in management of its insurance operations. The green column represents WorkCover's net profit after tax and speaks for itself, and the blue column represents WorkCover's actuarial release.

The next slide sets out those fairly strong results — a funding ratio at 91 per cent. The next slide talks about premiums. The WorkCover premium rate will be cut by 10 per cent on average in 2004–05. This cut reduces the average rate from 2.2 per cent to just below 2 per cent and will save Victorian employers about \$180 million a year. This rate reduction was made on the advice of the VWA board, which in turn was based on a analysis by the scheme's independent actuaries, PricewaterhouseCoopers, and that advice was that the reduction is responsible and sustainable into the future. I am proud to say that this government is the first in Victoria to reduce average premium rates without cutting benefits to injured workers, and we do have competitive premiums in this state — 25 per cent below New South Wales.

The next slide deals with the fairer, simpler premium project. We have had a review of our premium system to address the issues of weak financial incentives to improve performance, high complexity, high volatility and limited coverage choices. Changes have been implemented — some were implemented in 2001–02 up until now, but much more work was needed to complete the detailed development for a better premium system. That has now been done, and that slide speaks for itself.

The next slide is about occupational health and safety performance. There has been a stabilisation in the number of reported claims since 2000–01: 32 806 claims were reported in 2000–01, 32 096 in 2002–03 and 16 264 in the six months to December 2003, so there has been a stabilisation of claims. The number of facilities reported in 2003 was 27, down from 39 in 1999; in 2004, 15 fatalities had been reported by May of this year. I think we would all agree that one fatality is too many. Can I also say that no fatality is an accident; that in my view they are all avoidable. The number of prosecutions has increased in recent years from 85 in 1998–99 to 217 in 2002–03.

The next slide talks about some of the initiatives and again speaks for itself. Farm safety — I am happy to talk about that later, but that is a very important campaign. There is forklift safety and also an occupational health and safety review. Fireworks — Victoria has led the push for adopting a national standard in relation to illegal fireworks. TAC — again, strong results, substantially better than in 2001–02. These results were achieved despite the adverse impacts of international markets. The next slide talks about premiums and shows we have fairly competitive premiums.

TAC accident prevention: we have the lowest recorded road toll last year. It was 330, the lowest on record, and represented a 17 per cent reduction on 2002. Importantly the number of serious injuries also fell by 5 per cent. As at 15 June the road toll was 179 compared to 170 at this time last year, so it is quite disturbing the fact that there has been, compared year to year, an increase in the road toll so far this year. Current and future road safety initiatives include new a drink-driving campaign, which you have probably seen — that is, Only a Little Bit Over. There are two new phases of the Wipe Off 5 campaign. There is a strong emphasis on youth risk-taking attitude in driving over the past year, and that will continue in the next year. There was the launch of Internet-based logbook for learner drivers, encouraging them to gain 120 hours of practice on all road types and in all weather conditions. There is also the Make a Film, Make a Difference short film competition, which aims to challenge young drivers' attitudes via short films that are written and produced by young kids for young kids, young people for young

people. They will be screened at cinemas around Victoria. I launched the award last year. Some of these people are pretty bright, and the ads are really hard hitting and very clever. It is very well and good for us as old fogies to try and sell the message when you have actually have young people selling the message about road safety we think that is important and can get the message across. Also the TAC is making a \$130 million contribution over two years to the road safety infrastructure program, which will be administered by VicRoads.

The CHAIR — Thank you, Minister. The first question is in relation to the Maxwell review. I refer to budget paper 3, pages 224 to 225, where there is an output measure for the review of financial performance of VWA and provision by DTF of strategic advice is listed. Over time a reduction in workplace injury and fatality rates should assist VWA's financial position, and you have outlined that a little this morning. Is the Occupational Health and Safety Act review by Chris Maxwell, QC, seen by the minister as part of the strategy to improve the strength of the VWA scheme? Where is it up to, and how is the government responding to that review?

Mr HULLS — I guess the strength of our occupational health and safety legislative framework is indeed a very important part of the continuing drive to address work-related fatalities and to keep injuries down. To give you the size of what the VWA is up against, every year for the past few years there have been around 30 000 WorkCover claims. That is equivalent to a city the size of Warrnambool being injured every year. Last year, as I said, there were 27 tragic fatalities, and there were more than 30 in 2002. The occupational health and safety legislation was first introduced in 1985, and the review by Chris Maxwell is its first review. Since 1985 much has changed about the nature of the labour market and the way people are working. Chris Maxwell commenced his review in September last year. He has consulted widely and received more than 200 submissions in relation to the review. His report to government was released for further stakeholder consultation in April this year.

Whether we talk about casualisation, labour hire, working from home, greater recognition of psychosocial illnesses or greater awareness that the highly antisocial and sometimes criminal actions of bullying and sexual harassment can also lead to illness, injury and consequently WorkCover claims, we can see that there has been a real change in the nature of work and some of the issues confronting employers and employees. The review of the Occupational Health and Safety Act highlighted that while the legislation is structurally sound there is a need to improve its clarity, to modernise certain provisions to ensure relevance to changes in the economy, the labour market and current work practices. The report recommends amongst other things strengthening current workplace consultative and participative arrangements to improve health and safety. It suggests proposals to improve the performance of the regulator — that is, WorkSafe — and administering the laws. For example, Chris Maxwell recommends that inspectors be required to provide more advice and more of an educative role, and that their role and decisions be subjected to more stringent standards of review.

Extensive consultation with stakeholders is currently under way to ascertain views on the recommendations of the Maxwell report. Consultations will conclude fairly shortly. Bob Stensholt, my parliamentary secretary, has been assisting with the consultations. About 60 written responses have been received so far to those consultations. Over the next two to three months — you asked about time lines — Bob and I will be examining the report and responses from stakeholders. It has been a pretty sound and highly consultative process, and I expect that we will be in a position to announce our policy response to the Maxwell review in the spring session of Parliament. The responses will guide our response.

Mr FORWOOD — I have come into possession of some WorkCover documents. They fall into three categories. One is a list of over 100 outstanding allegations, including provider falsely invoicing fraudulent claims, failure to return to work, altered medical certificates and premium evasion which were not investigated. There are 40 matters still without files, and they include exaggerated illness, false information and return to work while on benefits. They have not been investigated. I have a list of allegations which have not been adequately investigated on currently open claims which total more than \$4.7 million. I should read you what it says. I should make a point firstly that these include conspiracy by a solicitor, collusion between doctors and lawyer, breach of secrecy and claims of officer kickbacks. Under the heading 'Immediate action taken on this report', it states:

Determination that these files would not now be investigated as some were in excess of three years old and had been sitting on —
an officer's —

desk for all of that time. Matters to be filed and placed in secondary storage. Payments to claimants will continue.

Does this not indicate systemic mismanagement of the WorkCover authority when you have a situation where nearly \$5 million is continuing to be paid, and yet significant claims of these natures are not being properly investigated? I am quite happy to make this document available to you if you would like to see it.

Mr HULLS — I think you should not only make it available to me, but also perhaps to the police, if you are either directly or indirectly making allegations of fraud.

Mr FORWOOD — No, I am not making them. It is your own internal document.

Mr HULLS — Or indeed specific allegations of conspiracy involving lawyers.

Mr FORWOOD — No, that is your own internal document.

Mr HULLS — You are handing me a document that I have not seen.

Mr FORWOOD — Are you denying it is a WorkCover document?

Mr HULLS — I have got no idea, mate. It has got no heading on it, and it has got something dating back to November 2001.

Mr FORWOOD — Yes, and if you look at the last page you will see that the last review was November 2003. That is when the \$4.7 million was still outstanding.

Mr HULLS — I have not seen this document, but I am more than happy to take on board the issues that you have raised. I might say that it is my understanding that fraud — and James McKenzie might like to add further to this — has not been identified as a big component in relation to the WorkCover scheme. You asked me whether or not I have faith in the WorkCover authority in light of this particular matter. Absolutely I have faith in the WorkCover authority. We have a very strong board. We have a very strong chief executive officer. I have absolute faith in the WorkCover authority. You have presented me with a three-page document —

Mr FORWOOD — I have got more pages here, but I just thought you would be interested in those pages.

Mr HULLS — Do you have four pages?

Mr FORWOOD — No, I have got more than that; I have got dozens of pages, but those are the ones that are relevant to my question. The issue is: why were issues like this not properly investigated?

Mr HULLS — That is an allegation that you are making.

Mr FORWOOD — Read your own document.

Mr HULLS — You are making a number of allegations. First of all you are saying that what you have handed me is a WorkCover document.

Mr FORWOOD — Are you denying it?

Mr HULLS — I have no idea, I would not have a clue. This could have come from Nar Nar Goon South; it could have come from anywhere. Apart from anything else — —

Mr FORWOOD — The heading on the front page is ‘Victorian WorkCover Authority — Outstanding allegations as at 16 November 2002’ page 1, page 2, page 3, page 4 — it goes on with matters still without files, and there are a few more pages of those. It names a number of officers — and I can read you the names on the record if you wish — who are officers of the Victorian WorkCover Authority. Do you want me to do that? Do you want me to name these people? I am happy to do it. You know they are officers of the WorkCover authority, I know they are officers of the WorkCover authority.

Mr HULLS — Can we just be serious about this for one minute? You have handed me a document which has no title on it. If you can point to me where on the three pages you have shown me there is any identification on those pages that confirms that these are WorkCover documents, I would be most surprised. There is nothing on the documents you have handed me that says anything about these being WorkCover documents. If you say they are — —

Mr FORWOOD — I say they are.

Mr HULLS — You say they are. Now I have received these documents you would not expect me to do anymore than to take them on notice and to make some inquiries in relation to them. I have not the slightest idea what these documents are. I have no idea where they came from, but now having received them, if you say they are out of the WorkCover authority — —

Mr FORWOOD — I do.

Mr HULLS — I will take these documents on notice. You would not expect me to do anything more or less.

Mr MERLINO — I refer you to pages 224 and 225 of budget paper 3 and the outputs relating to briefings on insurance policy matters and provision by DTF of strategic advice. The outputs identified include public safety initiatives on farms. In recent media reports you have spoken of an alarming number of fatalities on Victorian farms this year. What is the toll so far this year and what is the Victorian WorkCover Authority offering to help the Victorian farming community to turn this situation around?

Mr HULLS — The number of fatalities so far this year is, I believe, extremely alarming — there have been nine so far in the agricultural sector, which is quite an alarming figure. Between 1993 and 2002 there were 126 farm-related deaths reported to WorkSafe Victoria, constituting more than one-third of all reported deaths despite the industry having only approximately 5 per cent of the state's total work force. Farms are among the most dangerous workplaces in Victoria; we should never forget that. This has been the case for a very long time, with the number of deaths in agriculture averaging almost one per month over the past 10 years. That is significantly greater than any other industry.

In response WorkSafe has intensified its efforts this year. It has an integrated strategy involving key farming sector organisations. However, the level of fatalities is so concerning that strategies need to be reviewed and strengthened. Through safety partners, which includes farm safety action groups, unions, the Victorian Farmers Federation and WorkSafe, direct assistance and funding is being provided. All farmers are now being offered a free health and safety audit of their work systems and equipment, inclusive of advice from an independent health and safety expert about how safety on their farms can be improved. Free assistance is also available to support engineering safety solutions — for example, WorkSafe recently made available 500 free power take-off guards for tractors to deal with one of the most dangerous farm equipment issues. WorkSafe is also providing additional financial subsidies to encourage farmers to adopt effective occupational health and safety solutions — for example, subsidies have been provided to build model occupational health and safety shearing sheds or to put safety buttons on wool presses, to introduce back harness support systems and install cut-out switches in shearing sheds; one of the most dangerous subsectors to work in. WorkSafe inspectors will also enforce compliance with occupational health and safety legislation. Farm visits by WorkSafe inspectors in 2003–04 focused particularly on improving awareness of the hazards of farm chemicals and compliance with the regulations. WorkSafe inspectors also visited farms to raise awareness about the new falls from heights regulations which came into effect in March and advise farmers on how to comply.

The Victorian WorkCover Authority is also conducting high-profile, targeted media education campaigns such as tractor safety campaigns, falls from heights and the like. More recently, local country football clubs have been brought on board so that local football heroes and community leaders can help improve attitudes and promote the safety message in farming communities. A fair amount has been done, but more needs to be done. These figures are really quite alarming. I will conclude by repeating them: the number of fatalities on farms in the agricultural sector this year is nine, which is really quite an alarming figure.

Mr BAXTER — Can I have a supplementary on that? At the committee hearings last year, on a similar question I inquired as to how many of the deaths were employees and how many were principals. That information was not immediately available at that time. Do we know on this occasion of the nine deaths this year how many were employees and how many were principals?

Mr HULLS — We do not. I think I said last year we would get you that information, and I assume we did. We will do the same this year. I will make some inquiries about that.

The CHAIR — Going back to last year, I think I also suggested that, if you are using advertising dollars in country football, country netball would also be a good place to advertise. I do not know whether that was actioned.

Mr HULLS — I think that has been taken on board.

Mr FORWOOD — I wonder if you could advise the committee how much money the Transport Accident Commission spends on the sponsoring the Australian Football League clubs, club by club, and the Victorian WorkCover Authority — though I do not know if it does sponsor AFL football clubs. What are the criteria by which you assess the effectiveness of the sponsorship? In light of recent events, including some involving players from the side I support, do you intend to continue to sponsor AFL football teams?

Mr HULLS — It is a good question. I think the record should note that it is being asked by a Collingwood supporter whose club is sponsored by the TAC. You asked about WorkCover, and in relation to WorkCover we do sponsor the Western Bulldogs — I think I mentioned that last year. That partnership commenced on 27 May 2003, and it fills a significant gap in audience delivery and positions WorkSafe as an integral part of the community in western Melbourne — a metropolitan region with a very high representation of workplaces targeted under the Strategy 2000. This sponsorship was extended in March 2004 to run through until the end of 2005.

Mr FORWOOD — How much?

Mr HULLS — In relation to the amount, I will get back to you about that particular amount. It is about \$270 000, but we will get back to you in relation to that. We have the Victorian Country Football League naming rights sponsorship. That is now into its third year — this is with WorkSafe. It is a sponsorship arrangement which commenced on 1 January 2002 and has provided WorkSafe with repeated direct access to the Victorian Country Football League's 340 000 strong supporter base and more than 2 million match attendees per year. Initial evaluation of that sponsorship showed that 86 per cent of employees and 73 per cent of employers in regional Victoria felt that it was appropriate for WorkSafe to sponsor the VCFL because it is an important message in regional communities. The VWA has sponsored KIDS education since February 2000 to work with Victorian students and teachers to eliminate preventable injury in Victorian primary schools, but you asked specifically about sports sponsorship — —

Mr FORWOOD — I was particularly interested in the TAC.

Mr HULLS — In relation to the TAC, I can give you details about that. The TAC currently sponsors the Richmond Football Club — —

Mr FORWOOD — How much?

Mr HULLS — And the Collingwood Football Club — —

Mr FORWOOD — How much?

Mr HULLS — I will get to that — in order to promote the 'Drink, drive — bloody idiot' and 'Wipe off 5' messages respectively. Sponsorship represents, I think, a pretty important part of the TAC's approach to road safety communications and public education. The AFL attracts a massive audience across Victoria, and sponsorship of key entities ensures that safety messages are promoted in a sustained manner to broad target audiences.

The TAC leverages the sponsorships with Collingwood and Richmond in a number of ways, including its Players in Schools program, where AFL footballers — role models for young people — visit schools to discuss risk taking and promote safe road use. It has been argued by the TAC — and of course these are independent decisions made by the TAC board and are not directed via the minister, because as you would understand, being a Geelong supporter, as if I would be directing them to sponsor Richmond or Collingwood! — that AFL sponsorship provides a unique means to widely promote key road safety messages as a result of massive community interest and media attention surrounding AFL football. They represent just one component of the TAC's total approach to road safety communications. You asked have they been successful. Evaluation surveys indicate that 97 per cent of respondents believe it was appropriate for the TAC to promote both its brand and safety messages through football sponsorships; 87 per cent believe the TAC sponsorship of Richmond helps keep the drink-driving .05 message in

people's minds; and 72 per cent of respondents believe the sponsorship of Collingwood reminds people to slow down. I can go on with these figures.

The CHAIR — You do not need to.

Mr HULLS — You asked whether or not it is appropriate.

Mr FORWOOD — I asked how much money and whether or not they are going to continue as appropriate, given the recent events.

Mr HULLS — We will get back to you in relation to the amounts for those two clubs. Does the board think it is appropriate, or do I think it is appropriate? It is a board decision, and the board evaluates its decisions about sponsorship on an annual basis.

Mr FORWOOD — It is hundreds of thousands of dollars, though?

Mr HULLS — Absolutely, and there have been some arguments as to why particular clubs are chosen. Is the TAC getting value for money? Will it continue with these sponsorships? I repeat, this is a matter for the board. It is a not for the minister to be directing the board in relation to this matter. The board will meet and make a decision whether or not contracts will be renewed, and it will base that on a whole range of things.

Mr FORWOOD — When will that be?

Mr HULLS — The board meets on a regular basis. I understand the board is meeting this week. It will meet, I assume, on a monthly basis.

Mr FORWOOD — When will the decision be made?

Mr HULLS — That will be a matter for the board. It is not a matter for the minister to be directing the board in relation to these matters because, as you would expect, the minister would be accused of putting his or her own personal preferences in relation to sponsorship ahead of the independent board, and you would be asking me next year why it is that the TAC puts all its sponsorship dollars into the Geelong Football Club.

Mr FORWOOD — I would be asking the TAC whether it is appropriate to sponsor clubs that do not do the right thing.

The CHAIR — By way of a supplementary, given it is the board's responsibility — and you may like to take this on notice — I would be curious to know how often the board has discussed women's sport, particularly in light of the fact that in recent weeks it has been advertised that binge drinking and those who practise it most are in the 17 to 25-year-old age group for women — that they are the most worrying in this age range and drinking range. They drive. The point was made last year in relation to the amount of sponsorship of female sport, and I ask that you take on notice what is being done in relation to women's sport and women's sponsorship and what consideration has been given by the board to the Equal Opportunity Act.

Mr HULLS — We will take that on board. It is an important point. The issue of sponsorships generally is also an important point. I understand the point you have raised, Chair, and also the previous question. It is an issue on which there will be a fair amount of debate out there in the community — should the TAC or the VWA be sponsoring individual clubs or are they better off sponsoring the league, for instance, and getting naming rights in relation to the league generally? The same with women's sports — what thought is given by either the VWA or the TAC to promoting women's sports?

The CHAIR — Thought and action, I am interested in.

Ms ROMANES — Minister, budget paper 4 on page 58 outlines, under the operating performance description for the Department of Infrastructure, a new road safety initiative which is a contribution from the Transport Accident Commission of \$65 million per annum as part of a two-year road safety infrastructure program. Could you advise the committee what projects have been identified for that program and what benefits are anticipated?

Mr HULLS — The TAC has initiated the road safety infrastructure program — \$130 million over 2004, 2005 and 2006, because road safety infrastructure is certainly one of the things that will make a positive difference to the road toll. The program is aimed at reducing road trauma, thereby helping with the government's overall target of a 20 per cent reduction in serious road trauma by 2007. The focus will be on high-risk locations, both in rural Victoria and the outer metropolitan areas. The TAC and VicRoads are working together to identify the highest priorities for road infrastructure programs. Projects include upgrading specific roads in outer metropolitan areas.

Projects already identified include some \$3.3 million to widen the 1.7-kilometre section of Thompsons Road from Dandenong-Hastings Road to Evans Road through Lyndhurst — I was out there fairly recently making that announcement; \$9.3 million to duplicate a 1.9-kilometre length of Wellington Road from Taylors Lane to Napoleon Road through Rowville; and \$15 million to duplicate and widen a 1.8-kilometre length of Canterbury Road from Bayswater Road to Dorset Road in Bayswater North.

The rural component of the program will include the provision of barriers to prevent vehicles hitting fixed objects on the roadside, sealing of road shoulders, improvements to road surfaces to reduce the risk of skidding. Projects identified already as a high priority in provincial Victoria include the Myrniong-Trentham Road, the Moorabool-Strzelecki Highway, South Gippsland-Melba Highway, Murrindindi, and Epping-Kilmore Road, Mitchell. The program is expected to reduce serious road trauma — which was the second part of the question — by 3.25 per cent per annum over at least the 15-year life of these improvements. For Victoria every year this represents 11 fewer fatalities and over 100 fewer hospitalised claims based on TAC claims estimates or 160 serious injuries based on police report criteria for serious casualties. The TAC also expects claims costs to reduce by at least \$372 million as a result of investment in this program. We believe it is a very important investment — a \$130 million investment, reducing claims costs by \$372 million, saving 11 lives and with 100 fewer hospitalised people; and 160 serious injuries will be saved as well.

Mr BAXTER — I would like to turn to the issue of mutual recognition between the states of OHS certificates of competency, particularly in relation to New South Wales. Apart from Albury, which is on the north side of the border of Victoria and New South Wales, the population is on the south side of the river with people working from Victoria into New South Wales, by and large. I am advised that WorkCover New South Wales does not recognise the Victorian basic OHS industry induction training, which I think is commonly called the red card, nor does it recognise the civil construction federation certificate competencies to operate and onload shifting plant like back hoes et cetera. Yet, conversely, I understand Victoria recognises the New South Wales green card. In the interests of promoting business in Victoria and our employers, what is the relationship between the Victorian WorkCover Authority and its New South Wales equivalent, and is work being undertaken to try and get some more cooperation?

Mr HULLS — Yes, it is. In fact I raised this issue briefly at the last IR ministers conference as WorkCover minister, for there to be more cooperation and mutual recognition between occupational health and safety regimes in New South Wales and Victoria. You are right, we need to have a far more integrated system, particularly for those businesses that are operating across the border in both states.

On the red card issue, first of all can I say that the red card training, so-called, has been introduced. Foundations for Safety is WorkSafe's key consultative forum for the construction industry, and through FFS, or Foundations for Safety, all key stakeholders in the construction industry reached an agreement that all persons working on construction sites should undertake basic safety training. That induction training has become known as the red card training. The clear intent of the agreement was that all parties would acknowledge the training provided by other signatories to the agreement, provided such signatories were registered training organisations. WorkSafe, I am advised, has published its clear position that red card training is the only way that employers may meet their obligations under the Occupational Health and Safety Act and that WorkSafe officers would accept training provided by any of the registered training organisations.

WorkSafe, as I understand it, has considered a regulatory approach to construction industry induction training and is reviewing similar approaches operating in other states. A regulatory approach would include the phased implementation of the national standard for construction work, which I am told is due to be formalised by the end of this year, 2004.

Mr BAXTER — New South Wales would presumably then fall into line with that nationally?

Mr HULLS — I would expect so by the end of this year. This would then see the commencement of the drafting of a construction induction training regulation. Such an approach would result in any registered training organisation being able to deliver an accredited training course. There does have to be further consultation with in particular New South Wales. I have raised this at a national forum, and further work will be done between the two organisations.

Mr DONNELLAN — I refer to budget paper 3, page 224, which is output briefings on insurance policy matters. Legal services undertaken by TAC Law and the VWA or its panel firms have a significant impact on the operation of the schemes but are also no doubt influential in the wider legal system. I am interested in the difference that the Attorney-General's model litigant guidelines are making. The guidelines apply to firms on the Victorian government's legal panels and I believe were extended to the TAC and VWA last year. How are the TAC and VWA travelling with the implementation of the guidelines?

Mr HULLS — It is a good question because it was raised last year, and I guess you are seeking an update. I am pleased that the TAC and the VWA have committed to the model litigant guidelines on the provision of all legal services. As members of Parliament our constituents have made complaints to us from time to time about how matters have been conducted on behalf of the TAC and the VWA, and they are such substantial organisations you would expect that. They have both embarked on model litigant guidelines, and I am informed that both boards have been extremely proactive in developing the model litigant process.

The TAC has also acted to ensure its legal service providers acknowledge and agree to act in accordance with model litigant principles. This, I have to say, has involved a real cultural change for the TAC and its law firm TAC Law. Presentations outlining the guidelines and the impact on TAC business have been made to management group and claims management divisions. A model litigant complaints process has also been developed and implemented to enable any stakeholder concerns to be addressed. Departmental managers and staff have been required to identify how they will ensure compliance with the guidelines, and also model litigant control processes have been incorporated into TAC's business process including things like peer reviews, divisional and team meetings, continuing education programs and the like. I am also pleased to say that the internal control framework over claims management dispute resolution and litigation does provide TAC with an opportunity to reinforce its responsibility to be a model litigant and to ensure that law firms that represent TAC in Victoria and also interstate do so mindful of the TAC's obligation to be a model litigant, and this includes equal opportunity briefing practices for women. They are well aware of that, and work is being done on that.

The VWA has implemented a number of initiatives also, including having all VWA retained panel firms sign up to the model litigant guidelines, briefing all internal legal staff on the guidelines and making it a requirement that they abide by them and also conducting peer review of personal injury litigation and active management of all other litigation to ensure compliance. In the second half of the year the TAC and VWA boards will be reporting back to me on the progress of these model litigant guidelines. I conclude by saying that both the VWA and TAC are working not just on model litigant principles but also on equal opportunity practices. I am pleased to say that TAC Law has also become a member of PILCH, the Public Interest Law Clearing House, and is providing both administrative and legal resources to PILCH. It is also looking at pro bono obligations as well.

Mr FORWOOD — A quick supplementary on that — Minister, you removed Mills Oakley from the Victorian government legal panel after it was found guilty of misconduct. It is my understanding that it is still on the VWA panel and pulling in fees in excess of \$2 million a year. If you bounce the firm off the government legal panel, why would it not also get the flick from the VWA legal panel?

Mr HULLS — You say I bounced it off. First of all you have to understand how it works. It is actually an independent assessment.

Mr FORWOOD — Okay, they were removed from the panel when they were found guilty of misconduct. Does that flow through to the fact that they are also on the VWA? Why would you have one rule for one and a different one for the other?

Mr HULLS — The government takes the matter of misconduct by Mills Oakley very seriously. All legal firms who perform work for the Victorian government sector must adhere to model litigant principles, and Mills Oakley is no exception. VWA, as I understand it, has investigated the matter and how it impacts on the status of Mills Oakley as a member of the VWA legal panel. During investigations VWA required the firm to provide an

explanation for its actions and show its plans to ensure no similar breaches occur in the future. There is an argument — and I do not want to go into too much detail about this — as to whether or not Mills Oakley breached contractual arrangements with the government and whether or not contractual arrangements were breached with the VWA.

Mr FORWOOD — Not paying their — —

The CHAIR — Just a minute.

Mr HULLS — Wait a minute. And the circumstances in relation to contractual arrangements with the government and the government legal services panel are different to the contractual arrangements that existed between Mills Oakley and the VWA. These are never one-size-fits-all matters. They are dealt with independently of me as minister, as you would expect, and also independently from me as Attorney-General. So the government legal services panel made a decision because of contractual arrangements in relation to Mills Oakley. Those contractual arrangements with the VWA, as I understand it, were different to the contractual arrangements — —

Mr FORWOOD — How different? Why different?

Mr HULLS — They are contracts between the VWA and Mills Oakley. But I can say that the VWA undertook a thorough investigation of the matter, and it would not have been appropriate for the authority to embark on any course of action without holding all the facts and providing the firm with an opportunity to explain its past actions and what changes it has made. The reasons behind the Department of Justice's decision to terminate the contract with Mills Oakley are contractual arrangements between the firm and the department. The VWA, I repeat, is an independent statutory authority, and the board — —

Mr FORWOOD — You can't hide behind that.

Mr HULLS — The board has made its decision in relation to the best interests of the VWA scheme. So two different sets of circumstances, two different contractual arrangements.

Mr FORWOOD — Minister, you have no doubt taken a real interest in the outcomes report by the Public Accounts and Estimates Committee, which dealt in some detail with the issue of stress in the public sector, and you are probably aware that the public sector and community services section in WorkSafe has been running through directors at a great rate — I think it was up to three in the last three years. As a result of that it has invited Amanda McMullan from Zeal Consulting to have a look at the structure of the public sector and community services division of WorkSafe. Would you care to outline to the committee what you hope Ms McMullan will be able to achieve, how much she is costing and whether you think this will lead to some benefits to the state, particularly in the reduction of the massive WorkCover premiums? I make the point that the WorkCover premium for the police last year was \$60 million, and from memory about \$30 million for education. Perhaps you could advise the committee how you are trying to sort out the mess in the public sector and community services division.

Mr HULLS — In relation to the first aspect about Ms McMullan and costs, I do not know the answer to that, but I will take it on notice.

The budget sector and community services industry has been identified as one of the four industries to be targeted for intervention by WorkSafe in its Strategy 2000. This was the first time that the budget sector had been proactively targeted, and in 2001–02 a budget sector WorkCover occupational health and safety improvement strategy was introduced with the aim of improving occupational health and safety and claims performance of the budget sector by 20 per cent over three years. Budget sector agencies were requested to improve their claims performance, identify risks and develop and implement action plans to control occupational health and safety risks.

I established a tripartite senior occupational health and safety round table which met in August 2003 to address whole-of-government issues in relation to occupational health and safety generally — premiums and the like. In addition, WorkSafe has reorganised its resources around the four key client focus areas of education, health, emergency services and community services, all of which focus on large, poorly performing budget sector organisations with an emphasis on engaging senior management and targeted inspection of workplaces. Through this tripartite round table WorkSafe is working with key stakeholders to develop whole-of-government approaches to improve occupational health and safety performance in the budget sector, including the prevention of stress — which is something that you referred to — and the development of a framework for occupational health and safety

governance across the whole of government, and WorkSafe is complementing the whole-of-government approach with a strategy that simultaneously focuses on individual, large, poorly performing government agencies — —

Mr FORWOOD — Like the police?

Mr HULLS — We are working very closely with the police.

Mr FORWOOD — Do you have inspectors in there?

Mr TWEEDLY — Yes.

Mr HULLS — I am told that the answer to your question is yes. I agree that further work needs to be done, and WorkSafe is certainly doing that.

The CHAIR — By way of a supplementary question, are there key performance indicators on that, and if there are, could they be sent to the committee?

Mr HULLS — Yes, they will be. One of the KPIs is the reduction by 20 per cent over three years of claims.

Ms GREEN — Minister, in your presentation you mentioned occupational health and safety initiatives, including fireworks, as an area of activity for the VWA from a public safety perspective. It is something that I have an interest in as a CFA volunteer. What progress has been made since last year on Victoria's push to have this issue, particularly the importation of fireworks, tackled on a national basis?

Mr HULLS — How appropriate that we are talking about fireworks at the Public Accounts and Estimates Committee!

In 1997 after 40 years as a prohibited import, fireworks were removed from what is called schedule 2 of the customs regulated import regulations. The removal of fireworks as a banned import, and also different state regulatory frameworks, meant that VicPol and also WorkSafe would not be notified of the arrival of fireworks through our ports from overseas, even if those fireworks were purchased legally — for instance from the ACT. There are different state and territory prerequisites for purchase and for professional pyrotechnicians in relation to the requirement to have a licence.

Failure to prohibit the importation of fireworks has left a substantial gap that is allowing fireworks to be imported without the knowledge of state and territory regulatory authorities. As a result in recent years there has been a very lively trade in illegal fireworks across state borders, and that is something that has to be addressed. I put it on the national agenda of the Workplace Relations Ministers' Council some time ago. I put forward a paper in May, and I am pleased to say that after repeated refusals to engage on this issue, the commonwealth government under the leadership of Kevin Andrews — I have to say — has agreed to take this issue on board. It is something that Minister Abbott refused to address, but I think Minister Andrews realises that there is a substantial illegal trade in fireworks, and the federal government has agreed to work with us to develop a strategy to prohibit the importation of fireworks, including fireworks without a permit.

We recommended a national strategy for the regulation, sale, use and storage of explosives, including fireworks. We recommended a formal mechanism for facilitating the flow of information to ensure people knew about the movement of explosives and fireworks. We also recommended that the commonwealth customs prohibited imports regulations be amended to prohibit the importation of explosives, including fireworks, without a permit to provide support for state and territory jurisdictions. This was a big win for Victoria and a big win for WorkSafe, which has been working with me to push this issue on a national basis. There have been very serious incidents and injuries in recent years in relation to fireworks. The message I have tried to get across is that fireworks are not child's play; they can kill, they can maim and permanently injure people, and we need a national response. It looks like we are now heading that way.

The CHAIR — Thank you, Minister. I thank the witnesses who will be leaving us for their attendance this morning.

Witnesses withdrew.