

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2023–24 Budget Estimates

Melbourne – Monday 5 June 2023

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Michael Galea

Paul Hamer

Mathew Hilakari

Lauren Kathage

Bev McArthur

Danny O’Brien

Ellen Sandell

WITNESSES

Mr Danny Pearson MP, Minister for WorkSafe and the TAC,

Mr David Martine, Secretary,

Mr Chris Barrett, Deputy Secretary, Economic Division, and

Mr Jason Loos, Deputy Secretary, Commercial Division, Department of Treasury and Finance;

Mr Tony Dudley, Chief Financial Officer and Head of Business Enablement, Transport Accident Commission;
and

Mr Colin Radford, Chief Executive, WorkSafe Victoria.

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

I ask that mobile telephones please be turned to silent.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2023–24 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 this hearing may not be protected by this privilege.

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 Minister for WorkSafe and the TAC, officials from the Department of Treasury and Finance and other witnesses that may be here with us today. Minister, I will invite you to make an opening statement presentation of 5 minutes. This will be followed by questions from the committee.

Danny PEARSON: Thank you, Chair. And thank you, committee members, for the opportunity to appear before you today. I would like to acknowledge the traditional owners of the land on which we are meeting, the Wurundjeri people of the Kulin nation, and pay my respects to elders past and present. I would like to extend that acknowledgement to any other Aboriginal people or First Nations people who are with us today.

Visual presentation.

Danny PEARSON: I want to start this presentation by speaking about the Transport Accident Commission. From the outset I would like to clarify the delineation between my portfolio as the minister for the TAC with that of the Minister for Roads and Road Safety. As the minister for the TAC I am responsible for aspects of the scheme following a transport accident, and this includes the TAC's budget, financial reporting and management, the insurance scheme in general, claims management and client support. All matters in relation to road safety initiatives and investment should be directed to the Minister for Roads and Road Safety.

The TAC helps Victorians who have been injured in a transport accident get their lives back on track. The TAC continues to develop ways to improve the support of its clients and work collaboratively with healthcare and service providers to implement reforms that improve client outcomes. In 2021–22 the TAC provided \$1.54 billion in funding for supports, services and compensation to help 43,018 injured Victorians get their lives back on track. The TAC continued this investment in improved outcomes, resulting in 2176 rapid recovery – that is, less seriously injured – clients returning to work, 839 of the TAC's most seriously injured clients returning to work and 1286 common-law settlements resolved in record time compared to 1168 the previous year.

The TAC has also had a number of partnerships that support and empower Victorians who have suffered a transport accident to get their lives back on track. This includes Amber Community, formerly Road Trauma Support Services Victoria. The TAC provided \$770,000 in 2023 to Amber Community, which plays a vital role in delivering support services like free trauma counselling to over 3000 Victorians who have been injured, lost a loved one or been impacted by road trauma. The Dylan Alcott Ability Fest 2023 – the TAC provided \$300,000 to Ability Fest. The TAC supports thousands of people living with a range of disabilities and is focused on finding new and innovative ways to support all Victorians to continually enjoy the things they love, such as live music.

Moving on to the TAC's financial performance, last financial year the TAC funded \$1.54 billion in supports and benefits to 43,018 Victorians injured in a transport accident. The TAC also made a combined contribution to the state of \$735 million, \$400 million of which was a grant payment in 2021–22 and \$335 million recognised as an income tax expense payable in 2022–23. The TAC recorded an operating profit after tax of \$1.5 billion. This is reflected in the tax insurance funding ratio, which is a valuation of claims liabilities. The TAC recorded an IFR of 148.6 per cent as at 30 June 2022. The preferred funding ratio is between 100 and 145 per cent. The TAC is working to return to the preferred range. TAC has been working closely with stakeholders to address rising claims costs. It has also strengthened controls in the claims system and focused on supporting only services that can demonstrate better client outcomes. The performance from insurance operations, the PFIO, for the 2021–22 financial year was a record positive \$942 million, and this was largely driven by careful claims management and operational efficiencies.

I will now move to WorkSafe. Coming home safe from work each and every day is a fundamental worker's right, and that is why workplace health and safety is such a priority for this government. While we know the majority of employers comply with their occupational health and safety obligations, WorkSafe inspectors continue to play an important role as part of Victoria's independent workplace health and safety regulator. For the year 2021–22 WorkSafe inspectors undertook more than 42,800 visits and inquiries and issued more than 9000 improvement notices. In 2021–22 WorkSafe received more than 173,000 calls to its advisory line. WorkSafe's online guidance has been an invaluable resource, with more than 5.2 million visits to the website.

I want to thank WorkSafe inspectors and also our workplace health and safety reps for the important role they play in making our workplaces safer. When someone is injured or ill at work, WorkSafe is key to ensuring injured workers get the support they need. More than 90,916 injured workers have been supported with treatment and a weekly benefit since 2021–22. Between 2021 and 2022, WorkSafe received more than 28,600 new claims for worker's compensation. More than 22,070 injured workers were assisted back to work between 2021 and 2022. In the same financial year, WorkSafe directly managed the support of more than 500 long-term injured workers with complex needs and were pleased to report a client satisfaction score of 96.52 per cent. Injured workers can also access the mental health support they need much sooner through our provisional payment scheme, which commenced on 1 July 2021.

We have been upfront that the WorkCover scheme is facing financial challenges, and this government is committed to ensuring the long-term financial sustainability of the scheme. Premiums have not kept pace with the increase in annual claims.

The CHAIR: Thank you, Minister. Your time has now expired. We are going to go to Mrs McArthur for the next 14 minutes of questions.

Bev McARTHUR: Thank you, Chair. Now, the government has declared that WorkCover is fundamentally broken and has flagged tightening claim criteria to rein in WorkSafe's significant budget blowout as a result of compensation payouts exceeding revenue brought in by premiums. The budget increased the cost of WorkCover premiums for business from an average of 1.27 per cent to an average of 1.8 per cent. While you said it is a very exciting time for business, Minister, can you agree that it cannot be when you have increased their average premium by 42 per cent? How do we explain that it is fundamentally broken, and what are you going to do about it?

Danny PEARSON: Thanks, Mrs McArthur. I think most businesses are people businesses; I think nearly every business is a people business. What we have seen over the journey is that premiums have not increased. They have not increased since this government has been in power. Now, as you would appreciate, when we were dealing with the pandemic and the greatest economic crisis business had seen, the government was

committed to providing billions of dollars worth of support to business at that time. It would have been entirely inappropriate to have increased WorkCover premiums at that point in time. So as a government we made the determination that we have got to increase premiums now to try and get the scheme more stable, and it is part of a grand compact. It is about making sure that we can ensure this scheme is financially stable, but it is also about making sure that we can try and do better and be better in relation to injured workers. Now, what is driving this, Mrs McArthur? It is mental health injuries. We want to set up Return to Work Victoria because we want to go – if you think about this – upstream. So we want to try and get in front of this – surf the curve, as it were – and try and find ways where we can prevent mental health injuries happening, but when they do happen, try and provide a targeted sense of intervention.

Now, I appreciate this is very difficult for business. I would have much preferred not to be in a position to be raising premiums. But if we can get this right, if we can start driving down the cost of claims and we start reducing the number of injuries and we start reducing the number of people going into the long tail, that is our best chance of being in a position to – at some point in the future, once the scheme is stabilised and once we have got the ability to cover a lot of our financial challenges – have the conversation of ‘Well, do you reduce premiums, or do you look at having more preventative measures put in place?’

What we are experiencing here in Victoria is not dissimilar to what other jurisdictions are experiencing. We have had to put \$1.3 billion into the scheme to stabilise it. New South Wales have had to put in over \$4 billion, and they had a higher premium than Victoria. Around about 1.4 per cent was the average premium. What is happening here in Victoria is not unique to Victoria, but we have got to get better. If we can have a more targeted hands-on approach to injured workers at the time they are injured, then we maximise the chances that we divert them away from compensation.

Nicholas McGOWAN: With respect, Minister, then let us talk about workers. What are the intentions in respect to mental health support? Because what has been reported recently is that their support will be cut off at around 13 weeks. Is that correct?

Danny PEARSON: No. It depends upon the nature of the injury. In relation to stress and burnout, let us suppose you say, ‘Look, I’m stressed and I’m burnt out.’ What we want to do is then say, ‘Okay, let’s provide some targeted support for that first 13 weeks for you so you can access that level of support to try and get you back to work in that workplace or find you an alternative pathway to seek an alternative career.’ But if you have got PTSD or if you are the victim of bullying and harassment, you are absolutely within your rights to make a claim and seek that level of support.

Nicholas McGOWAN: Thirteen weeks is what I am hearing. I mean, I remind you of the Ombudsman’s reports in 2016 and 2019. She had some scathing remarks. I will quote her, she said:

Many of the decisions ... were not only unjust, unreasonable and wrong. Some were downright immoral and unethical.

And she went on to talk about the agents and their behaviour. So when you use language like ‘driving things down’ what I hear is you are actually going to damage workers. The Ombudsman herself said:

The workers affected –
and you should know this –

... nurses, teachers, police officers, aged care and childcare workers, truck drivers, baggage handlers and tradesmen.

Does this mean they are in for more pain, not less?

Danny PEARSON: No, no, I disagree with that, because I spoke with Dr Mary Wyatt, who accompanied me at a press conference with the Premier. She has worked with injured workers. She is an occupational physician. She has worked with injured workers for decades. If you end up in the long tail – the ‘long tail’ we define as after 130 weeks having no capacity to work – and you stay in that compensation scheme, your mental health is four times worse off than if you are back at work.

Nicholas McGOWAN: Minister, I fully appreciate that, but if you are saying that if someone is stressed, they can only be stressed for 13 weeks, what has become of the state of Victoria?

Danny PEARSON: I mean, what I am saying to you, Deputy Chair, is that what we are seeing here is comparable to what we are seeing around the country. There are challenges, but this is about trying to find those targeted interventions.

Nicholas McGOWAN: They are cruel, so we will be cruel too. Is that what it is?

Danny PEARSON: I am sorry.

Nicholas McGOWAN: They are cruel, so we will be cruel too.

Danny PEARSON: No. This is about providing targeted interventions and support. It is about making sure that we can turn around and say, 'Deal with small problems before they become big problems', Mr McGowan. It is about trying to basically say, 'Can you talk to somebody? Can you see a psychologist? Can you see a psychiatrist? Can we provide you with the support that you need to try and get you back to work?' If you think about it, we are all social animals. We come to this great place, this great institution – the Parliament – and we get to socialise, we get to see people, we get to work with people, we get to discuss, we have connectivity and we get to be able to be together as a group. If you sever someone's connection to their workplace, they lose contact with their colleagues and they sit on the couch. They are trying to get support, but we do not actually try and help them, because we say, 'Look, go and google a psychologist' or 'Go and google a psychiatrist.' I think we can do much better than that. It is about providing those targeted interventions upstream and tackling these problems before they become really big problems, because, again, this is not some nirvana. When you end up in the long tail, it is not some nirvana.

Nicholas McGOWAN: Let us talk about this, Minister. Currently the road toll is up 40 per cent, and that is a very serious issue, as I am sure you are aware. What initiatives or what actions are you taking to actually address that problem? Because 136 lives have been lost on our roads – up 40 per cent on last year. It is a crisis. What actions are being taken now to address that?

Danny PEARSON: I think, as per my presentation, a lot of those initiatives sit more with Minister Horne, but what I can refer you to, Deputy Chair, is what we saw on the weekend with some commentary from VicPol. A lot of this comes down to driver behaviour. It is speed, it is not wearing seatbelts, it is distraction with mobile phones, it is drugs and it is alcohol. You know, these are the factors which are driving a lot of these increases in the road toll. What I am really focused on –

Bev McARTHUR: So, Minister, do the road conditions have nothing to do with it – the fact that roads in Victoria are far worse than any other state in this country? You have cut funding to roads, and yet on an inquiry last year the road toll in –

The CHAIR: Excuse me, Mrs McArthur. Ms Kathage on a point of order.

Lauren KATHAGE: On a point of order, I do not believe that that sits within the portfolio of Minister Pearson. I think Minister Pearson's role is for, you know, subsequent dealing with issues after they occur.

The CHAIR: Thank you, Ms Kathage.

Bev McARTHUR: Absolutely. That is who is in charge. He is in charge of this operation.

The CHAIR: Mrs McArthur, please ensure that your line of questioning is relevant to the minister before us. You full well know that the minister for roads is Minister Horne, and she will be appearing at a later stage. Thank you.

Bev McARTHUR: So, Minister, in a road toll inquiry last year the recommendation was to lower the speed limit and put more wire rope barriers up. The road toll has increased, so that expenditure, has that been wasted and are people in rural and regional Victoria dramatically affected by just lowering the speed limit?

Danny PEARSON: Look, speed limits are not my responsibility, Mrs McArthur. And I think that in relation to the installation of wire rope barriers and road funding more broadly it is not my responsibility. That would be the responsibility of the Minister for Roads and Road Safety. But all I can do is I can refer you to what I read, and you know, the commentary from Victoria Police was that overwhelmingly the dominant factors are driver

behaviour. And look, what I would use this as an opportunity to say is: please do not speed, wear your seatbelt, do not drink and drive.

Bev McARTHUR: You can give your recommendations to the public later. Minister, the TAC is being treated like a cash cow, with \$3 billion being ripped out of it in the forward estimates. Will you provide a guarantee to the people of Victoria that this record funding raid on a government agency will not leave the TAC financially crippled and the future of its third-party no-fault compensation claim scheme completely unsustainable?

Danny PEARSON: Well, I think we have been honest and open with the Victorian community that we would take a dividend or a grant from the TAC in the order of \$3 billion across the forward estimates. And look, that has been custom and practice by governments of all persuasions for a number of decades.

Nicholas McGOWAN: Never that much.

Danny PEARSON: Well, it has been custom and practice that governments are entitled to do that. The other point I would make is that if you look at the insurance funding ratio, so the value of assets divided by the value of liabilities or projected liabilities, it is at 146 per cent above the range. So we will be looking at bringing that number down to the midpoint. So it is entirely appropriate to take a capital repatriation of that magnitude.

Danny O'BRIEN: Sorry. what is the midpoint?

Danny PEARSON: About 120. The range for the TAC is 100 to 140, and so the midpoint is around about 120. We are at about – 146.5 was the number, I believe. Each budget, as you know – Mr O'Brien knows this very well – is a discrete exercise in its own right.

Bev McARTHUR: So it is completely sustainable, the whole TAC operation?

Danny PEARSON: Well, as we find ourselves here and now, Mrs McArthur, yes. Now, obviously you cannot predict where you are going to be in two years time or four years.

Bev McARTHUR: Well, especially if you take \$3 billion out of it to prop up your budget deficit situation.

Danny PEARSON: Well, again, Mrs McArthur, this is custom and practice that capital repatriations are sought from –

Bev McARTHUR: But aren't these premiums paid by road users?

Danny PEARSON: Yes. They are.

Bev McARTHUR: So they are actually funding your budget deficit.

Mathew HILAKARI: On a point of order, Chair.

The CHAIR: Mr Hilakari on a point of order.

Mathew HILAKARI: I think the witnesses are trying to answer the questions but constant interruptions actually make that more difficult, and some of us on the committee might want to hear the answers.

The CHAIR: Thank you.

Danny O'BRIEN: Sorry, on the point of order.

The CHAIR: Mr O'Brien on the point of order.

Danny O'BRIEN: Mrs McArthur just said, aren't these premiums paid by road users. The Assistant Treasurer said 'Yes.' He answered the question; she is moving onto the next question. I would appreciate it if government members stopped trying to interrupt our questioning.

The CHAIR: Thank you. I will rule on the point of order, Mr O'Brien. As I have said previously, if you could please ask a question and give the witness and the minister the courtesy of being able to respond, this committee would like to hear the answer. Thank you. Please proceed.

Bev McARTHUR: Secretary, don't –

Danny PEARSON: Sorry, Mrs McArthur, I just want to advise you: as of 30 June the TAC's IFR was 149 per cent, the preferred range is 100 to 145 per cent, so I was slightly out by a couple of percentage points.

Bev McARTHUR: Okay. Secretary, on budget paper 3, page 267, it says:

The 2022-23 expected outcome is higher than the 2022-23 target due to a new peak in registered road users and driver behavioural changes post-pandemic.

What driver behavioural changes have occurred post pandemic?

David MARTINE: You would really need to ask the question to the relevant department, because that is not our department. For page 267, that is Justice and Community Safety.

Bev McARTHUR: Well, that is the budget paper we are referring to.

Danny PEARSON: Yes, but in fairness to the Secretary, he is the Secretary of the Department of Treasury and Finance, not Justice and Community Safety.

Bev McARTHUR: Okay. Let us move on. How much will the average WorkCover premium increase next year as a result of the increased average premium rate?

Danny PEARSON: That is dependent on a number of factors, Mrs McArthur. If your payroll is below \$200,000 a year, there is a standard industry rate. There are about 500 of those. Once you have got a payroll beyond \$200,000 you have got a standard industry rate, and then it is dependent upon your claims experience as well. So it is difficult to be specific, but as I understand it the projected increases have been gazetted and are publicly available.

The CHAIR: Thank you, Minister. The time has expired. We are going to go to Mr Hilakari for the next 19 minutes.

Mathew HILAKARI: Thank you very much, Chair, Minister, Secretary and department officials. I would like to take us back to WorkCover. Budget paper 2, chapter 5, page 81, describes some of the changes to WorkCover. Minister, could you please outline to the committee the changes: what they are and the challenges the government is seeking to address?

Danny PEARSON: Thank you, Mr Hilakari. As I indicated in the previous session, WorkCover average premiums have been unchanged at 1.272 per cent since 2014–15. As I indicated, when you are dealing with the greatest economic crisis the world has seen since the Great Depression, it made little sense to be giving out – I think the figure was – about \$11 billion or \$12 billion worth of business support and then saying, 'Oh, well, while we're doing that, we're going to actually increase premiums.' So we have waited for the economy to start to settle, and that is why the average premiums paid by employers will move to 1.8 per cent of remuneration, and that brings us in line with other states and territories. Queensland is an outlier. They have got a much lower rate, but bear in mind after five years in the scheme you are kicked off the scheme, so you either become a disability support pensioner or you go on Newstart. We are not doing that. What we are doing is that workers with stress and burnout claims will no longer be able to access weekly payments from WorkCover. Instead they will be able to access provisional payments for 13 weeks to cover medical treatment alongside enhanced psychosocial support to help them return to work. That is something I am really keen on trying to work with to make sure people get the targeted support they need when they need it and where they need it.

We will also be aligning with other states and territories to test for workers accessing the scheme beyond 2½ years – so that is the long tail; it is 130 weeks – and they will be updated to a whole person impairment test of greater than 20 per cent. So again we are moving more to an objective measure to test the degree of physical and mental impairment alongside the existing capacity tests. I am really pleased that as a result of the dialogue and engagement we have had with business and unions, we will be establishing Return to Work Victoria, which will be providing that tailored and targeted early intervention support for workers who have experienced a

workplace injury to help them get back to work as quickly and safely as possible. We have committed that the savings from these reforms will go back into the scheme for more supports for workers or for lower premiums for businesses in the scheme, so we will not be taking a capital repatriation out of WorkCover to go into the general government sector.

We have also committed to a statutory review no earlier than three years after the changes come into effect to review their operation and assess their financial impact. So going to a comment that Mr O'Brien made earlier, we think that if you have got three years of data, that will give you a sense in terms of what is working and what is not, and you have got the ability to then respond accordingly. So we have been up-front about the challenges, and we have consulted with and will continue to work with worker and employer groups, advocates and experts about the financial sustainability of the scheme. We are bringing Victoria in line with the rest of Australia, and we are striking the balance right to keep the scheme financially sustainable. But as I have said in other forums, I will not have this scheme fail while I am the minister. I simply will not accept it. Whatever I have to do, I will do it to make sure this scheme is financially stable and provides the requisite level of support for injured workers when they need it.

Mathew HILAKARI: Just on that matter of ensuring the financial sustainability, I take you to budget paper 3, chapter 2, page 345. What is it that is actually going to make this scheme sustainable over time? How is the government addressing that?

Danny PEARSON: We have to make sure that the scheme can meet and honour its claims liabilities, and partly that is through the increase in premiums. It is also coming off the back of the fact that we have put \$1.3 billion into stabilising the scheme. But as I think all members would acknowledge, putting billions of dollars a year into this scheme in perpetuity is not sustainable and – I come back to my earlier comment in response to a question asked of me by the Deputy Chair – particularly when you think that if you end up in the long tail you are four times worse off from a mental health perspective than if you are out of it. We just cannot allow that. If we do not act, the gap between the cost of new claims and the premium revenue will continue to widen, and that is why we are addressing these financial challenges up-front and as a priority. As I indicated earlier, Mr Hilakari, the government has given a commitment that we will not be repatriating capital from WorkSafe to the bottom line of the general government sector.

Mathew HILAKARI: I just want to take you up on Return to Work Victoria, the new initiative that you very briefly outlined. I would just like you to outline that further.

Danny PEARSON: Return to Work Victoria will be co-designed with government, unions and employers, together with mental health and occupational health experts, to pilot prevention and early intervention and return to work programs. If you think about it for a moment, we have got provisional payments in place but if you have got a mental health injury and you are basically being told, 'Go and google a psychologist' and we just leave people to their own devices, I do not actually reckon that is the best we can be doing. I do not think that is the best performance. We are going to have a focus on improving those return-to-work outcomes for workers who are no longer eligible for weekly benefits following the implementation of the whole person impairment test threshold, and we will support workers that are no longer eligible to enter the scheme due to the new mental injury eligibility criteria. We want to try and have those better transitional supports for workers coming off the scheme. Again, I think it is about trying to work with the injured worker to understand their own individual set of circumstances.

We have between 25,000 and 30,000 claims per year, and we have got a really high return rate for physical injuries. We have got a worse return rate for mental health injuries. But how can we try and find ways where we can work directly with the injured worker to find a pathway for them out? How can we use data insights and use data in a way to try and understand what we think the key drivers are? Data is not perfect, right? Machine learning is not perfect and there are those human frailties. But are there ways in which we can try and use data in a predictive sense to say, 'Well, look, two people lodge a claim at the same period of time for the same injury in the same industry, and they are comparable workers.' Can we use data to try and work out, 'Well, I think person A is more likely to end up in a long tail than person B if we have targeted interventions at that point in time with that person?'

I had a really good conversation with Meredith Peace, who is the secretary of the AEU. If you think about it for a moment, teachers are often bullied by parents. At the moment the way in which the scheme is currently

conducted is to say, 'Well, look, you can make a claim, you can go on the scheme, but you've got two choices: you stay on the scheme or you go back to that classroom, back to that school, dealing with those parents.' Now, if you have been the victim of bullying and harassment and your choice is stay on the scheme or go back to the place where you were bullied and harassed, how is that helping the injured worker? It is not. So why aren't we turning around and saying, 'Well, look, you love being a teacher. You're a great teacher. Everyone loves you. Why don't we encourage you to go 5 minutes down the road or 10 minutes down the road or stay in the school but teach a different classroom?' Or alternatively, 'Look, you know, maybe teaching is not for you,' and you make that realisation and you say, 'Well, can we look at providing a pathway to a free TAFE course or an alternate pathway of work?' Getting back to work is often the best medicine and finding the ways we can where we can encourage people to have that level of connection, that engagement, that connectivity, that level of support and that targeted intervention early on. What I am concerned about is that if we do not start making these changes now, you know, you are going to have someone who will turn around and say, 'I'm stressed. I'm burnt out. I go to the doctors, I get a certificate, I make a claim, I just work my way through the scheme at 130 weeks, I go on a long tail and I never work again, and I lose connections with my workmates because they've moved on. I'm sitting on my couch feeling terrible, and I end up, you know, four times worse off on average there than being back at work.' And it is costing the scheme an enormous amount of money. There are no winners in this. So how can we try and get return to work to be focused and engaged about using these opportunities in a really smart way?

You go around and you talk to business these days at the moment, and everyone is complaining about a lack of workers. Now is the time to strike. Now is the time when we can try and say to people, 'Look, you've got a really low unemployment rate, there are plenty of jobs in the market. If this job isn't for you, well, what can we do to support you to get you retrained and re-skilled and get you back to work doing something meaningful and with purpose?'

Mathew HILAKARI: Tragically, Assistant Treasurer, some workers will never return to work because they lose their lives on the job. With reference to budget paper 3, chapter 1, page 108, can you update the committee on the support that is provided to families of those who have been lost at workplace tragedies?

Danny PEARSON: Yes. No worker should die at work, and the health and safety of all Victorian workers is a priority of the government. That is why we introduced the industrial manslaughter laws. It is why we are continuing to have a focus on reducing workplace harm and improving outcomes for injured workers. I have had a couple of engagements now with the WICC, which is the injured workers consultative committee that we have established. And I will be careful of what I say, because you have got to be careful in terms of sharing stories, but the way in which I think sometimes we communicate a workplace death to the family and the practical implications of that – like, is this the best we can do? I kind of get the fact that you have got to communicate information, but I never thought about the fact that if you are told in the afternoon that your partner is deceased at work and you have got children – like, what are you supposed to do? You are there, you are traumatised, you have found out the person – the love of your life – has died, the kids are at school or the kids are at child care and you have been hit with this – how can you get behind the wheel and go and pick them up, you know?

So I come back to my point: I think we just have to try and be better at improving our performance. And I think listening to the voices of injured workers and the families of the lost, people who have lost someone, in my engagement today – and I have not been here long in this role – but in my engagement I have learned a lot, you know, talking to the families of people who have lost their partners in a workplace injury. So we have provided a \$10 million support package that we have developed in consultation with the families, and again, you know, we have established the Workplace Incidents Consultative Committee, the committee I referred to, because it is important hearing that lived experience voice as part of this work and giving a voice to those families, and I feel very privileged to have had that engagement with the WICC. Think about it for a moment. Many of us I think would want to just put this behind us; right? 'I've lost the love of my life' or 'I've lost my child. I never want to be reminded about this again,' and these people in good faith come forward and they share and they tell their story and they retell it. I have got an enormous amount of respect for these people, because you just think, 'I'm not sure if I could do it,' honestly. So we have got to be better at this stuff, and that is why we have got to make these sorts of investments and we have just got to continually improve our performance.

Mathew HILAKARI: It is not only the loss of the person, it is also a loss around finances to the household, and that has a huge impost on those particular families. Could you outline some of the support that is made available?

Danny PEARSON: Yes. So WorkSafe has implemented a new bereavement support service that came into operation in January of last year, and that is providing support for families and workers who have been impacted by serious workplace incidents. The service will provide those families with a dedicated support worker who can walk the journey with each family and help them navigate the system and organise the emotional, practical and financial support they need. In all circumstances the family will be offered support through the bereavement support services program, which provides additional grief counselling, helps families manage the administrative aspects of losing a loved one and provides companionship as families try to come to terms with their loss and rebuild their lives. The Australian Centre for Grief and Bereavement and Uniting GriefWork are appointed to deliver this service, and this allows families to choose the service that best meets their needs, which is in addition to WorkSafe's own family liaison officers and the family support specialists employed by WorkSafe agents.

We also made improvements to compensation last year, allowing the extension of pensions for children with a disability and recognising the financial dependency of children with disabilities, with the expectation that a parent would have provided ongoing financial support if not for their passing. These changes also provide the continuation of household help services for a period of time after a worker's death and broaden the eligibility of cremation, burial and repatriation expenses to include costs incurred overseas. Again, it is about trying to tap into that lived experience to provide that level of support to the families of injured workers.

Mathew HILAKARI: Minister, I know you know the workers memorial well and also the annual events that are held there. I understand the government – in budget paper 3, chapter 1, page 108 – set out \$2.5 million for a multifaith memorial. Could you just outline that further?

Danny PEARSON: Yes. Mr Hilakari, we are delivering on an LFS commitment to constructing a new, permanent multifaith memorial for those Victorians who have tragically lost their lives at work. We know that the workers memorial rock at Trades Hall is the site for the annual memorial, but it is probably practically not the best location because of some of the challenges with closing off Lygon Street. I have gone to this service on a number of occasions over the journey, and it is well attended and it gets pretty busy, but we need to make sure that it is more appropriate.

I think it is also about ensuring that we design this in consultation with both Trades Hall and the City of Melbourne, and I think it is important that it is located in that vicinity but at a more appropriate place. The next step along this journey to implement this commitment will be working with the City of Melbourne to ensure that smooth and timely delivery, but this can be done with the confidence that funding has been confirmed in this year's budget to encourage that work. I think it is really important that we work towards a more inclusive, safer and accessible place to remember those Victorians who have lost their lives at work.

Mathew HILAKARI: I might just take us to support for TAC clients and refer to budget paper 5, chapter 2, page 62. This goes to outline some of the claims expenses of the TAC. Can you just update the committee on some of the support that those injured Victorians receive as a result of transport accidents?

Danny PEARSON: Unfortunately around 5000 Victorians every year are seriously injured. Of that 5000, around 150 sustain serious spinal cord or acquired brain injuries, and I will talk a little bit later about my experience of dealing with people with an acquired brain injury. We want to try and make sure that we provide Victorians injured in those accidents with tailored support and care to regain their independence.

In 2021–22 the TAC funded \$1.5 billion in supports and benefits to over 43,000 Victorians injured in transport accidents. Some of these initiatives include a better client housing strategy through what is called RIPL, Residential Independence Pty Ltd, and that provides a small transitional living service to support some newly injured clients to achieve an early discharge from hospital and exploring options and alternatives to partner more closely with the housing sector to help clients who experience barriers in finding suitable housing. We have also set up a care coordination pilot program to help clients develop self-management skills, health literacy and independence to improve outcomes for clients with complex wellbeing needs. Through the pilot

the TAC referred 275 clients to a care coordination provider, with over 70 per cent of them engaged with the program, and the majority achieved their wellbeing goals.

Mathew HILAKARI: You mentioned support for brain injury victims. I wonder if you could just expand on that, if that is okay.

Danny PEARSON: I mentioned RIPL. RIPL provides purpose-built homes with assistive technology to enable people to regain choice, control as well as independence in their lives following a transport accident. RIPL is delivering a unique portfolio of accessible housing that is enabling clients to achieve greater independence, leading to significant improvements in client outcomes, client experience and quality-of-life measures and assisting with the financial viability of the TAC scheme through savings in, and avoidance of rises in, future attendant care costs through a model of shared support.

The CHAIR: I will stop you there, Minister. Thank you. We are now going to hand over to Ms Sandell, who has 5 minutes from now.

Ellen SANDELL: Thank you, Chair. Minister, I would like to ask about the government's intention to limit mental injury claims under WorkCover. Is this likely to increase the likelihood that workers will return to seek redress under common law?

Danny PEARSON: Well, we are not touching common law. So injured workers will have the ability to seek redress under common law if they wish, but bear in mind what we are talking about is the smaller – I use the term I suppose more minor – mental health injuries, such as stress and overwork as opposed to bullying, harassment and PTSD. In relation to bullying, harassment and PTSD, they are still eligible for a claim, they can still make a claim and they can still get support. Certainly I would be really keen to ensure that those injured workers can also benefit from the work of Return to Work Victoria. In relation to those stress and burnout issues, we want to divert people away from the scheme to provide that upstream level of intervention at the outset so they do not get into that scheme.

Ellen SANDELL: One of the effects, I guess, could be to place a lot more pressure on GPs, psychologists or psychiatrists to err on the side of uplifting diagnoses to ensure that patients receive financial assistance. Is the government concerned about this, and do you have ways to prevent this?

Danny PEARSON: I would hope that healthcare professionals behave appropriately at all times and discharge their duties appropriately. I do not think you would want a situation where, you know, a GPs says, 'This person seems really nice. They have come in with stress and burnout, and we will bump them up and say they have got PTSD.' I would like to think that they are not going to behave in that way. But at that 130-week mark, in relation to the whole-person impairment test, that is where you apply the AMA guidelines for physical injuries or the GEPIC guidelines, which are for mental health injuries, to ensure that people who end up in the long tail are beyond that 20 per cent and have no capacity for being able to return to work in any form.

Obviously we need to monitor the implementation of the scheme. We have indicated that is why we going to have that review after three years to ensure that we absolutely get this right, and if we need to make further changes and reforms, we are able to do so.

Ellen SANDELL: Thank you. You have talked a lot about 'doing this better' and 'We can do this better' and 'We can have targeted interventions upstream'. We have a shortage of psychologists and psychiatrists already – the waiting lists are tremendous to get an appointment with a psychologist or a psychiatrist at the best of times – so how can we be sure that doing it better means that people will actually have access to these interventions?

Danny PEARSON: It is a good question, Ms Sandell, and trying to find ways where we can get Return to Work Victoria to try and lean on some of this work and to provide that level of direct support and engagement is sort of my focus. Now, I can appreciate from your perspective that sounds a bit vague. I suppose my response will be what we have got currently now is not working. Just saying to someone, 'Well, go and find a psychologist' or 'Go and find a psychiatrist,' is not working, right? It is not, so we have got to try to find a way of doing it better. That is why I think establishing Return to Work Victoria with that focus is going to be something that is going to be really important to step up, stand up. Look, from my perspective, I am going to be

all over this. I am going to be under the bonnet of this thing and I am going to be monitoring it very closely and carefully because, as I said, I will not have this scheme fail.

I want to make it abundantly clear to everyone on this committee: this scheme will not fail while I am the minister. I will do whatever I have to do to make sure it stays solvent. The notion that it is going to be this laissez-faire approach, 'jack up premiums', 'just play around with the scheme and it'll be fine' – no, no. no. Injured workers deserve something better.

Ellen SANDELL: Just in my last 30 seconds – sorry – I will ask another question. A lot of the mental injury claims – stress and burnout, for example – are coming from the VPS, from the public service. Is there an underlying cultural issue here, and does the government have strategies to address it?

Danny PEARSON: I think as an employer we can do better, and we must do better. I think, by way of example, teachers are a case in point. Again, having those targeted and early and timely interventions is what we really need to do and have that real drive and focus, so that is my focus.

The CHAIR: Thank you, Minister. The time is up. Minister and department officials, thank you very much for appearing before the committee today. 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 now take a very short 4-minute break before beginning the consideration of the Government Services portfolio at 11:05 am. I declare this hearing adjourned.

Witnesses withdrew.